

ENFORCEMENT INFORMATION FOR June 8, 2017

Information concerning the civil penalties process is discussed in the Office of Foreign Assets Control (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 website at <http://www.treasury.gov/ofac/enforcement>.

ENTITIES – 31 C.F.R. 501.805(d)(1)(i)

American Honda Finance Corporation Settles Potential Liability for Apparent Violations of the Cuban Assets Control Regulations: American Honda Finance Corporation (AHFC), a motor vehicle finance company headquartered in California that specializes in various forms of financing in the United States for purchasers, lessees, and authorized independent dealers of Honda and Acura products, has agreed to remit \$87,255 to settle its potential civil liability for 13 apparent violations of the Cuban Assets Control Regulations, 31 C.F.R. part 515 (CACR) (the “Alleged Violations”).

Between February 2011 and March 2014, Honda Canada Finance, Inc. (HCFI) — a majority-owned subsidiary of AHFC located in Canada — approved and financed 13 lease agreements between an unaffiliated Honda dealership in Ottawa, Canada and the Embassy of Cuba in connection with the Cuban Embassy's leasing of several Honda vehicles. The Cuban entity had the word “Cuba” in its name and provided documentation to HCFI demonstrating it was a Government of Cuba entity. Although AHFC and HCFI had policies and procedures in place to review transactions against OFAC's List of Specially Designated Nationals and Blocked Persons for compliance with U.S. economic sanctions laws, they did not include the names of countries subject to OFAC-administered comprehensive sanctions in their screening system. AHFC and HCFI were not involved in the business of exporting vehicles internationally.

Overall, between February 28, 2011 and March 3, 2014, HCFI approved the financing of 13 lease agreements with the Cuban entity totaling \$276,999. Three of the lease agreements, totaling \$58,281, were initiated and/or approved by HCFI on or about March 3, 2014 — approximately two months after AHFC submitted its initial voluntary self-disclosure to OFAC regarding similar apparent violations. The total base penalty amount for the 13 Alleged Violations was \$138,500.

OFAC has determined that AHFC voluntarily self-disclosed the Alleged Violations to OFAC, and that the Alleged Violations constitute a non-egregious case.

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: AHFC had reason to know of the conduct that led to the Alleged Violations, particularly the transactions that occurred after AHFC had filed its initial voluntary self-disclosure with OFAC; HCFI personnel appear to have had actual knowledge of the Cuban Embassy's involvement in the lease

agreements in question; the Alleged Violations resulted in harm to U.S. sanctions program objectives at the time they occurred; and AHFC is a large and commercially sophisticated financial institution. OFAC considered the following to be mitigating factors: AHFC has not received a penalty notice or Finding of Violation from OFAC in the five years preceding the earliest date of the transactions giving rise to the Alleged Violations; AHFC took remedial action in response to the Alleged Violations, including by implementing a new policy governing its OFAC policies and proprietary systems; AHFC cooperated with OFAC's investigation by voluntarily self-disclosing the Alleged Violations, providing detailed and well-organized information in a timely and efficient manner, and by signing and extending a statute of limitations tolling agreement; and while the transactions described above constitute apparent violations of the CACR, OFAC issued a specific license to AHFC in June 2015 regarding the subject leases.

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