

FAC No. IA-[text deleted]

Stoller Fisheries
c/o Larry Stoller
1301 18th Street
P.O. Box B
Spirit Lake, IA 51360

PENALTY NOTICE

Dear Mr. Stoller:

A Prepenalty Notice (“Notice”), dated February 22, 2007, was issued by the Office of Foreign Assets Control (“OFAC”) to Stoller Fisheries (“Company”) for having exported 20 grams of whole carp pituitary glands on or about February 20, 2006 to Kamranieh Shomali, an entity located in Iran, in violation of §§ 560.204 and 560.206 of the Iranian Sanctions Regulations, as described in the Notice. As no license or approval had been issued by OFAC prior to such transactions, such transactions violated the Iranian Transactions Regulations, 31 CFR Part 60 (“Regulations”), promulgated under the International Emergency Economic Powers Act, 50 U.S.C. 1701 et seq. (“IEEPA”), and pertinent Executive Orders. See §§ 560.204 and 560.206 of the Regulations.

In February of 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 \$3,725 against Company and advised Company of its right(s) to make a written presentation to OFAC setting forth reasons why the penalty should not be issued or, if issued, why the amount should be less than proposed. Such written response was required to be made within thirty (30) days of the mailing of the Notice.

Company made both a verbal and written presentation to OFAC on March 1, 2007. Company confirmed receipt of the Notice and requested a waiver in its verbal presentation. Company also requested a waiver in its written presentation to OFAC. Additionally, in its written presentation, Company alleged that it was not aware of regulations prohibiting sales to Iran and that its primary business is in the processing of fresh water fish for human consumption and particularly kosher fish products. Moreover, Company alleged that the sale of carp pituitary glands is a by-product of the primary business.

In support of its request for a waiver, Company has submitted its current compliance policy instructing employees to check and verify exportations to countries prior to packaging any shipment to such country and to contact the U.S. Customs and Border Patrol if any questions arise.

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.

The Regulations prohibit, *inter alia*, U.S. persons from exporting unlicensed goods to Iran. See § 560.204. The Notice alleged that Company exported 20 grams of whole carp pituitary glands to Kamranieh Shomali, an entity located in Iran. Company's responses do not deny these facts.

After consideration of the entire record before us, it is determined that Company did violate the IEEPA and the Regulations. However, it is recognized that Company took affirmative steps to prevent further unlicensed shipments to Iran and that some relief is warranted in consideration of the fact that this constitutes Company's first offense on record at OFAC, Company instituted a new compliance policy, and evidence that such activity may have been licensable. Accordingly, the proposed civil penalty in the amount of \$3,725 will be reduced by three-quarters to \$931.25, 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 \$931.25 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