

ENFORCEMENT INFORMATION FOR February 5, 2010

Information concerning the civil penalties process is discussed in OFAC regulations governing the various sanctions programs and in 31 CFR part 501. On September 8, 2008, OFAC published as Appendix A to part 501 new Economic Sanction 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)

Balli Group PLC and Balli Aviation, Ltd. Settle Iranian Transaction Regulations and Export Administration Regulations Allegations: Balli Group PLC and Balli Aviation, Ltd. (collectively, "Balli"), London, UK have agreed to the assessment of a \$15 million civil penalty to settle allegations of violations of the Iranian Transactions Regulations (the "ITR") and the Export Administration Regulations (the "EAR"). Balli is settling the allegations pursuant to the terms of a Settlement Agreement among Balli, the U.S. Department of Commerce Bureau of Industry and Security ("BIS"), and OFAC.

In connection with the settlement, OFAC alleged that Balli violated §§ 560.203 and 560.204 of the ITR when it exported three commercial airliners from the United States to Mahan Airlines in Iran ("Mahan"), and then attempted to export three additional commercial airliners to Mahan. Concurrently with this settlement, Balli Aviation, Ltd. pleaded guilty to a two-count criminal information brought by the U.S. Department of Justice ("DOJ") relating to its involvement in the illegal exportation of commercial aircraft from the United States to Iran.

In addition to the \$15 million settlement with OFAC and BIS, Balli will pay a \$2 million criminal fine to DOJ. Two million dollars of Balli's \$15 million liability to OFAC and BIS will be suspended and thereafter waived provided Balli remains in compliance with the EAR. Balli has also agreed, as part of the Settlement Agreement, to hire an unaffiliated third-party consultant with expertise in U.S. export control laws and sanctions regulations to conduct external audits of Balli's compliance with U.S. export control laws and sanctions regulations, and to be subject to a five year BIS order denying export privileges to Balli and its representatives, agents, or employees. The BIS denial order was suspended in its entirety provided Balli remains in compliance with the terms of the Settlement Agreement and the EAR. Balli cooperated with OFAC's investigation of the apparent violations. Balli did not voluntarily disclose this matter to OFAC.

The entire Settlement Agreement among OFAC, BIS, and Balli is posted under the Selected Settlement Agreements section of this website.

http://www.treas.gov/offices/enforcement/ofac/civpen/penalties/balli_02052010.pdf

For more information regarding OFAC regulations, please go to:
<http://www.treas.gov/offices/enforcement/ofac/legal/>.