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December 12, 2025

The Honorable Scott Bessent
Secretary of the Department of the Treasury
1500 Pennsylvania Ave., NW
Washington, DC 20220

Dear Secretary Bessent:

I write to highlight a clear and growing problem: the People's Republic of China (PRC) has become the indispensable customer and operational hub for large-scale sanctions evasion involving Venezuelan crude and Iranian networks. Recent activity by the tankers SKIPPER¹ and LUOIS² reveals a specific Chinese-managed effort that Treasury should now act against. The U.S. government took decisive and commendable action against SKIPPER, and the U.S. Department of the Treasury's recent sanctions targeting Venezuela-related evasion networks show why continued pressure is needed.³ However, the U.S. House Select Committee on the Strategic Competition Between the United States and the Chinese Communist Party ("Select Committee") has identified additional nefarious activity involving the PRC-affiliated tanker LUOIS that now warrants Treasury's consideration.

On December 10, 2025, U.S. authorities seized the tanker SKIPPER off the coast of Venezuela.⁴ Although the vessel's AIS broadcasts showed it safely anchored near Guyana, public reporting confirmed that this was a deliberate deception.⁵ Satellite imagery, shore-based

¹ SKIPPER (IMO 9304667) has operated under several names, including Adisa (2021), Maera (2019), and Toyo (2005), according to IHS Maritime records. The vessel was originally flagged to Panama and later carried an unknown registration (2023) before shifting to a fraudulent Guyana flag in 2024 while continuing to operate as a crude oil tanker.

² LUOIS (IMO 9312494; MMSI 538010165; Call sign PAK7T) has undergone multiple identity and flag changes. IHS Maritime records show earlier names Pacific Loyalty (2022), Nautilus (2014), and Maersk Nautilus (2006). Its flag shifted from Singapore (2006) to the Marshall Islands (2014), to Liberia (2018), and back to the Marshall Islands (2022), where it remains registered.

³ U.S. Dep't of the Treasury, Office of Foreign Assets Control, Counter Narcotics Designations; Venezuela-related Designations; Non-Proliferation Designation Updates (Dec. 11, 2025), <https://ofac.treasury.gov/recent-actions/20251211>.

⁴ Homeland Security (@DHSgov), Post on X (Dec. 10, 2025, 7:14 PM), <https://x.com/dhsgov/status/1998909254854746523?s=46&t=LlmOJQ48eFvBqvZ9VumQ>.

⁵ Christiaan Triebert & Riley Mellen, Oil Tanker U.S. Seized Has Faked Its Location Before, Data Shows, The New York Times (Dec. 10, 2025), <https://www.nytimes.com/2025/12/10/us/politics/oil-tanker-venezuela-tracking-data.html>; Joshua Cheetham, Paul Brown, Richard Irvine-Brown & Matt Murphy, From Iran to China to Venezuela - how tanker seized by US hid true location, BBC (Dec. 11, 2025), <https://www.bbc.com/news/articles/cy8jvll9j81o>.

photographs, and positional analysis all place SKIPPER at Venezuela's José Terminal on November 18 and throughout the surrounding period, where it loaded roughly at least 1.8–1.9 million barrels of Merey crude.⁶ Guyanese authorities have since confirmed that SKIPPER was fraudulently flying Guyana's flag, and commercial satellite imagery and maritime analytics reviewed by the Select Committee show that the vessel broadcast manipulated signals from its Automatic Identification System (AIS)—the tracker ships use to report their position—producing locations that did not reflect its true movements, an unmistakable case of deliberate AIS spoofing.⁷

SKIPPER's False AIS Position vs. Actual Location on November 18, 2025



On the left, AIS data shows SKIPPER falsely broadcasting a position off the coast of Guyana on Nov. 18, 2025, while on the right, satellite imagery confirms SKIPPER (the right-hand vessel) was actually moored at Venezuela's José Terminal at that same time (Sources: Starboard Maritime Intelligence; Planet Labs PBC).

This deception is part of a long-running pattern. Independent reporting and tracking data show that since 2021 SKIPPER has repeatedly falsified its location and moved nearly 13 million barrels of sanctioned Iranian and Venezuelan oil, including cargoes that financially benefited the Assad regime, Hezbollah, and the Islamic Revolutionary Guard Corps-Qods Force.⁸ Treasury sanctioned the vessel under a previous identity in 2022,⁹ yet it continued operating through renaming, false flagging, and AIS manipulation—classic techniques of the so-called “dark fleet.”¹⁰

⁶ Id.

