

ENFORCEMENT INFORMATION FOR MARCH 16, 2016

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)

MasterCard International Incorporated Receives a Finding of Violation Regarding Violations of the Reporting, Procedures and Penalties Regulations: The U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) has issued a Finding of Violation to MasterCard International Incorporated ("MasterCard") for violations of the Reporting, Procedures and Penalties Regulations (RPPR), 31 C.F.R. part 501.

On October 25, 2007, OFAC designated Bank Melli pursuant to Executive Order 13382 of June 28, 2005, "Blocking Property of Weapons of Mass Destruction Proliferators and Their Supporters," and Bank Saderat pursuant to Executive Order 13224 of September 23, 2001, "Blocking Property and Prohibiting Transactions with Persons who Commit, Threaten to Commit, or Support Terrorism," and added both parties to the List of Specially Designated Nationals and Blocked Persons (the "SDN List").¹ At the time OFAC designated Bank Melli and Bank Saderat, MasterCard held accounts in which Bank Melli or Bank Saderat had an interest.

MasterCard had previously taken steps to restrict the above-referenced accounts following the issuance of Executive Order 12959 of May 6, 1995, "Prohibiting Certain Transactions With Respect to Iran" ("E.O. 12959"), which prohibited the exportation of goods, services (including financial services), or technology from the United States to Iran. In the time between the issuance of E.O. 12959 and the above-referenced designations, the Bank Melli and Bank Saderat accounts became dormant on MasterCard's books, but the assets in the accounts nonetheless remained with MasterCard. MasterCard, however, failed to report the accounts to OFAC as blocked following OFAC's designation of the banks. By failing to properly report the above-referenced accounts in which Bank Melli and Bank Saderat had an interest, MasterCard violated § 501.603(b) of the RPPR.

¹ Pursuant to the Joint Comprehensive Plan of Action (JCPOA) of July 14, 2015, the United States committed to lift secondary sanctions with respect to activity with certain persons on Implementation Day. On January 16, 2016, OFAC removed Bank Melli from the SDN List and, as a result, non-U.S. persons will not be subject to secondary sanctions solely for engaging in activity that involves Bank Melli provided that the activity does not involve persons on the SDN List or conduct that remains sanctionable as described in Section VII of the Guidance Relating to the Lifting of Certain Sanctions Pursuant to the JCPOA on Implementation Day. The removal of Bank Melli from the SDN List does not impact the violations described in this enforcement action, however. In addition, it is important to note that Bank Melli is on the List of Persons Identified as Blocked Solely Pursuant to Executive Order 13599, "Blocking Property of the Government of Iran and Iranian Financial Institutions." Any property or interests in property of Bank Melli that come within the United States or in the possession or control of a U.S. person must be blocked.

While no MasterCard personnel appear to have had actual knowledge of the conduct that led to the violations, MasterCard had reason to know that it maintained funds associated with two banks on the SDN List. As a large and commercially sophisticated company that deals primarily with banks and other financial institutions, MasterCard should have identified and reported accounts, funds, and property and interests in property belonging to banks identified on the SDN List (regardless of whether such accounts are dormant or active), consistent with its obligations under § 501.603(b) of the RPPR.

The determination to issue a Finding of Violation to MasterCard 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. A Finding of Violation is appropriate given that MasterCard is a large and commercially sophisticated financial services company; MasterCard's failure to properly block and report these accounts to OFAC resulted in OFAC's reports to Congress and responses to other inquiries related to blocked property being incomplete, which could have had a negative impact on U.S. government decision-making; MasterCard's failure to properly record interest on the accounts reduced the value of blocked assets available to the Congress and the President; and MasterCard's OFAC compliance program appears to have lacked internal controls that would have prevented, or later identified the oversight of, the violations. OFAC also considered that no MasterCard personnel, including managers or supervisors, appear to have had actual knowledge of the conduct that led to the violations; although MasterCard failed to report these funds to OFAC, the funds never reached the sanctioned parties; MasterCard has not received a penalty notice or Finding of Violation from OFAC relating to substantially similar violations in the five years preceding the date of the conduct giving rise to the violations; and MasterCard substantially cooperated with OFAC's investigation, including by voluntarily self-disclosing the violations to OFAC and by executing a statute of limitations tolling agreement and an extension to the agreement. OFAC also considered that a Finding of Violation is the most appropriate response to promote compliance with OFAC reporting obligations by institutions such as MasterCard.

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