Canadian Sentenced to Three Years in U.S. for "Sanction-Busting"

May 30, 2016

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A Canadian citizen was sentenced on Monday, May 23, 2016 to three years imprisonment in a United States penitentiary for shipping prohibited goods to his native Iran. Incredibly, these shipments included packages he prepared in his jail cell while awaiting sentencing in New York's Metropolitan Detention Centre after pleading guilty.

Beginning in 2009 through to late 2015, Mr. Ali Reza Parsa purchased cryogenic accelerometers from U.S. suppliers which he then flowed through a Canadian front company he owned called MetalPM. This scheme entailed purchases from German and Brazilian suppliers, which were in turn shipped to his Canadian company for eventual shipment to Iran. These particular goods are considered to be "dual use" goods, and applications include ballistic missile propellants. As such, they are prohibited for export to Iran by both the U.S. and Canada. The shipment of prohibited goods or provision of prohibited services/technology to countries and individuals subject to sanctions is referred to as the term of art "sanctions-busting".

Prosecutions for improper export of controlled goods to sanctions countries is much more strictly enforced in the United States than in Canada. To this end, the United States has encouraged the Canadian government to more aggressively prosecute such breaches.

In recent years, only one other Canadian individual has been convicted for similar sanctions breaches, that being Mahmoud Yadegari who was sentenced by a Canadian Court to four years in prison for exporting Canadian transducers to Iran. These dual use goods are export controlled because they can be used for centrifuges to enrich uranium.

While Canada has not historically prosecuted such improper activity, Canadian entities should consider themselves warned that a new era of prosecution is coming. Compliance with export controls and economic sanctions has never been more critical.

By

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