

ENFORCEMENT INFORMATION FOR April 25, 2012

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. See 74 Fed. Reg. 57,593 (Nov. 9, 2009). The Economic Sanctions Enforcement Guidelines, as well as recent final civil penalties and enforcement information, can be found on OFAC's Web site at <http://www.treasury.gov/resource-center/sanctions/CivPen/Pages/civpen-index2.aspx>.

ENTITIES – 31 CFR 501.805(d)(1)(i)

Sandhill Scientific, Inc., Settles Iranian Transactions Regulations and Reporting,

Procedures and Penalties Regulations Allegations: Sandhill Scientific, Inc. ("Sandhill"), Highlands Ranch, CO, a U.S. manufacturer of medical equipment, has agreed to remit \$126,000 to settle allegations that it violated the Iranian Transactions Regulations, 31 C.F.R. part 560 (the "ITR") in May 2007, and OFAC's Reporting, Procedures and Penalties Regulations, 31 C.F.R. part 501 (the "RPPR"), on separate occasions in May and July 2008. Specifically, OFAC alleged that, on or about May 4, 2007, Sandhill exported medical equipment valued at approximately \$6,700 to Dubai, United Arab Emirates, with knowledge or reason to know that the goods were intended for transshipment or supply to a company in Iran with which Sandhill had an exclusive distributor agreement. OFAC also alleged that Sandhill failed to provide documents responsive to two administrative subpoenas issued by OFAC during its investigation.

This matter was not voluntarily disclosed to OFAC. OFAC determined that the alleged ITR violation constituted an egregious case because: Sandhill's unlicensed export appears to have resulted from willful and reckless conduct in which the company's management was directly involved; Sandhill appears to have deliberately concealed the fact that the goods were destined for Iran; and Sandhill did not fully cooperate with the investigation. These determinations resulted in a base penalty amount of \$250,000 for the alleged ITR violation.

Further, OFAC's Economic Sanctions Enforcement Guidelines (the "Enforcement Guidelines"), *see* 74 Fed. Reg. 57,593 (Nov. 9, 2009), provide that, where the value of the underlying transaction is \$500,000 or less, failure to comply with an administrative subpoena may result in a civil penalty of up to \$20,000, irrespective of whether any other violation is alleged. Because the medical equipment exported by Sandhill had a value of approximately \$6,700, the base penalty for the two alleged RPPR violations totaled \$40,000.

In addition to the facts and circumstances described above, the settlement amount reflects OFAC's consideration of the following facts and circumstances pursuant to the General Factors under the Enforcement Guidelines: Sandhill does not appear to have had any compliance program in place at the time of the alleged violations; Sandhill does not appear to have taken any remedial action after the alleged violations came to its attention; the export may have been eligible for an OFAC license pursuant to § 560.530 of the ITR; and OFAC has no record of any prior sanctions enforcement actions involving Sandhill.

For more information regarding OFAC regulations, please go to: <http://www.treasury.gov/ofac>.