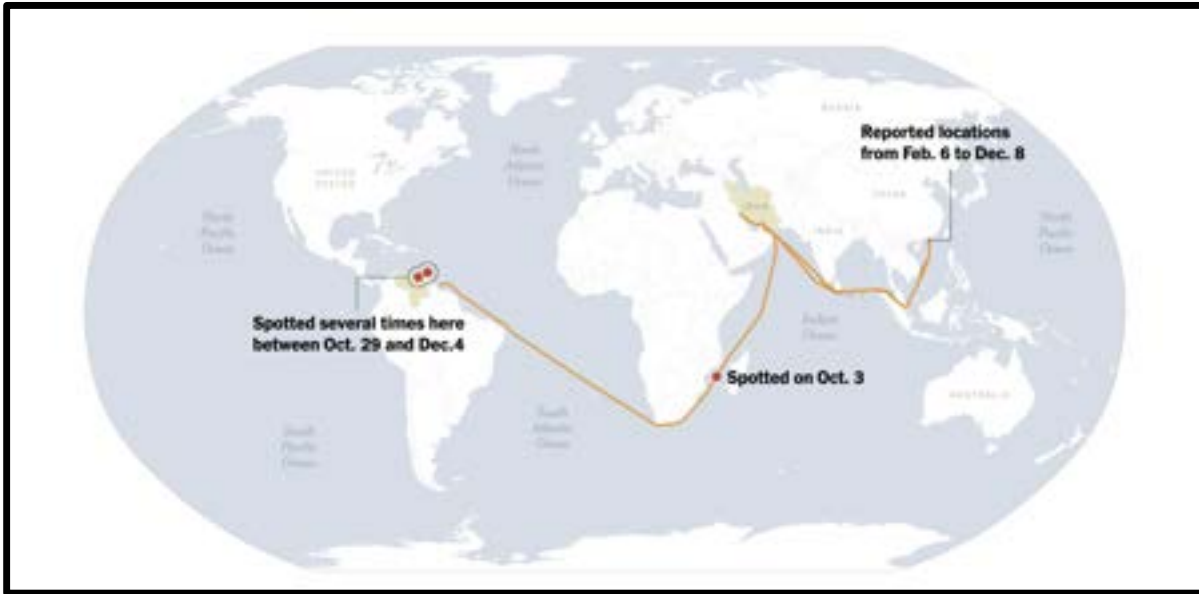
⁷ Id.; Starboard Maritime Intelligence; Planet Labs PBC.

⁸ Christiaan Triebert & Riley Mellen, Oil Tanker U.S. Seized Has Faked Its Location Before, Data Shows, *The New York Times* (Dec. 10, 2025), <https://www.nytimes.com/2025/12/10/us/politics/oil-tanker-venezuela-tracking-data.html>.

⁹ U.S. Dep't of the Treasury, Office of Foreign Assets Control, Counter Terrorism Designations (Nov. 3, 2022), <https://ofac.treasury.gov/recent-actions/20221103>.

¹⁰ Andrew Boling, Min Chao Choy & Margaux Garcia, Oil and Water, C4ADS (June 27, 2025), <https://c4ads.org/reports/oil-and-water/>.

Critically, the Select Committee reviewed data provided by Starboard and found that SKIPPER spent the first half of 2025 transporting sanctioned crude from Iran to China, with public reporting estimating these shipments at roughly two million barrels.¹¹



