

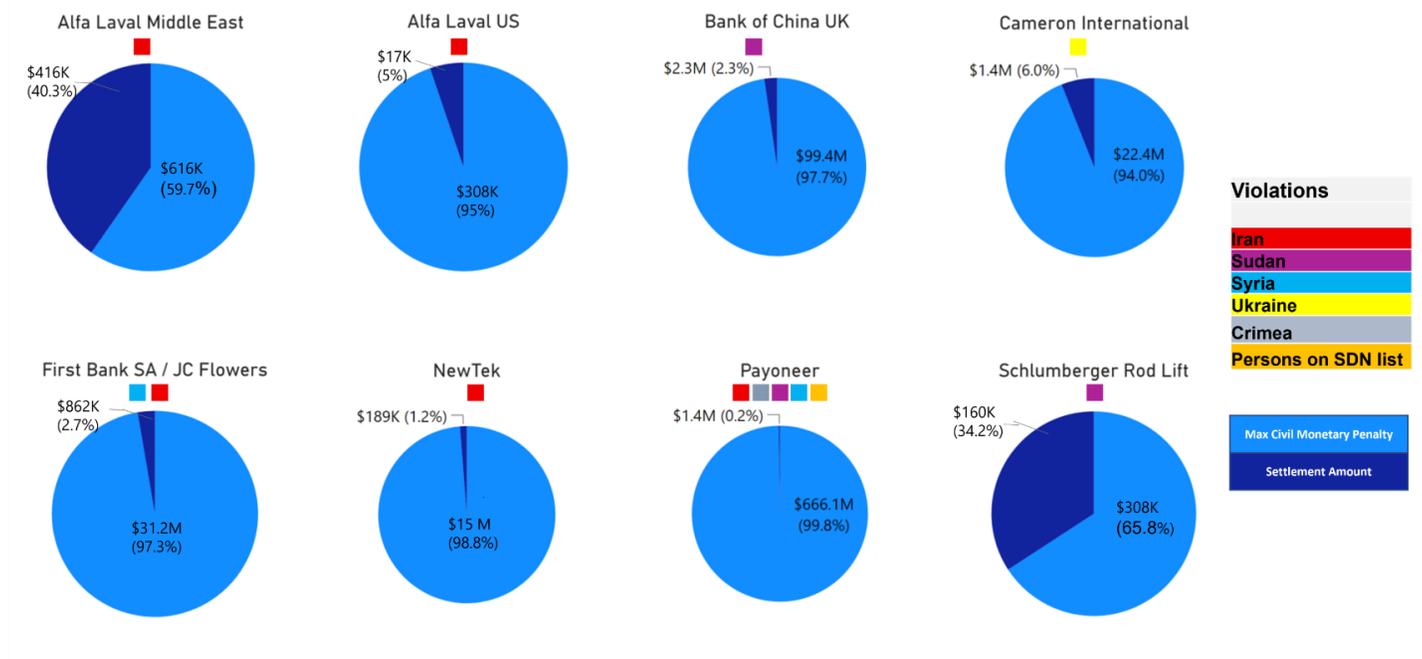
## OFAC Penalties and Settlements, Q3 2021

During the second quarter of 2021, the Treasury Department's Office of Foreign Assets Control (OFAC) entered into settlement agreements with eight companies for apparent violations of US sanctions. This quarter's settlements exhibit in stark relief the importance of self-disclosure of possible US sanctions violations, full cooperation with regulators, and the caution with which non-US companies must examine the activities and transactions of their global affiliates and subsidiaries. Two of the companies—Alfa Laval Middle East and Schlumberger Rod Lift—paid 40.3 percent and 34.2 percent of the maximum civil monetary penalties applicable in those cases respectively in part because of failures to disclose and intentional attempts by certain employees to conceal sanctions violations.

- [Alfa Laval Middle East's](#) violations constituted an egregious case, according to OFAC, because the company was involved in an active conspiracy to violate Iran sanctions, misled its US-based affiliate to indirectly export goods from the United States to Iran by falsifying the end-user on its export documentation, plotted additional transactions with Iran using the same scheme, and failed voluntarily disclose its violations.
- Schlumberger Rod Lift's [conduct](#) was non-egregious, but the company also failed to voluntarily self-disclose its violations. The employees who engaged in illegal conduct were not only trained and explicitly informed about US comprehensive sanctions on Sudan, but also received emails and attended trainings that detailed the prohibitions. In addition, this was not the first time Schlumberger was found to have been in violation of US sanctions. In 2015, the company violated US sanctions by facilitating exportation of goods to both Iran and Sudan, and the apparent violation occurred when Schlumberger was subject to a Justice Department plea agreement partially related to previous sanctions violations involving Sudan.
- [Payoneer's](#) settlement amount comprises less than 1 percent of the \$666 million maximum civil monetary penalty. Although, Payoneer's violations caused harm to six different sanctions programs and the company only disclosed a fraction of the more than 2,000 violations it committed to OFAC, Payoneer took remedial actions, including retraining its compliance team and replacing its Chief Compliance Officer. Payoneer also enabled the screening of names, shipping and billing addresses, and IP information associated with account holders to identify jurisdictions and regions subject to sanctions—an issue that was flagged as a significant failure in OFAC's [settlement](#) with payment processing provider BitPay in February.

Based on the data in these settlements, FiveBy judges that voluntary self-disclosure once a possible violation has been detected will significantly reduce the penalty firms will have to pay to settle their apparent violations. In addition, previous violations and penalties will be considered aggravating factors and possibly increase the assessed penalty. This quarter's penalties also demonstrate the need for firms to use robust algorithms to filter out embargoed jurisdictions or risky locations, as well as critical data such as IP information and business identifier codes to ensure compliance with US sanctions. Given OFAC's focus on enforcement and backlogs during periods of high screening volumes, which many times result in suspicious transactions being released, engaging with FiveBy's consultants—who possess regional and linguistic expertise to help fine-tune data algorithms and provide enhanced due diligence research—is a vital step to ensuring that suspicious transactions are examined accurately before being allowed to proceed.

# OFAC SETTLEMENTS



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