

## ENFORCEMENT INFORMATION FOR September 3, 2014

Information concerning the civil penalties process is discussed in OFAC regulations governing the various sanctions programs and in 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 Web site at <http://www.treasury.gov/ofac/enforcement>.

### ENTITIES – 31 CFR 501.805(d)(1)(i)

**Citigroup Inc. Settles Potential Civil Liability for Apparent Violations of Multiple Sanctions Programs:** Citigroup Inc. (Citigroup), New York, New York, has agreed to remit \$217,841 to settle potential civil liability for eight apparent violations of the Iranian Transactions and Sanctions Regulations, 31 C.F.R. part 560 (ITSR),<sup>1</sup> the Weapons of Mass Destruction Proliferators Sanctions Regulations, 31 C.F.R. part 544 (WMDPSR), the Foreign Narcotics Kingpin Sanctions Regulations, 31 C.F.R. part 598 (FNKSR), or the Global Terrorism Sanctions Regulations, 31 C.F.R. part 594 (GTSR).

Between April 2, 2009, and November 16, 2009, Citigroup Trade Services Malaysia (Citi Penang) processed four export bill collection applications totaling \$638,074.15 on behalf of Citibank N.A. (Citibank), Hong Kong that involved the shipment of goods to Iran, and in two of those instances the Islamic Republic of Iran Shipping Lines (IRISL), which OFAC designated on September 10, 2008, pursuant to Executive Order 13382 of June 28, 2005, "Blocking Property of Weapons of Mass Destruction Proliferators and Their Supporters." Although the bank had documentation in its possession related to the export bill collections that contained references to Iran and IRISL, Citi Penang operators did not review or screen the bills of lading, certificates of origin, or shipment advice which contained the references to Iran and/or IRISL.

Separately, on February 9, 2010, January 12, 2011, March 8, 2011, and October 29, 2012, Citibank processed four funds transfers totaling \$133,786.73 involving entities appearing on OFAC's List of Specially Designated Nationals and Blocked Persons (the SDN List). Citibank's interdiction software did not identify references to the sanctioned parties in the payment instructions, and the bank processed the payments straight through without manual intervention. For example, Citibank received and processed a funds transfer initiated by a third-country financial institution's customer, Higher Institute *for* Applied Science and Technology. Although the SDN List contained an entry for an entity named Higher Institute *of* Applied Science and Technology at the time of the transaction, Citibank did not stop the payment.

OFAC determined that Citigroup voluntarily self-disclosed the four apparent violations processed by Citi Penang, but did not voluntarily self-disclose the apparent violations processed

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<sup>1</sup> On October 22, 2012, OFAC changed the heading of 31 C.F.R. part 560 from the Iranian Transactions Regulations to the Iranian Transactions and Sanctions Regulations ("ITSR"), amended the renamed ITSR, and reissued them in their entirety. See 77 Fed. Reg. 64,664 (Oct. 22, 2012). For the sake of clarity, all references herein to the ITSR shall mean the regulations in 31 C.F.R. part 560 in effect at the time of the activity, regardless of whether such activity occurred before or after the regulations were renamed.

by Citibank. OFAC also determined that the apparent violations constitute a non-egregious case. The base penalty amount for the apparent violations was \$484,091.

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. OFAC found the following to be aggravating factors in this case: Citigroup Penang employees did not review underlying documentation that included sanctions references in relation to the voluntarily self-disclosed apparent violations; the apparent violations resulted in harm to the sanctions program objectives of the ITSR, the WMDPSR, and the FNKSR; and Citibank is a large and commercially sophisticated financial institution. OFAC considered the following to be mitigating factors: no Citigroup managers or supervisors were aware of the conduct that led to the apparent violations; U.S. financial institutions blocked the February 9, 2010, January 12, 2011, and October 29, 2012, funds transfers, thereby limiting the economic harm to the sanctions program objectives of the WMDPSR and GTSR with respect to those transactions; Citigroup took remedial action to ensure that specific name variations were added to its interdiction filter, and implemented a programmatic fix in response to the January 12, 2011, apparent violation involving Higher Institute of Applied Science and Technology; Citigroup has not received a penalty notice or Finding of Violation from OFAC in the five years preceding the earliest date of the transactions giving rise to the apparent violations; and Citigroup cooperated with OFAC during the course of these investigations, including by responding thoroughly and promptly to OFAC's requests for information in relation to all of these matters and by entering into a statute of limitations tolling agreement.

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