

## **ENFORCEMENT INFORMATION FOR October 30, 2010**

**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 new Economic Sanctions Enforcement Guidelines. Although these new guidelines replace earlier enforcement guidelines published by OFAC, for certain matters that were in process at the time the new guidelines were published, the prior guidelines (which can be found at 68 *Fed. Reg.* 4422 and 71 *Fed. Reg.* 1971) are still applicable. Please see OFAC's Revised Interim Policy regarding use of the prior guidelines. The Revised Interim Policy, along with the new guidelines and copies of recent final Penalty Notices, can be found on OFAC's website at <http://www.treas.gov/offices/enforcement/ofac/civpen>.**

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

**Garlock Sealing Tech, LLC, a subsidiary of Enpro Industries, Settles Allegations of Violations of Executive Order 13405, "Blocking Property of Certain Persons Undermining Democratic Processes or Institutions in Belarus":** Garlock Sealing Tech, LLC ("Garlock"), a subsidiary of Enpro Industries ("Enpro"), Charlotte, NC, has remitted \$16,875 to settle allegations of violations of Executive Order 13405, "Blocking Property of Certain Persons Undermining Democratic Processes or Institutions in Belarus" occurring on or about June 23, 2008. OFAC alleged that Garlock attempted to send, without authorization from OFAC, a funds transfer in the amount of \$14,308.00 to the account of an entity blocked pursuant to Executive Order 13405. Garlock did not voluntarily disclose this matter to OFAC. The base penalty for the apparent violation was \$25,000.00. The settlement amount reflects OFAC's consideration of the following General Factors: Garlock is a sophisticated entity with global operations; Garlock has not been subject to an OFAC enforcement action in the five years preceding the date of the apparent violation; and Garlock has taken remedial steps to prevent the recurrence of such a payment.

**Christ for all Nations Received a Finding of Violation Letter Regarding Sudanese Sanctions Regulations Violations:** OFAC issued a Finding of Violation Letter to Christ for all Nations ("CfaN"), Orlando, FL, for violations of the Sudanese Sanctions Regulations. CfaN exported goods and services to Sudan in support of a non-commercial event in Sudan during 2006. CfaN has implemented steps to ensure that it does not perform any activities in violation of OFAC regulations and has not been subject to other OFAC enforcement action. The transactions in question appear to have been licensable had CfaN timely submitted a license application. A Finding of Violation was deemed appropriate given the clear violation of OFAC regulations on the one hand, and the licensable, non-commercial nature of the conduct and the non-profit nature of the violator on the other hand.

**Yokozuna Pearls & Gems, Inc. Assessed a Penalty for Violating the Burmese Sanctions Regulations:** Yokozuna Pearls & Gems, Inc. ("Yokozuna"), Monrovia, CA, has been assessed a penalty of \$25,000 for its violation of the Burmese Sanctions Regulations (the "Regulations") that occurred in March 2006. Yokozuna initiated a \$220,465 funds transfer to Myanmar Foreign Trade Bank, an entity blocked pursuant to the Regulations, in furtherance of a contract to purchase and import pearls from Myanmar Pearl Enterprise, Yangon, Burma. The funds transfer was blocked by a U.S. financial institution and the contract was not completed. The exportation of financial services (defined to include direct and indirect transfers of funds from

the United States or by a U.S. person, wherever located, to Burma) is prohibited by the Regulations. Yokozuna did not voluntarily disclose this matter to OFAC. The base penalty for the violation was \$250,000. The final penalty amount reflects OFAC's consideration of the following General Factors: This is Yokozuna's first OFAC violation; Yokozuna received inaccurate legal guidance before engaging in the prohibited transaction; Yokozuna cooperated with OFAC and terminated its business transactions with Burma; and the documented financial condition of Yokozuna's owner. For a copy of OFAC's Penalty Notice issued to Yokozuna, *please visit the following url:*

<http://www.treas.gov/offices/enforcement/ofac/civpen/penalties/yokozunapn.pdf>

### **Hydra-Tech Pumps, Inc. Assessed a Penalty for Violating the Sudanese Sanctions Regulations**

**Regulations:** Hydra-Tech Pumps, Inc. ("Hydra-Tech"), Nesquehoning, PA, has been assessed a penalty of \$1,961 for its violation of the Sudanese Sanctions Regulations that occurred in September 2007. Hydra-Tech exported a hydraulic hose to Khartoum State Water Corporation, Khartoum, Sudan. Hydra-Tech did not voluntarily disclose this matter to OFAC but has implemented enhanced export compliance procedures. For a copy of OFAC's Penalty Notice issued to Hydra-Tech, *please visit the following url:*

<http://www.treas.gov/offices/enforcement/ofac/civpen/penalties/hydrapn.pdf> This matter was resolved according to the prior enforcement guidelines published by OFAC at 68 Fed. Reg. 4422.

### **Sumitomo Mitsui Banking Corporation Settles Sudanese Sanctions Regulations**

**Allegations:** Sumitomo Mitsui Banking Corporation ("SMBC"), a Japanese corporation, has agreed to pay \$229,380 to settle allegations that SMBC's New York Branch Office ("SMBCNY") violated the Sudanese Sanctions Regulations, 31 C.F.R. part 538 (the "SSR").

The Office of Foreign Assets Control ("OFAC") alleged that, from on or about December 9, 2005, until on or about December 1, 2006, SMBCNY appears to have violated the SSR when it exported services to Sudan through its processing of the payments for SMBC's purchase of six export bills, in an aggregate amount of \$1,037,988, relating to letters of credit ("LC") issued by Sudanese banks and by its receipt of two USD payments, in the aggregate amount of \$15,357,720, related to approximately forty LCs issued by a Sudanese bank.

OFAC determined that SMBC voluntarily self disclosed the matter to OFAC and that the alleged violations constituted a non-egregious case. The base penalty amount for the apparent violations is \$655,373. *See* OFAC's Economic Sanctions Enforcement Guidelines, 74 Fed. Reg. 57,593 (November 9, 2009) (also available at [www.treas.gov/ofac](http://www.treas.gov/ofac)). The settlement amount reflects OFAC's consideration of the following General Factors: SMBCNY is part of a commercially sophisticated international bank and had reason to know its conduct may have violated the SSR; SMBC has no violations of this nature on record with OFAC; SMBC substantially cooperated with OFAC's investigation of the alleged violations; and SMBC promptly responded to all requests for additional information and agreed to a statute of limitations tolling agreement when requested by OFAC.

**For more information regarding OFAC regulations, please go to:**

<http://www.treas.gov/offices/enforcement/ofac/legal/>.