

ENFORCEMENT INFORMATION FOR July 22, 2013

Information concerning the civil penalties process is discussed in OFAC regulations governing the various sanctions programs and in 31 CFR part 501. On November 9, 2009, OFAC published as Appendix A to part 501 new 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 Web site at <http://www.treasury.gov/resource-center/sanctions/CivPen/Pages/civpen-index2.aspx>.

ENTITIES – 31 CFR 501.805(d)(1)(i)

American Express Travel Related Services Company, Inc. Settles Potential Civil Liability for Apparent Violations of the Cuban Assets Control Regulations: American Express Travel Related Services Company, Inc. ("TRS"), New York, NY, has agreed to pay \$5,226,120 to settle potential civil liability for apparent violations of the Cuban Assets Control Regulations, 31 C.F.R. part 515 (the "CACR"). From on or about December 15, 2005, through on or about November 1, 2011, TRS dealt in property in which Cuba or its nationals had an interest when its foreign branch offices and subsidiaries issued 14,487 tickets for travel between Cuba and countries other than the United States, many of which had adopted "antidote" measures (blocking statutes) prohibiting compliance with the CACR, without authorization from OFAC.

OFAC determined that TRS voluntarily self-disclosed this matter to OFAC and that the apparent violations occurred "subsequent to agency notice" in 1995.

TRS was investigated by OFAC in 1995 and 1996 for similar apparent violations of the CACR arising from the provision of travel services to and from Cuba by a recently acquired subsidiary at the time. OFAC provided written notice to TRS that such conduct constituted apparent violations of the CACR.

Under the Cuba Penalty Schedule, 68 Fed. Reg. 4429 (Jan. 29, 2003), the base penalty for the apparent violations is \$3,629,250.

The settlement amount reflects OFAC's consideration of the following facts and circumstances, pursuant to the General Factors under OFAC's Economic Sanctions Enforcement Guidelines, 31 C.F.R. part 501, App. A (the "Guidelines"):

(1) TRS demonstrated reckless disregard for the CACR, as evidenced by the apparent violations occurring subsequent to notice by the agency in 1995, the lack of oversight by U.S. management of TRS' foreign offices, and the continuing failure to implement effective mechanisms for detecting Cuba travel bookings until late 2010, after having informed OFAC in OFAC's investigation of TRS in 1995 and 1996 that it would do so;

(2) TRS' U.S. management should have known that the conduct resulting in the apparent violations would or might take place;

- (3) the apparent violations caused significant harm to U.S. sanctions program objectives regarding Cuba;
- (4) TRS is one of the largest and most sophisticated travel service providers (TSPs) for authorized Cuba travel;
- (5) TRS has a significant sanctions history during the five years preceding these apparent violations;
- (6) at the time of the apparent violations, TRS' compliance program was inadequate, given the nature of TRS' operations, to detect and prevent Cuba travel bookings, particularly from countries that had adopted antidote measures;
- (7) without authorization from OFAC, TRS continued to book travel to and from Cuba for many of its corporate clients during a "wind-down period," following its 2010 disclosure of the apparent violations to OFAC; therefore, TRS' initial remedial response to the apparent violations was inadequate;
- (8) a substantial civil monetary penalty in this case is warranted to clearly communicate to participants in OFAC's Cuba TSP program the seriousness with which OFAC takes compliance with the CACR;
- (9) TRS has not received a penalty notice or Finding of Violation from OFAC in the five years preceding the date of the transactions giving rise to the apparent violations;
- (10) while TRS implemented a number of remedial measures in response to the apparent violations, including measures to prevent unlicensed Cuba travel bookings, the mitigating effect of these remedial measures is diminished by TRS' representations to OFAC in OFAC's 1995 and 1996 investigation of TRS that it would implement similar remedial measures, which TRS apparently never implemented;
- (11) TRS provided substantial cooperation to OFAC by agreeing to toll the statute of limitations in this case, by producing records and information to OFAC in a clear and organized fashion, by cooperating with OFAC's requests for supplemental information, and by engaging in numerous conversations with OFAC regarding the transactional data; and
- (12) OFAC also considered as a relevant factor the legal obligations placed on TRS by U.S. law and antidote measures adopted by many of the jurisdictions in which TRS' foreign branch offices and subsidiaries operate, but, given the facts and circumstances of this case, did not assign any mitigating or aggravating weight to this factor under the Guidelines.

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