

ENFORCEMENT INFORMATION FOR AUGUST 7, 2015

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 final civil penalties and enforcement information can be found on OFAC's Web site at www.treasury.gov/ofac/enforcement.

ENTITIES – 31 CFR 501.805(d)(1)(i)

OFAC Issues Finding of Violation to Schlumberger Oilfield Holdings, Ltd. (SOHL), a subsidiary of Schlumberger Ltd., for Violations of the Iranian Transactions and Sanctions Regulations and the Sudanese Sanctions Regulations. OFAC has issued a Finding of Violation (FOV) to SOHL, incorporated in the British Virgin Islands, whose parent company, Schlumberger, Ltd., maintains a headquarters in Houston, Texas (collectively, "SOHL" and "Schlumberger Ltd." may be referred to herein as "Schlumberger"), for alleged violations of both the Iranian Transactions and Sanctions Regulations, 31 C.F.R. part 560 (ITSR), and the Sudanese Sanctions Regulations, 31 C.F.R. part 538 (SSR).

Starting in February 2004 and continuing through June 2010, SOHL, while working with and through Schlumberger's "Drilling and Measurements" business segment ("D&M"), knowingly and willfully violated §§ 560.203, 560.204, 560.206, and 560.208 of the ITSR and §§ 538.205, 538.206, 538.210, and 538.211 of the SSR, by: (1) systematically approving and disguising capital expenditure requests from operations in Iran and Sudan for the manufacture of new tools and for certain expenditures; (2) directing and overseeing the transfer of oilfield equipment from projects in non-sanctioned countries to projects in Iran and Sudan; (3) making and implementing business decisions specifically concerning projects in Iran and Sudan; and (4) providing certain technical services in order to troubleshoot mechanical failures and to sustain sophisticated oilfield services equipment in Iran and Sudan.

This FOV 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 considered the following to be aggravating factors: 1) SOHL, as well as Schlumberger, Ltd's D&M business segment willfully violated and attempted to violate U.S. economic sanctions related to Iran and Sudan, including through acts of concealment; 2) the violations involved a long-term pattern of conduct; 3) Schlumberger's senior management knew or had reason to know of the conduct giving rise to the alleged violations; 4) Schlumberger's conduct caused significant harm to U.S. sanctions program objectives by providing specialized goods and services to the petroleum production industries in Iran and Sudan; 5) Schlumberger is a large and sophisticated global company that knew or should have known of its obligations to comply with the ITSR and SSR; and 6) Schlumberger failed to effectively enforce its compliance program despite operating in a high-risk industry.

OFAC considered the following to be mitigating factors: 1) Schlumberger took remedial action including voluntarily ceasing to provide oilfield services in Iran and Sudan; 2) Schlumberger has no prior OFAC sanctions history, including receipt of a penalty notice or Finding of Violation in the five years preceding the date of the earliest transaction giving rise to the violations;

3) Schlumberger cooperated with OFAC's investigation by entering into several statute of limitations tolling agreements; and 4) SOHL entered into a plea agreement with the U.S. Department of Justice, agreeing to pay a criminal fine in the amount of \$155,138,904, as well as a forfeiture money judgment in the amount of \$77,569,452.

Based upon this analysis of the General Factors and the totality of the facts and circumstances—and particularly in light of the parallel criminal case and the substantial criminal fine and forfeiture imposed on SOHL for these same sanctions violations arising out of the company's conduct—OFAC determined that an FOV was the appropriate administrative response.

For a copy of the FOV, please visit the following URL: http://www.treasury.gov/resource-center/sanctions/CivPen/Documents/20150807_schlumberger_violation.pdf

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