

Canada Enforces Economic Sanctions Against Iranian Immigrant Investors

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On November 22, 2011, in response to an assessment of Iran's nuclear program by the International Atomic Energy Agency ("IAEA"), Canada imposed new sanctions under the [Special Economic Measures Act](#), S.C. 1992, c. 17 ("SEMA"). Among other things, the [Regulations Amending the Special Economic Measures \(Iran\) Regulations SOR/2001-268](#) (the "Regulations") prohibit financial transactions with Iran.

There are limited exceptions to these sanctions. For example, the prohibition on financial transactions does not apply to payments made pursuant to contracts entered into prior to November 22, 2011. In addition, Canadians with relatives living in Iran are still able to send funds to family members, provided that those family members are not specifically listed individuals and the transactions do not exceed \$40,000.

Unfortunately, these exceptions are of limited benefit to many Iranian citizens who may be seeking permanent residence under one of Canada's immigrant investor programs. Iranians applying under the [Federal Immigrant Investor Program](#), the Quebec Investor Program, and even investor streams under various [Provincial Nominee Programs](#), may be subject to these economic sanctions.

On January 20, 2012, Citizenship and Immigration Canada ("CIC") issued [Operational Bulletin 378](#) ("OB 378"), which provides instructions on how it will apply these economic sanctions. According to OB 378, CIC offices are instructed to continue processing applications for permanent and temporary residence of Iranian nationals, and persons residing in Iran, in accordance with normal procedures. However, in cases where applicants need to show that they can, or have, transferred funds to Canada, such as the [Federal Investor Class](#), applicants will be informed that they may face restrictions in transferring funds to a Canadian financial institution and will be referred to the text of the Regulations.

OB 378 further states that persons affected by the sanctions on financial transactions, whether they be visa applicants abroad or applicants already in Canada, may apply for permits from the [Department of Foreign Affairs and International Trade](#) that authorize specified activities or transactions that are otherwise prohibited under the sanctions. This permit process should be taken into consideration by CIC officials when assigning a deadline for submitting evidence that funds can be transferred to Canada or an investment can be made, prior to refusing an application from an Iranian national or person in Iran for failure to transfer the required funds or investments.

Fortunately, the above economic sanctions do not appear to prohibit Iranian citizens from qualifying as immigrant investors through the investment of funds held in third countries. Iranian applicants fortunate enough to have access to such funds should not be affected by the Regulations.