OFAC ALERT

Iranian Shadow Fleet Reliance on False Flags for Sanctions Evasion

November 4, 2026

The Office of Foreign Assets Control (OFAC) is issuing this alert in support of Operation Economic Outcast to highlight the substantial risk of designation or penalties for providing services to vessels using false flags to evade U.S. sanctions on Iran. A false flag is either a flag provided by a fraudulent registry that is not authorized by the host country or a flag falsely claimed by a vessel without supporting registration documentation. Because vessels require flag registration to meet international requirements and to receive necessary services, false flags create a veneer of legitimacy for vessels that seek to circumvent sanctions.

In April 2025, OFAC provided broad guidance to maritime sector stakeholders on the sanctions risk and red flag indicators of the Iranian shadow fleet, including flag hopping by shadow fleet vessels. Since then, vessel owners and operators seeking to evade U.S. sanctions and engage in the trade of Iranian-origin petroleum or petrochemicals have increasingly relied on false flags to continue operating.

Flag Hopping

Flag hopping is the practice of repeatedly registering with a new flag to conceal sanctionable or other illicit activity.

Fraudulent Registries

Treasury is targeting networks, facilitators, and financial channels that Iran uses to smuggle oil, evade sanctions, and fund terror. Increasingly, Iranian shadow fleet operators use fraudulent registries that either operate without official recognition by the registry's host country or impersonate a legitimate registry. For example, on November 4, OFAC targeted a network involved in operating fraudulent ship registries. The network initially provided legitimate flagging services on behalf of jurisdictions such as Dominica, Guyana, Eswatini, and Nicaragua; however, corruption and other risk indicators, such as provision of flags to shadow fleet vessels, resulted in these countries severing their business partnerships with this network and revoking their authorization to provide services on behalf of the governments. In several cases, the network continued to flag vessels long after the flag state had publicly denounced them as fraudulent. Treasury will continue to target fraudulent registries that facilitate false flagging of sanctioned vessels and vessels engaged in sanctionable trade.

Treasury encourages countries to investigate and shut down actors fraudulently claiming to provide registry services under their flag. To obfuscate their fraud, registries providing fraudulent flag documentation will use fake websites or websites designed to mimic an existing official website—such websites are often sophisticated

forgeries but may use incorrect domain names. Countries can report such fraudulent operators to the International Maritime Organization (IMO) to ensure maritime databases, including IMO's Global Integrated Shipping Information (GISIS) database, reflect that a fraudulently registered vessel is falsely flagged. Affected countries should take prompt action to avoid reputational and commercial harm that could arise from being associated with Iranian sanctions evasion.

Falsely Claimed Flags Without Registration

A falsely claimed flag is a strong indicator that a vessel is sanctioned or engaged in sanctionable activity. Service providers, including insurers, financial institutions offering trade financing, and others providing services in the maritime sector, are encouraged to conduct enhanced due diligence on vessels with indicia of using a falsely claimed flag. This due diligence can help such service providers avoid engaging in sanctionable or violative activity. Relevant red flags include:

- An unknown or no flag reported in maritime databases;
- A flag from a jurisdiction that is commonly listed as false in maritime databases;
- A vessel broadcasting a Maritime Mobile Service Identity number with a country prefix code that contradicts the reported flag of the vessel;
- A flag from a jurisdiction without a known flag registry; and
- Flag registration documentation that cannot be verified.