

## **ENFORCEMENT INFORMATION FOR JUNE 23, 2016**

**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](http://www.treasury.gov/ofac/enforcement).**

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

**HyperBranch Medical Technology, Inc. Settles Potential Civil Liability for Apparent Violations of the Iranian Transactions and Sanctions Regulations:** HyperBranch Medical Technology, Inc. (“HyperBranch”) of Durham, North Carolina, has agreed to pay \$107,691.30 to settle potential civil liability for apparent violations of the Iranian Transactions and Sanctions Regulations, 31 C.F.R. part 560 (the “Regulations”).<sup>1</sup>

Specifically: (1) on or about April 15, 2011, HyperBranch appears to have violated § 560.204 of the Regulations when it exported 1,600 units of Adherus Dural Sealant, 2,000 units of Adherus Spinal Sealant, 20 units of Adherus Dural Sealant samples, and approximately 60 units of Adherus Spinal Sealant samples to its United Arab Emirates distributor with knowledge or reason to know that the goods were ultimately destined for Iran; and (2) on or about May 27, 2011, HyperBranch appears to have violated § 560.204 of the Regulations when it exported 400 units of Adherus Dural Sealant to its United Arab Emirates distributor with knowledge or reason to know that the goods were ultimately destined for Iran.

OFAC determined that HyperBranch voluntarily self-disclosed the apparent violations, and that the apparent violations constitute a non-egregious case. The statutory maximum civil monetary penalty amount for the apparent violations was \$1,129,912 and the base civil monetary penalty was \$159,542.

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 considered the following to be aggravating factors:

(1) HyperBranch acted willfully by exporting products to its foreign distributor with knowledge or reason to know that the exports were ultimately destined for Iran in apparent violation of U.S. law, editing its destination control statement at the request of its distributor, and continuing to conduct business with its distributor after receiving confirmation that the distributor had reexported HyperBranch products to Iran in apparent violation of U.S. law; (2) HyperBranch's former CEO and former International Sales Manager knew that the exports at issue were ultimately destined for Iran; and (3) HyperBranch did not have a sanctions compliance program in place at the time of the apparent violations. OFAC considered the following to be mitigating

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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, amended the renamed regulations, 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 Regulations 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.

factors: (1) harm to U.S. sanctions program objectives was limited because the exports involved medical end-use products that were likely eligible for a specific license; (2) HyperBranch has no prior OFAC sanctions history, including no penalty notice or Finding of Violation in the five years preceding the date of the earliest transaction giving rise to the apparent violations, making it eligible for “first violation” mitigation of up to 25 percent; (3) HyperBranch took remedial steps, including the implementation of an OFAC compliance program; and (4) HyperBranch cooperated with OFAC’s investigation and agreed to toll the statute of limitations for a total of 513 days.

For more information regarding OFAC regulations, please go to: <http://www.treasurv.gov/ofac>.