



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

Enforcement Release: December 8, 2021

OFAC Settles with an Individual for \$133,860 with Respect to Potential Civil Liability for Apparent Violations of Iranian Transactions and Sanctions Regulations

A natural U.S. person (“U.S. Person-1”) has agreed to pay \$133,860 to settle their potential civil liability for apparent violations of the Iranian Transactions and Sanctions Regulations. The apparent violations were committed between February 2016 and March 2016 when U.S. Person-1 accepted payment in the United States on behalf of an Iran-based company selling Iranian-origin cement clinker to another company for a project in a third country.

Description of the Conduct Leading to the Apparent Violations

Over a two-month period in 2016, U.S. Person-1 arranged for, and received, four payments totaling \$133,860 into his personal bank account in the United States on behalf of an Iranian cement company. These payments were for Iranian-origin clinker, a cement precursor, that the Iranian company supplied to a project in a third country. U.S. person-1 coordinated and further facilitated the sale of the clinker with a family member working at the Iranian cement company by relaying logistical and shipping information to the purchasing company.

U.S. Person-1 knew or had reason to know that accepting payments for or on behalf of the Iranian cement company and that facilitating the export of goods from Iran was prohibited. Previously, U.S. Person-1 had submitted a license request to OFAC to authorize other transactions with Iran; that request was denied. In its denial letter to U.S. Person-1, OFAC listed and detailed the prohibitions involving Iran. U.S. person-1 also received information from the Iranian company that identified the sanctions imposed against Iran and described complications the Iranian company had faced when attempting to receive U.S. dollar payments in the past. OFAC did not find that U.S. Person-1 received significant, if any, financial benefits from their conduct. In accepting the payments and coordinating the sale, U.S. Person-1 appears to have violated §§ 560.204, 560.206, and 560.208 of the Iranian Transactions and Sanctions Regulations, 31 C.F.R. part 560 (“ITSR”) on at least four occasions, specifically through:

- 1) exporting financial services to a company in Iran;
- 2) engaging in transactions or dealings related to the sale of Iranian-origin clinker on behalf of an Iranian company; and
- 3) facilitating four transactions that violate the prohibitions of §§ 560.204 and 560.206.

Although U.S. Person-1’s facilitation of the payments involved a family member, § 560.550 of the ITSR generally authorizes certain personal remittances to or from Iran only if the transactions are “noncommercial.” OFAC found the underlying transactions to be commercial, and thus unavailable for the authorization found in § 560.550.

Penalty Calculations and General Factors Analysis

The statutory maximum civil monetary penalty applicable in this matter is \$1,210,336. OFAC determined that U.S. Person-1 did not voluntarily self-disclose the Apparent Violations, and that the Apparent Violations constitute an egregious case. Accordingly, under OFAC's Economic Sanctions Enforcement Guidelines ("Enforcement Guidelines"), the base civil monetary penalty amount applicable in this matter is \$1,210,336.

The settlement amount of \$133,860 reflects OFAC's consideration of the General Factors under the Enforcement Guidelines.

OFAC determined the following to be **aggravating factors**:

- (1) U.S. Person-1 willfully violated or recklessly ignored U.S. sanctions on Iran when receiving payments on behalf of an Iranian company;
- (2) U.S. Person-1 was aware of, and actively participated in, the conduct constituting the Apparent Violations; and
- (3) U.S. Person-1 harmed the objectives of the ITSR by enabling the evasion of sanctions by an Iranian company.

OFAC determined the following to be **mitigating factors**:

- (1) U.S. Person-1 has not received a penalty notice, finding of violation, or cautionary letter from OFAC in the five years preceding the earliest date of the transactions giving rise to the apparent violations; and
- (2) U.S. Person-1 is a natural person, who received minimal if any economic benefits from the transactions and presented evidence regarding financial difficulties affecting the person's ability to pay.

Compliance Considerations

This enforcement action highlights the broad range of prohibitions on dealings with Iran for natural U.S. persons, including those who act as intermediaries between non-U.S. parties. U.S. sanctions on Iran encompass a wide range of conduct, including dealings in goods of Iranian origin, providing services to Iran or persons normally resident in Iran, and facilitating other prohibited activity. OFAC's regulations and enforcement actions make clear that all U.S. persons face significant risks of violating U.S. sanctions when engaging in such dealings.

At the same time, OFAC's regulations authorize or exempt specified activities that promote or are consistent with U.S. foreign policy and national security interests, such as exceptions for transactions involving humanitarian goods, certain communications technology, informational exchange, and personal remittances. To avail themselves of these authorizations, however, U.S.

persons must ensure that their conduct is consistent with their scope. As this action illustrates, most non-humanitarian commercial activity falls outside OFAC's authorizations. Similarly, it is essential that U.S. persons seeking to transmit personal remittances to or from Iran or other sanctioned jurisdictions ensure there is no intertwined commercial activity.

OFAC Enforcement and Compliance Resources

On May 2, 2019, OFAC published [A Framework for OFAC Compliance Commitments](#) in order to provide organizations subject to U.S. jurisdiction, as well as foreign entities that conduct business in or with the United States or U.S. persons, or that use U.S.-origin goods or services, with OFAC's perspective on the essential components of a sanctions compliance program. The *Framework* also outlines how OFAC may incorporate these components into its evaluation of apparent violations and resolution of investigations resulting in settlements. The *Framework* includes an appendix that offers a brief analysis of some of the root causes of apparent violations of U.S. economic and trade sanctions programs OFAC has identified during its investigative process.

Information concerning the civil penalties process can be found in the OFAC regulations governing each sanctions program; the Reporting, Procedures, and Penalties Regulations, 31 C.F.R. part 501; and the Economic Sanctions Enforcement Guidelines, 31 C.F.R. part 501, app. A. These references, as well as recent final civil penalties and enforcement information, can be found on OFAC's website at <https://home.treasury.gov/policy-issues/financial-sanctions/civil-penalties-and-enforcement-information>.

For more information regarding OFAC regulations, please go to: <https://home.treasury.gov/policy-issues/financial-sanctions/sanctions-programs-and-country-information>.