

ENFORCEMENT INFORMATION FOR AUGUST 24, 2017

Information concerning the civil penalties process can be found 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 Web site at www.treasury.gov/ofac/enforcement.

ENTITIES – 31 CFR 501.805(d)(1)(i)

COSL Singapore Ltd Settles Potential Civil Liability for Apparent Violations of the Iranian Transactions and Sanctions Regulations: COSL Singapore Ltd (“COSL Singapore”), an oilfield services company located in Singapore and a subsidiary of China Oilfield Service Limited, has agreed to pay \$415,350 to settle its potential civil liability for 55 apparent violations of the Iranian Transactions and Sanctions Regulations, 31 C.F.R. Part 560 (ITSR).¹ The apparent violations of §§ 560.203 and 560.204 of the ITSR occurred between the approximate dates of October 7, 2011 and February 20, 2013 when COSL Singapore, through its subsidiary companies COSL Drilling Pan-Pacific (Labuan) Ltd and COSL Drilling Pan-Pacific Ltd, exported or attempted to export 55 orders of oil rig supplies from the United States to Singapore and the United Arab Emirates, and then re-exported or attempted to re-export these supplies to four separate oil rigs located in Iranian territorial waters. The transactional value of the 55 orders is \$524,664.

COSL Singapore has several oil rigs in its fleet and enters into time charter agreements with third-party drilling companies to allow the third-party drilling companies to use the oil rigs for their drilling operations for a specified term and within a specified territory. COSL Singapore provides the oil rig and oil rig crews to the third-party drilling companies and is responsible for maintaining the oil rig, including by procuring equipment and spare parts for the oil rig's operations. Procurement specialists located in Singapore or assigned to an oil rig's base of operations are responsible for the day-to-day procurement and purchase orders associated with routine maintenance of the oil rigs, including initiating requests for quotation, obtaining quotations, and issuing purchase orders. The procurement specialists purchased at least 55 orders of supplies from vendors located in the United States on behalf of, and that were specifically intended for shipment and/or re-export to, four COSL Singapore oil rigs located and operating in Iranian territorial waters between October 2011 and February 2013. Although some of the purchase order quotations the COSL Singapore procurement specialists received from U.S. vendors included specific language warning that any such goods could not be shipped or re-exported to countries subject to U.S. economic sanctions, specifically including Iran, the company purchased the goods and shipped them to the oil rigs over a period of several years.

¹ On October 22, 2012, OFAC changed the heading of 31 C.F.R. part 560 from the Iranian Transactions Regulations to the 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 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.

OFAC determined that COSL Singapore did not voluntarily disclose the apparent violations and that the apparent violations constitute a non-egregious case. The statutory maximum penalty amount for the apparent violations is \$13,750,000, and the base penalty amount for the apparent violations is \$923,000.

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) COSL Singapore failed to exercise a minimal degree of caution when it exported or attempted to export goods from the United States and re-exported or attempted to re-export them to oil rigs located in Iranian territorial waters; (2) COSL Singapore's exportation or re-exportation of equipment to the four oil rigs aided in the development of Iran's energy resources; (3) COSL Singapore is a large, sophisticated company with 14 offshore drilling rigs doing business throughout the world; and (4) COSL Singapore did not have an OFAC compliance program in place at the time of the transactions despite conducting business in the United States and/or with U.S. companies in relation to the offshore drilling and petrochemical sectors.

OFAC considered the following to be mitigating factors: (1) COSL Singapore has no prior sanctions history with OFAC, including no receipt of a penalty notice or Finding of Violation in the five years preceding the earliest date of these transactions; (2) COSL Singapore took remedial action by instituting an OFAC sanctions compliance program; and (3) COSL Singapore displayed substantial cooperation throughout the course of OFAC's investigation, including by entering into a tolling agreement with OFAC.

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