

FAC No. SU-[text deleted]

Erfan Enterprises, Inc.
c/o Kazi Ahmed, President
3613 S. Military Trail
Lake Worth, FL 33463

PENALTY NOTICE

Dear Mr. Ahmed:

A Prepenalty Notice ("Notice") dated March 14, 2007, copy enclosed, was issued by the Office of Foreign Assets Control ("OFAC") to Erfan Enterprises, Inc. ("Company") for prohibited transactions relating to Sudan, involving Company's facilitation of exports in the form of Sudanese raw cotton from Sudan to Bangladesh, in November of 2005, violating § 538.206 of the Sudanese Sanctions Regulations, 31 C.F.R. Part 538 (63 FR 35809, July 1, 1998 – the "Regulations") which implemented Executive Order 13067 of November 3, 1997 (62 FR 59989, November 5, 1997); Executive Order 13412 of October 13, 2006 (71 FR 61369, October 16, 2006); and Executive Order 13400 of April 26, 2006 (71 FR 25483, April 27, 2006) ("Executive Orders"), promulgated pursuant to the International Emergency Economic Powers Act, 50 U.S.C. 1701 *et seq.* ("IEEPA"). Inasmuch as no license or authorization was issued by OFAC prior to the transactions, they violated the prohibitions set forth in the Executive Orders. See, § 538.206 of the Regulations.

For violations prior to March 9, 2006, 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.¹ The Notice proposed a penalty in the amount of \$1,243.27 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 a letter dated March 20, 2007, Company responded to OFAC in a written presentation. Company requested that the penalty be waived. In addition, Company claims it was "out of its knowledge" and that "there was no remittance received by its bank account from any Sudanese Company." However, it is not disputed that an attempt was made to wire transfer \$1,243.27 to Company's bank account for its facilitation of exports from Sudan to Bangladesh.

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.

After a careful review of the entire file, it is determined that Company did violate the Executive Orders and IEEPA. However, it is recognized that Company has no other violations on file with OFAC and provided a written response to OFAC within 30 days of receipt of the Notice. Accordingly, the proposed civil penalty in the amount of \$1,243.27 is hereby reduced by 25% to \$932.45 which amount is hereby imposed upon Company pursuant to the Regulations.

A check payable to the "**U.S. Treasury**" in the amount of \$932.45 should be sent within 30 days of the mailing of this Penalty Notice to U.S. Treasury Department, Financial Management Division, 1500 Pennsylvania Avenue, N.W., (Attn: 1310 G Street, Suite 200E), Washington, D.C. 20220. In the alternative, an electronic funds transfer to the Department can be arranged with OFAC Civil Penalties. Please note that interest, administrative charges and late fees will commence to accrue after 30 days of the mailing of the Penalty Notice. 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 monthly 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 the Regulations provide that this matter shall be referred for administrative collection measures or to the United States Department of Justice for collection if the penalty is not paid within 30 days of the mailing of the Penalty Notice.

Please further note that 31 U.S.C. § 7701 requires that a person assessed a penalty by a Federal agency furnish a taxpayer identification number/Social Security Number and also requires the agency to disclose that the agency intends to use such number for the purposes 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