

FAC No. IA-[text deleted]

Diversified Business Communications
Attn: Seth W. Brewster
One Portland Square
Portland, Maine 04112-0586

PENALTY NOTICE

Dear Mr. Brewster:

A Prepenalty Notice ("Notice") dated February 22, 2007, was issued by the Office of Foreign Assets Control ("OFAC") to Diversified Business Communications ("Company") for exporting a service, in the form of booth space booking arrangements at a European seafood exposition, to Shilat Trading Corporation, an entity located in Iran, in violation of § 560.204 of the Iranian Transactions Regulations. Inasmuch as no license or authorization was issued by OFAC prior to the transaction, it violated the Iranian Transactions Regulations, 31 CFR Part 560 ("Regulations"), promulgated under the International Emergency Economic Powers Act, 50 U.S.C. 1701 et seq. ("IEEPA"), and pertinent Executive Orders. See § 560.204 of the Regulations.

At the time of the violations, section 206 of IEEPA, 50 U.S.C. § 1705, provided, in part, for a civil penalty not to exceed \$10,000 for each such violation, an amount that was statutorily adjusted for inflation to \$11,000.¹ The Notice proposed a penalty in the amount of \$11,000 and advised Company of the right to make a written presentation to OFAC setting forth reasons why a penalty should not be imposed, or if imposed, why it should be less than that proposed. Such written response was required to be made within thirty (30) days of the mailing of the Notice.

In its response, dated March 21, 2007, Company stated that OFAC materials indicated that on "...March 17, 2000, the Secretary of State announced that sanctions against Iran would be eased to allow U.S. persons to purchase and import carpets and food products, such as dried fruits, nuts, and caviar from Iran." Company believes that these exemptions are set forth in "...31 C.F.R. §§ 560.534 and 560.535, which authorize the trade in, among other things, 'foodstuffs intended for human consumption.'" Company also alleges that "Shilat is the exclusive producer of Iran's caviar, which appears to be a primary focus of this exemption." In sum, Company asserts that "...no penalty should be imposed upon Diversified."

Company does not allege to have purchased foodstuffs from Shilat. Moreover, Company has not denied its provision of services, in the form of booth space booking arrangements, at an annual European seafood exposition, to Shilat, an entity located in Iran.

Therefore, after a careful review of the entire file, it is determined that Company did violate the Regulations and IEEPA. However, it is recognized that Company took affirmative steps to prevent

1. Section 4 of the Federal Civil Penalties Inflation Adjustment Act of 1990 (Pub. L. 101-410, 104 Stat. 890, 28 U.S.C. § 2461 note), as amended by the Debt Collection Improvement Act of 1996 (Pub. L. 104-134, sec. 31001 (s)1, Apr. 26, 1996, 110 Stat. 1321-373--jointly, the "FCPIA"), requires each Federal agency with statutory authority to assess civil monetary penalties ("CMPs") to adjust CMPs for inflation according to a formula described in section 5 of the FCPIA. Accordingly, on October 23, 1996, OFAC published in the Federal Register the required amendment, effective October 21, 1996, to the Regulations adjusting its maximum CMP to \$11,000. *See* 61 FR 54936 at 54939. On March 9, 2006, the President signed into law an amendment to IEEPA which raised the maximum civil penalty for violations and attempted violations of any license, order, or regulation issued under IEEPA from \$11,000 to \$50,000. See 71 FR 29251.

future violations of the Regulations as evidenced by the exclusion of sanctioned countries from inclusion in its annual seafood exposition. Company has no other violation on record with OFAC and Company has responded on a timely basis to OFAC's requests for information. Accordingly, the proposed civil penalty in the amount of \$11,000 will be reduced by one-half to \$5,500, which amount is hereby imposed upon Company pursuant to § 560.705 of the Regulations.

A check payable to the "**U.S. Treasury**" in the amount of \$5,500 should be sent, within 30 days of the mailing of this Penalty Notice, to the Department of the Treasury, Financial Management Division, (Attn: Danielle Parker, 1310 G Street, Suite 200E), 1500 Pennsylvania Avenue, N.W., Washington, D.C. 20220. Interest, administrative charges, and late fees will commence to accrue after 30 days. Under Public Law 97-365, 31 U.S.C. § 3717, interest at an annual rate of 5% and an administrative charge of \$12.00 will be added if the amount is not paid by the due date. Should the amount not be paid within ninety (90) days, an additional late charge of 6% will be added.

Please note that § 560.706 of the Regulations provides that this matter shall be referred either for administrative collective measures or to the United States Department of Justice for appropriate action to recover the penalty in a civil suit in Federal District Court if such payment is not made.

Please further note that 31 U.S.C. § 7701 requires that a person assessed a penalty by a Federal agency furnish a Taxpayer Identification/Social Security Number and also requires the agency to disclose that we intend to use such number for the purpose of collecting and reporting on any delinquent penalty amount in the event of a failure to pay the penalty imposed.

Sincerely,

[signature]

Adam Szubin
Director
Office of Foreign Assets Control