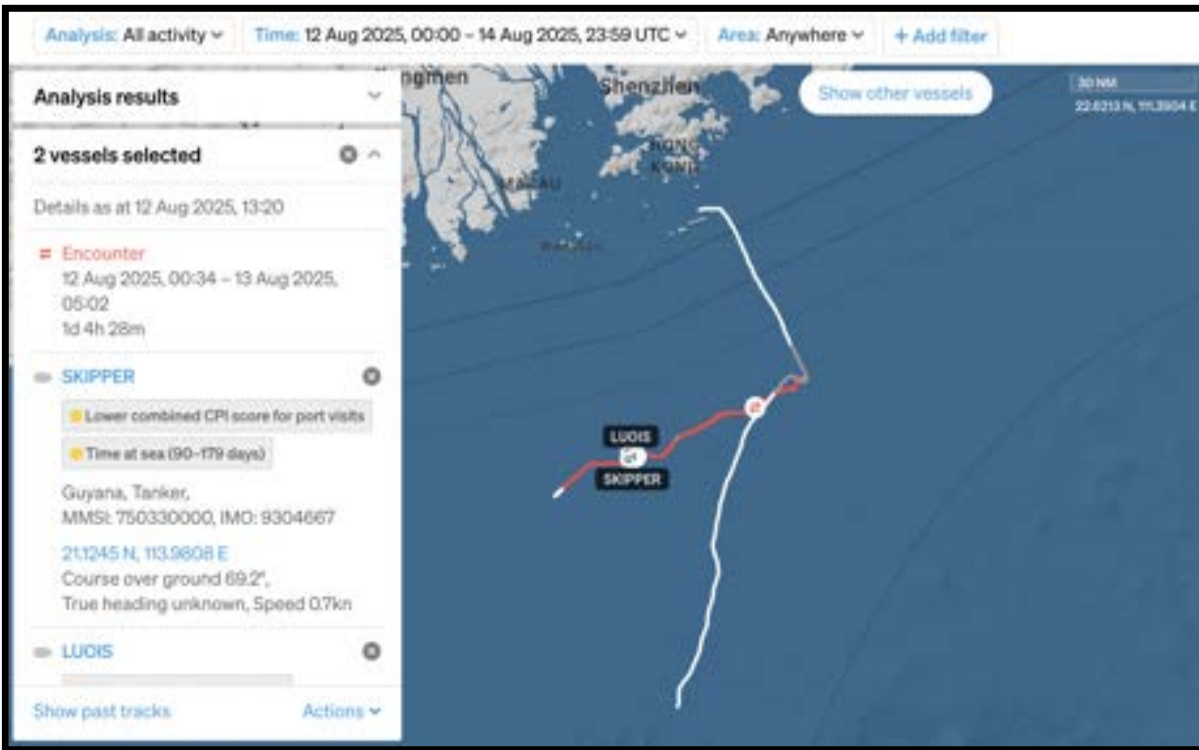
The SKIPPER's reported locations reflect its own AIS transmissions. The "spotted" positions were identified by TankerTrackers.com and independently verified through satellite imagery. (Sources: MarineTraffic; TankerTrackers.com; The New York Times)

On its final transit through the South China Sea, before returning to Venezuelan waters, SKIPPER engaged in two extended encounters with the PRC-managed tanker LUOIS between August 12 and 14, 2025, lingering at low speeds well outside normal shipping traffic—behavior consistent with a ship-to-ship transfer. In the first meeting, the two vessels stayed together for more than a day in a quiet patch of water off southern China.¹² They separated only briefly before linking up again a few hours later for another day-plus rendezvous in a nearby area.¹³ After the second meeting, LUOIS remained in the area for several days, a pattern consistent with receiving cargo and preparing for onward delivery. Taken together, these back-to-back encounters form the operational bridge between Venezuelan and Iranian-linked supply chains and the PRC-based buyers receiving the crude.

¹¹ Christiaan Triebert & Riley Mellen, Oil Tanker U.S. Seized Has Faked Its Location Before, Data Shows, The New York Times (Dec. 10, 2025), <https://www.nytimes.com/2025/12/10/us/politics/oil-tanker-venezuela-tracking-data.html>.

¹² From 00:34 on 12 August 2025 to 05:02 on 13 August 2025 at 21.1286°N, 113.9988°E, lasting 1 day, 4 hours, 28 minutes.

¹³ From 05:42 on 13 August 2025 to 15:01 on 14 August 2025 at 21.3206°N, 114.5034°E, lasting 1 day, 9 hours, 19 minutes, followed by 2 days, 15 hours, 59 minutes of loitering by LUOIS.

