

ENFORCEMENT INFORMATION FOR October 29, 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)

Bupa Florida Settles Potential Civil Liability for Apparent Violations of Multiple Sanctions Programs: Bupa Insurance Company (BIC), Bupa Worldwide Corporation (BWW), and USA Medical Services Corporation (USAMED) are Florida corporations located in Miami, Florida (collectively “Bupa Florida”), and affiliates of an international healthcare group headquartered in the United Kingdom. Bupa Florida has agreed to remit \$128,704 to settle potential civil liability for 39 apparent violations of the Narcotics Trafficking Sanctions Regulations, 31 C.F.R. part 536 (the NTSR), the Foreign Narcotics Kingpin Sanctions Regulations, 31 C.F.R. part 598 (the FNKSR), or the Cuban Assets Control Regulations, 31 C.F.R. part 515 (the CACR) that occurred between Mach 26, 2008, and March 1, 2011.

BWW and USAMED provided insurance support services for healthcare policies which provided coverage to persons designated on OFAC's List of Specially Designated Nationals and Blocked Persons (SDN List) under the NTSR (referred to hereinafter as “SDNTs”) or the FNKSR (referred to hereinafter as “SDNTKs”), and processed and paid reimbursement claims made by a policyholder for medical treatments in Cuba in apparent violation of the CACR. BIC issued health insurance policies or otherwise provided health insurance coverage to certain beneficiaries that were persons designated on the SDN List as SDNTs or SDNTKs. Bupa Florida misinterpreted the scope and application of the regulations administered by OFAC and did not monitor or screen health insurance policyholders, dependents, or providers against the SDN List.

For example, following the designation of Jorge Mario Paredes Cordova as an SDNTK on June 1, 2007, BIC continued to provide health insurance coverage for Paredes Cordova as a dependent on an existing policy, and subsequently renewed the policy on three separate occasions until the policy was cancelled by the policyholder on January 15, 2011. Although the name, date of birth, and country of residence in BIC's records for Paredes Cordova matched the information on the SDN List, BIC failed to identify Paredes Cordova as an SDNTK.

Separately, BWW and USAMED provided BIC—as well as non-U.S. Bupa insurers—with insurance support services for policies that were issued to, or provided coverage for, SDNTs or SDNTKs. The insurance support services BWW provided encompassed a wide range of marketing, administrative, and operational services, including the retention of agents, premium processing, underwriting, claims payments and customer service, as well as issuing claim and reimbursement checks. USAMED provided claims processing services that included claim pre-authorization, claim review and claim adjudication services. For example, a non-U.S. Bupa insurer issued a health insurance policy to Daniel Gonzalez Munoz, who OFAC designated as an

SDNTK on January 12, 2005. In 2008 and 2009, BWW serviced two Munoz policies over three policy periods (two of which were for one-year periods) by specifically transmitting policy documents, maintaining policy records, preparing accounting reports, processing premium payments and making two claim payments, while USAMED provided claims processing services over two of the policy periods, processing four claims in total.

In addition to the above, Bupa Florida appears to have violated the CACR on December 3, 2008, and February 18, 2009, when USAMED processed a reimbursement claim made by a policyholder for medical treatments in Cuba, and BWW made a reimbursement payment to the policyholder.

Bupa Florida engaged in 16 apparent violations of the FNKSR that occurred between March 26, 2008, and March 1, 2011. The total transactional value of these apparent violations was \$51,275.48. Bupa Florida engaged in 21 apparent violations of the NTSR that occurred between March 26, 2008, and February 1, 2011. The total transactional value of these apparent violations was \$124,671.20. Bupa Florida engaged in two apparent violations of the CACR that occurred between December 3, 2008, and February 18, 2009. The total transactional value of these apparent violations was \$14,726.

OFAC determined that Bupa Florida voluntarily self-disclosed the apparent violations and that the apparent violations constitute a non-egregious case. The base penalty amount for the apparent violations was \$95,337.

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: Bupa Florida acted with reckless disregard for U.S. sanctions requirements and failed to exercise a minimum degree of caution or care to avoid the conduct that led to the apparent violations; Bupa Florida had actual knowledge or reason to know that the policyholders it insured (and beneficiaries of claims it serviced) were SDNTs or SDNTKs; Bupa Florida's conduct resulted in harm to U.S. sanctions program objectives; and Bupa Florida does not appear to have had an OFAC compliance program at the time the apparent violations occurred. OFAC considered the following to be mitigating factors: Bupa Florida has not received a penalty notice or Finding of Violation in the five years preceding the earliest date of the transactions giving rise to the apparent violations; Bupa Florida has taken steps to implement more effective controls and procedures as its remedial response to the apparent violations; and Bupa Florida substantially cooperated with OFAC's investigation by submitting the relevant documents and information in a clear and organized fashion, and by executing and then extending a statute of limitations tolling agreement.

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