

ENFORCEMENT INFORMATION FOR NOVEMBER 24, 2015

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 Economic Sanctions Enforcement Guidelines. See 31 CFR part 501, app. A. The Economic Sanctions Enforcement Guidelines, 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)

Barracuda Networks, Inc. Settles Potential Civil Liability for Alleged Violations of the Iranian Transactions and Sanctions Regulations; the Sudanese Sanctions Regulations; and the Syrian Sanctions Regulations. Barracuda Networks, Inc. (“Barracuda U.S.”), of Campbell, California, has agreed to pay \$38,930 on behalf of itself and its United Kingdom subsidiary, Barracuda Networks Ltd. (“Barracuda U.K.”), (collectively “Barracuda”) to settle potential civil liability for alleged violations of the Iranian Transactions and Sanctions Regulations, 31 C.F.R. part 560;¹ the Sudanese Sanctions Regulations, 31 C.F.R. part 538, and the Syrian Sanctions Regulations, 31 C.F.R. part 542. From August 2009 to April 2012, Barracuda U.K. sold Web filtering products including products that could be used to block or censor Internet activity; internet security products; and related software subscriptions to individuals and entities in Iran and Sudan, and to Specially Designated Nationals and Blocked Persons (“SDNs”) under the Syrian Regulations. In addition, from August 2009 to May 2012, Barracuda U.S. provided the firmware and software updates for these and other software subscriptions.

OFAC determined that Barracuda voluntarily self-disclosed the alleged violations to OFAC, and the alleged violations constitute a non-egregious case. The total transaction value for the alleged violations was \$123,586.

This 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: (1) Barracuda acted with reckless disregard for sanctions requirements by (a) permitting distributors and resellers to sell its products and updates to SDNs and to customers in sanctioned countries when it knew or had reason to know that the products were located in sanctioned countries or with SDNs, in potential violation of U.S. sanctions requirements, and (b) distributing its products and technology to more than 17,000 resellers and distributors worldwide without implementing any written sanctions compliance policies or procedures, and failing to provide training to its employees regarding export controls and sanctions; (2) Barracuda knew or had reason to know that it was exporting goods, technology, and services to Iran and Sudan because IP addresses associated with those countries were used to contact the company; further, Barracuda knew or had reason to know that it was exporting

¹ 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.

technology to Syrian SDNs because the SDNs were listed on sales invoices; (3) the exportation of the Web filtering software and hardware to Iran, Sudan, and SDNs in Syria could potentially have caused significant harm to U.S. sanctions program objectives because the technology could have been used to block or censor Internet activity;² (4) Barracuda did not screen IP addresses used to contact Barracuda's servers because it had no OFAC compliance program in place at the time of the transactions; (5) Barracuda has no prior OFAC sanctions history, including no penalty notice or Finding of Violation in the five years preceding the earliest date of the transactions giving rise to the apparent violations, making it eligible for up to 25 percent "first offense" mitigation; (6) Barracuda took significant remedial steps including developing a method to disable products in sanctioned countries, prioritizing U.S. sanctions and export controls compliance by establishing an Office of Trade Compliance and hiring a general counsel with subject matter expertise in these areas, issuing company-wide a statement from the CEO about sanctions-related policy, implementing a trade compliance manual, and enhancing its sales software to include red flags for orders that may require a license; and (7) Barracuda substantially cooperated with OFAC's investigation, including by agreeing to toll the statute of limitations for approximately 521 days.

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

² On May 13, 2013, OFAC issued General License D for the ITSR, superseded on February 7, 2014, by GL-D-1, which authorized, *inter alia*, the sale and exportation of certain goods and services incident to personal communications with respect to Iran. Moreover, on February 18, 2015, OFAC amended § 538.533 of the Sudanese Sanctions Regulations to authorize the sale and exportation of certain goods and services incident to personal communications with respect to Sudan. However, the apparent violations in this case occurred prior to the issuance of these general licenses. At least some of the transactions would likely have been authorized had these transactions occurred after these general licenses were issued.