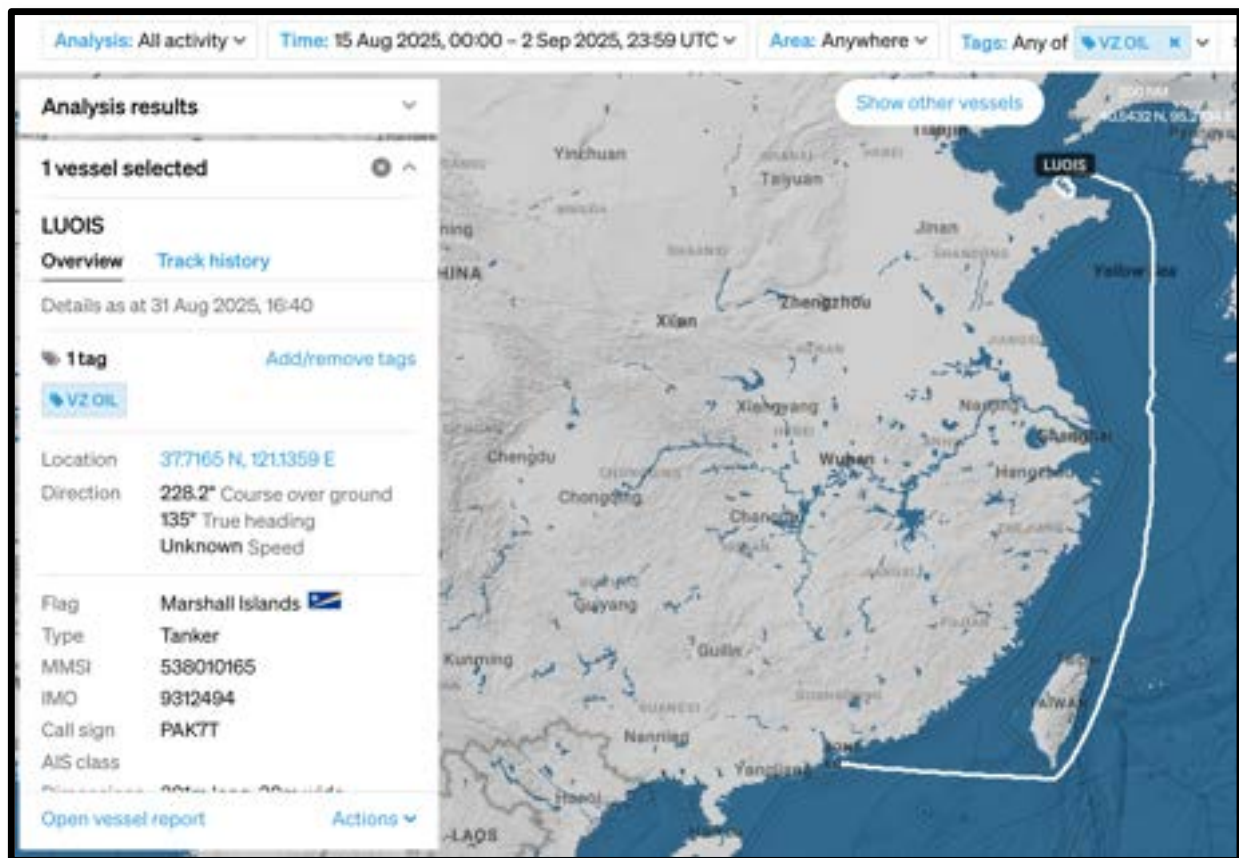


AIS data shows SKIPPER and LUOIS converging at low speed in the South China Sea from August 12–13, 2025, remaining alongside one another for more than a day. (Source: Starboard Maritime Intelligence)



Satellite imagery verifies SKIPPER (left) and LUOIS (right) positioned side by side in the South China Sea on August 13, 2025, consistent with a ship-to-ship transfer. (Planet Labs PBC)

LUOIS carries a Marshall Islands flag and lists a Hong Kong firm, Fung Nam Ltd.,¹⁴ as its registered owner, but all operational control—including the operator, ship manager, technical manager, and Document of Compliance holder—resides with Qingdao Ocean Kimo Ship Management Co.¹⁵ According to the data reviewed by the Select Committee, immediately after its rendezvous with SKIPPER, LUOIS moved quickly through Chinese waters. It stopped briefly in Hong Kong on August 15, then spent the next several weeks bouncing between Qingdao, Dongjiakou, Changjiangkou, and Yantai. Its reported destinations kept changing, and its draught jumped repeatedly from nearly empty to fully loaded and back again. It then stayed in Yantai from August 31 to September 2 before making another call in Hong Kong on September 16. This kind of rapid port-to-port movement, shifting destinations, and big draught swings is exactly what you'd expect from a ship that has taken on cargo at sea and is breaking it up for delivery into China.



