



**U.S. DEPARTMENT OF THE TREASURY
OFFICE OF FOREIGN ASSETS CONTROL**



Enforcement Release: December 18, 2024

Corporate Officer Settles with OFAC for \$45,179 Related to Six Apparent Violations of the Global Magnitsky Sanctions Regulations

A natural U.S. person (“U.S. Person-1”) has agreed to pay \$45,179 to settle their potential civil liability for six apparent violations of OFAC’s Global Magnitsky Sanctions Regulations targeting serious human rights abuse and corruption. Between January 2021 and June 2021, U.S. Person-1 executed six payments totaling \$45,179 on behalf of a blocked individual with knowledge that the individual was sanctioned. Three of the six payments were designed to serve as indirect compensation to the blocked individual; the remaining three facilitated the blocked individual’s business operations in the United Arab Emirates (UAE).

The settlement amount reflects OFAC’s determination that the apparent violations were not self-disclosed and that three of the apparent violations were egregious. The settlement amount also reflects U.S. Person-1’s extensive cooperation with OFAC’s investigation; U.S. Person-1’s lack of prior OFAC enforcement actions in the five years preceding the conduct at issue; and the relatively low volume and value and brief duration of the apparently violative transactions.

Description of the Apparent Violations

Beginning in 2006, a U.S. company in the equine industry retained U.S. Person-1 to provide professional services, including by managing its legal, financial, and administrative affairs. U.S. Person-1 served as the secretary and treasurer of the company and worked closely with its chief executive officer, who was the only other company employee.

In December 2020, OFAC added the chief executive officer (henceforth the “SDN”) to the SDN List pursuant to Executive Order 13818, “Blocking the Property of Persons Involved in Serious Human Rights Abuse or Corruption.” Accordingly, all property or interests in property of the SDN became blocked and could not be dealt in by U.S. persons. The provision of services to the SDN likewise became generally prohibited.

U.S. Person-1 and the SDN learned of the SDN’s designation shortly after it occurred. However, U.S. Person-1 did not consider the prohibitions that the SDN’s designation imposed with respect to U.S. Person-1’s own conduct. U.S. Person-1 did not seek or obtain information or guidance about the legal implications of the SDN’s designation for themselves or the company, nor did U.S. Person-1 seek or obtain guidance or authorization from OFAC to continue dealing with the SDN.

As a result, business operations at the company continued without interruption after the SDN’s designation and U.S. Person-1 continued to fulfill their usual duties, which included executing payments on behalf of the SDN. Between January 26, 2021, and June 1, 2021, U.S. Person-1 executed—at the SDN’s direction—six payments with a total value of \$45,179. U.S. Person-1 made most of these payments directly from the company’s bank accounts. U.S. Person-1 made the

remainder of the payments through their U.S.-based professional services firm in order to earn credit card points.

The six apparently violative payments fell into two categories: (i) three payments valued at \$25,359 designed to serve as indirect compensation to the SDN for the SDN's duties as CEO of the company by way of payments for certain travel and educational expenses of the SDN's minor child; and (ii) three payments valued at \$19,820 that facilitated the operations of an affiliated entity managed by the SDN in the UAE, where the SDN was not subject to sanctions. OFAC considers the apparent violations arising from the compensatory payments to be egregious, in large part because they were intended to confer a benefit to the SDN despite U.S. Person-1's knowledge that the SDN was subject to sanctions.

Penalty Calculations and General Factors Analysis

The statutory maximum civil monetary penalty applicable in this matter is \$2,208,816. OFAC determined that U.S. Person-1 did not voluntarily self-disclose the apparent violations and that three of the six apparent violations—the indirect compensation payments—constitute an egregious case. Accordingly, under OFAC's Economic Sanctions Enforcement Guidelines ("Enforcement Guidelines"), 31 CFR part 501, app. A., the base civil monetary penalty applicable in this matter equals \$1,134,408.

The settlement amount of \$45,179 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 was aware of the SDN's sanctioned status and acted recklessly by failing to take steps to understand the implications of the SDN's designation and by continuing to execute payments on the SDN's behalf;
- (2) U.S. Person-1 was at all times aware of the conduct at issue; and
- (3) U.S. Person-1's payments enabled the SDN to access funds in the United States that should have been unavailable to the SDN. The transactions at issue, although relatively small, were used to provide indirect compensation to the SDN and facilitate the SDN's business activities abroad, causing harm to the objectives of the sanctions program.

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

- (1) U.S. Person-1 executed a very small volume of transactions on behalf of the SDN when compared against U.S. Person-1's other business activities, and the transactions occurred over a relatively brief period of time;
- (2) U.S. Person-1 cooperated extensively with OFAC's investigation, including by voluntarily producing records and quickly responding to all of OFAC's requests for information, which significantly shortened the time required to complete the investigation; and

- (3) U.S. Person-1 has not received a Penalty Notice or Finding of Violation from OFAC in the five years preceding the date of the earliest transaction giving rise to the apparent violations.

Compliance Considerations

This case highlights the risks that arise when gatekeepers like U.S. Person-1—professional service providers such as investment advisors, attorneys, and accountants—fail to exercise reasonable care in complying with OFAC’s sanctions. Gatekeepers serve crucial financial and legal functions that place them at heightened risk of knowingly or unwittingly furnishing access by blocked persons or other illicit actors to the licit financial system.¹ Gatekeepers with actual knowledge or reason to know that clients or others with whom they deal have been the subject of an OFAC sanctions designation should rapidly take all necessary steps to understand the implications for their conduct and ensure compliance with applicable prohibitions. This could include, for example, reaching out to OFAC for guidance.

This case also highlights the risks involved in dealing with a blocked person acting through or on behalf of a non-blocked entity. Although U.S. Person-1 dealt directly with the SDN throughout the conduct at issue in this matter, the SDN was acting in their capacity as CEO of the company, at which U.S.-Person-1 was the only other employee. OFAC has repeatedly emphasized, including through general and sanctions program-specific public guidance, the risks that arise in such circumstances. As noted in multiple OFAC Frequently Asked Questions (FAQs), even dealings such as entering into a contract signed by a blocked person—including when the blocked person is acting through or on behalf of a non-blocked entity—can violate OFAC prohibitions.²

Finally, this case serves as a reminder that all U.S. persons, including individuals, are required to comply with U.S. sanctions, regardless of their familiarity with sanctions-related issues.

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 goods or services exported from the United States, 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 civil penalties and enforcement information, can be found on OFAC’s website at <https://ofac.treasury.gov/civil-penalties-and-enforcement-information>.

¹ See Department of the Treasury, “[2024 National Money Laundering Risk Assessment](#)” (February 2024), p. 80.

² See, e.g., OFAC FAQs [398](#), [400](#), and [1145](#).

Whistleblower Program

The U.S. Department of the Treasury's Financial Crimes Enforcement Network (FinCEN) maintains a whistleblower incentive program for violations of OFAC-administered sanctions, in addition to other violations of the International Emergency Economic Powers Act and violations of the Bank Secrecy Act. Individuals located in the United States or abroad who provide information may be eligible for awards, if the information they provide leads to a successful enforcement action that results in monetary penalties exceeding \$1,000,000 and the statutory requirements in 31 U.S.C. 5323 are otherwise met. The incentive program is available for whistleblowers providing information relating to potential violations at any type of enterprise in any commercial sector. FinCEN is currently accepting whistleblower tips.

For more information regarding OFAC regulations, please visit: <https://ofac.treasury.gov>.