



DEPARTMENT OF THE TREASURY
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OFAC Settles with Keysight Technologies Inc., as Successor Entity to Anite Finland OY, with Respect to Potential Civil Liability for Apparent Violations of the Iranian Transactions and Sanctions Regulations

Keysight Technologies, Inc. (“Keysight”), a company based in Santa Rosa, California, on behalf of its former Finnish subsidiary, Anite Finland Oy (“Anite”), has agreed to pay \$473,157 to settle its potential civil liability for reexports of U.S. export-controlled test measurement equipment to Iran. Anite had business with Iran prior to its acquisition by Keysight in August 2015. After Keysight’s acquisition of Anite, and after Keysight implemented its policy to restrict sales to Iran, Anite employees nonetheless continued sales to Iran and obfuscated such sales from Keysight. Keysight and Anite subsequently implemented remedial measures intended to prevent future unauthorized sales.

Description of the Apparent Violations and the Conduct Leading to the Apparent Violations

From on or about January 2016 to on or about June 2016, Anite appears to have violated § 560.205 of the Iranian Transactions and Sanctions Regulations, 31 C.F.R. part 560 (ITSR), when it completed six orders, without OFAC authorization, valued at \$331,089, of goods that incorporated 10 percent or more of U.S.-export controlled content exported from the United States that was subject to U.S. licensing requirements for export or reexport to Iran under the Export Administration Regulations, 15 C.F.R. §§ 730-774, with knowledge that such goods were destined for end-users in Iran (collectively referred to hereafter as the “Apparent Violations”). Although foreign entities owned or controlled by U.S. persons were authorized to engage in certain transactions with Iran pursuant to General License H of the ITSR between January 16, 2016, and June 27, 2018, the general license did not authorize reexportation from a third country of any goods, technology, or services prohibited by § 560.205 of the ITSR.

Anite and its parent companies designed and sold test and measurement instruments, as well as related software products, to the wireless industry. In August 2015, Keysight acquired Anite, plc, the U.K.-based parent company of Anite. Anite was a subsidiary of Keysight when the apparent violations described herein occurred but has since been integrated into Keysight and no longer exists as a distinct legal entity. Keysight’s pre-acquisition due diligence and risk assessments identified that Anite had conducted business with certain sanctioned countries, including Iran. Prior to its acquisition by Keysight, Anite committed to cease all existing and future business with such countries.

Approximately one month after acquiring Anite, on or about September 14, 2015, Keysight reiterated to Anite that sales to certain sanctioned countries, including Iran, must cease. Anite’s Vice President for Europe, Middle East, and Africa (“Vice President”) subsequently informed Anite’s Regional Director for the Middle East (“Regional Director”) of Keysight’s directive to cease all such orders. According to communications among Anite personnel reviewed by OFAC,

both the Vice President and Regional Director immediately expressed reluctance to comply with Keysight's directive. The Regional Director, along with two colleagues (and with full knowledge of the Vice President), agreed that, to preserve their credibility in local markets, they would proceed with their business in Iran and the other sanctioned countries.

The three Anite employees then took measures to obfuscate from Keysight their dealings with Iran, to include omitting in correspondence references to "Iran" or locations in Iran. Additionally, in at least one instance in which an Anite employee mentioned "Iran" in an email to the Vice President and Regional Director, the Regional Director altered the email correspondence to reference the United Arab Emirates in place of Iran. The Apparent Violations occurred as a direct result of this scheme to conceal Anite's business with Iran.

Upon discovering the Anite employees' misconduct, Keysight conducted an extensive internal investigation to determine the extent of the apparent violations, terminated the employees involved, and then voluntarily self-disclosed the apparent violations to OFAC and in its SEC filings.

Penalty Calculations and General Factors Analysis

The statutory maximum civil monetary penalty applicable in this matter is \$2,102,920. OFAC determined that Keysight, on behalf of its former subsidiary Anite, voluntarily self-disclosed 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 \$1,051,460.

The settlement amount of \$473,157 reflects OFAC's consideration of the General Factors under the Enforcement Guidelines. Specifically, OFAC determined the following to be **aggravating factors**:

- (1) Anite willfully violated the ITSR when it shipped six orders of products that incorporated 10 percent or more U.S.-export controlled content exported from the United States, as part of a scheme specifically to circumvent Keysight's directive to cease Iran-related business;
- (2) Senior Anite branch and sales managers knew of and actively participated in the violative conduct; and
- (3) The value of Anite's reexports to Iran combined with its attempts at concealment and obfuscation significantly harmed the program objectives of the ITSR.

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

- (1) Neither Keysight nor Anite had received a penalty notice or Finding of Violation from OFAC in the five years preceding the transactions giving rise to the apparent violations;
- (2) Keysight fully cooperated with OFAC's investigation, including by producing records and information to OFAC in a clear and organized fashion, responding in a timely and

efficient manner to all follow-up requests for information, and entering into a statute of limitations tolling agreement;

- (3) Keysight undertook several remedial measures by conducting a thorough internal investigation to identify the causes of the apparent violations. Specifically, Keysight has terminated the employees that were involved in the apparent violations and immediately took steps to ensure that there would be no further Anite transactions involving restricted countries, such as assessing past and current transactions for compliance with OFAC regulations, implementing mechanisms to halt current transactions, and ensuring that no further transactions involved restricted countries;
- (4) Keysight has enhanced its sanctions compliance program, and specifically has undertaken the following measures as part of its compliance commitments to minimize the risk of recurrence of similar conduct in the future:
 - Fully integrated Anite into Keysight's compliance program, to include the company's detailed policies, procedures, and resources regarding trade compliance;
 - Implemented enhanced training for Anite personnel, to include annual trade compliance training for sales representatives and their supervisors, and additional training for Anite management, legal, logistics, sales, and customer service personnel at the time of integration into Keysight; and
 - Implemented enhanced screening of each Anite transaction for trade compliance, to include full visibility and manual screening by Keysight.

Compliance Considerations

This case highlights the potential benefits of implementing proactive and ongoing sanctions compliance controls in foreign companies that source U.S.-export controlled content from the United States, including when U.S. persons, directly or indirectly, acquire foreign companies with preexisting relationships with sanctioned persons and jurisdictions. In such circumstances, as part of a risk-based approach, U.S. persons in particular are encouraged to assess the sanctions risk associated with newly acquired foreign subsidiaries and ensure that those subsidiaries adopt and maintain the compliance controls necessary to mitigate that risk. This may include appropriately integrating newly acquired foreign subsidiaries into an organization's sanctions compliance program and promoting a culture of compliance across the organization.

OFAC Enforcement and Compliance Resources

Information concerning the civil penalties process can be found in the OFAC regulations governing each sanctions program and the Reporting, Procedures, and Penalties Regulations, 31 C.F.R. part 501. On November 9, 2009, OFAC published as Appendix A to part 501 Economic Sanctions Enforcement Guidelines. See 74 Fed. Reg. 57,593 (Nov. 9, 2009). The Economic Sanctions Enforcement Guidelines, as well as recent final civil penalties and enforcement information, can be found on OFAC's website at www.treasury.gov/ofac/enforcement.

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.

For more information regarding OFAC regulations, please go to: www.treasury.gov/ofac.