After its August 12–14 encounters with SKIPPER, LUOIS sailed north into PRC waters and made successive calls at ports including Hong Kong, Qingdao, Dalian, and Yantai between mid-August and December 2025—movements consistent with the onward delivery of transferred crude. (Source: Starboard Maritime Intelligence)

¹⁴ The address is Unit 1022A, Beverley Commercial Centre, 87-105, Chatham Road South, Tsim Sha Tsui, Kowloon, Hong Kong, China.

¹⁵ The address is Room 2501, 117, Zijinshan Lu, Huangdao Qu, Qingdao, Shandong, 266000, China. Hong Kong corporate records list Ocean Kimo Shipping Limited (Company No. 78221717) as incorporated on May 28, 2025. See Hong Kong RNC063 – List of Newly Incorporated Companies, Companies Registry (May 26, 2025), https://www.cr.gov.hk/docs/wrpt/wk_new&changednamecoys_20250526.pdf.

Taken together, these facts show how SKIPPER ended up plugging into a China-controlled channel for handling illicit oil:

- SKIPPER met twice with LUOIS in the South China Sea between August 12–14, 2025, remaining alongside at low speeds far from normal shipping lanes.
- This slow-speed, side-by-side maneuvering matches the pattern used to move covert crude at sea, even though SKIPPER was ultimately seized before any Venezuelan cargo could be passed on.
- LUOIS is managed and controlled from mainland China, regardless of its Marshall Islands flag or Hong Kong ownership paperwork.
- After the encounters with SKIPPER, LUOIS sailed north and made a series of port calls in Hong Kong, Qingdao, Dalian, and Yantai—movements that match its broader pattern of bringing covert shipments into PRC waters.
- PRC refiners and coastal terminals routinely take in these covert flows, providing the demand and market access that make operations like LUOIS's profitable and sustainable.

This case reflects a straightforward reality: China keeps this sanctions-busting trade alive by buying outlawed crude, organizing the shipping, and looking the other way as tankers hide their signals in waters that Beijing monitors when it chooses. PRC firms snap up discounted Russian, Iranian, and Venezuelan oil through opaque ownership structures, Hong Kong fronts, and mainland ship managers that undermine U.S. and allied enforcement. When Treasury targets only the vessel rather than the PRC charterers, handlers, and receivers behind it, the network simply reflags, renames, and continues operating. With SKIPPER now removed from circulation, LUOIS and its PRC managers remain the open lane in this scheme, having moved illicit crude into China using tactics that Treasury has repeatedly warned about. Leaving LUOIS and Qingdao Ocean Kimo Ship Management Co. Ltd. un-designated would signal to the market that PRC operators can sit at the center of these networks with impunity so long as they hide behind offshore paperwork.

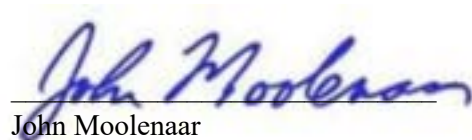
For these reasons, I respectfully urge the Department of the Treasury to:

1. Review and, if appropriate, designate the tanker LUOIS, its operator Qingdao Ocean Kimo Ship Management Co. Ltd., and its owner Fung Nam Ltd. under the relevant Venezuela, Iran, terrorism, and corruption authorities for their direct role in moving and financing this illicit trade.
2. Issue updated public guidance aimed at PRC ship managers, charterers, and refiners, using LUOIS and its management chain as a case study in how PRC firms enable continued imports of sanctioned narco-terrorism-linked crude.
3. Make clear that Treasury is prepared to pursue follow-on designations against PRC refiners and trading houses that keep buying these cargoes, and that PRC ownership or control will be treated as an aggravating factor in sanctions evasion and terror finance.

Building on the strong work already done by the Department of Homeland Security and other agencies, Treasury's firm action here would not only close the SKIPPER–LUOIS loop but also send a clear signal to Beijing and to PRC-based commercial actors that the United States will treat PRC facilitators of sanctions evasion as central drivers of these networks rather than peripheral participants. I stand ready to support Treasury with any additional information or coordination as you assess the necessary designations and guidance.

House Resolution 5 delegates to the Select Committee broad authority to investigate and submit policy recommendations on countering the economic, technological, security, and ideological threats of the Chinese Communist Party to the United States and allies and partners of the United States.¹⁶

Sincerely,



John Moolenaar

Chairman

¹⁶ H. Res. 5, § 4(a), 119th Cong. (2025).