

## **ENFORCEMENT INFORMATION FOR December 21, 2010**

**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. 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.treasury.gov/resource-center/sanctions/Pages/legal-index.aspx>**

### **ENTITIES – 31 CFR 501.805(d)(1)(i)**

#### **Discover Financial Services Settles Foreign Narcotics Kingpin Sanctions Regulations**

**Allegations:** Discover Financial Services, Riverwoods, IL (“Discover”) has remitted \$8,720.00 to settle allegations of violations of the Foreign Narcotics Kingpin Sanctions Regulations, 31 C.F.R. part 598 (the “Regulations”) occurring from on or about December 15, 2005, to on or about November 24, 2007. OFAC alleged that Discover dealt in property in the United States in which a Specially Designated Narcotics Trafficker (“SDNTK”) had an interest by maintaining a personal credit card account on his behalf. Discover processed twenty-eight transactions through this personal credit card account. The value of the transactions processed over three years totaled \$23,252. The base penalty amount for the apparent violations was \$11,626. The settlement amount reflects OFAC's consideration of the following General Factors: Discover voluntarily disclosed this matter to OFAC. As a result of these apparent violations, Discover took several steps to strengthen its OFAC compliance program and its existing OFAC procedures, assigning a new employee to review the credit card portfolio against SDN list updates, and providing extra training to its employees. Discover has no other known violations on record with OFAC prior to these allegations.

**Wells Fargo Bank, N.A. Settles Iranian Transactions Regulations Allegations:** Wells Fargo Bank, N.A. (“Wells Fargo”) has remitted \$67,500 to settle allegations of violations of the Iranian Transactions Regulations, 31 C.F.R. part 560 (the “Regulations”) occurring between March 2005 and July 2006. OFAC alleged that Wells Fargo exported financial services to Iran by performing financial services in the United States on behalf of an account holder while the account holder was located in Iran. The value of the transactions totaled \$55,959.62. Wells Fargo did not voluntarily disclose this matter to OFAC. The base penalty amount for the apparent violations was \$90,000. The settlement amount reflects OFAC's consideration of the following General Factors: OFAC expressed to Wells Fargo an interest in this account holder as early as April 2002 but Wells Fargo failed to conduct an investigation until September 2006. There are three prior penalty cases against Wells Fargo for violations of the Regulations. Wells Fargo created and implemented a risk-based OFAC compliance program, which includes the use of Internet Protocol addresses to identify registered users located in Iran. Wells Fargo established open and timely communications with OFAC, and entered into two tolling agreements with OFAC.

## **INDIVIDUALS – 31 CFR 501.805(d)(1)(ii)**

**One individual was Assessed a Penalty totaling \$30,000 for Violating the Iranian Transactions Regulations:** On or about June 14, 2006, November 13, 2006, and November 27, 2006, the individual engaged in prohibited transactions when he sent and/or attempted to send funds to Iran for investment in a catering business located in Iran. The individual did not voluntarily disclose the violations to OFAC, however the violations were considered non-egregious in nature. The assessment amount reflects OFAC's consideration pursuant to its Enforcement Guidelines, 74 Fed. Reg. 57,593 (Nov. 9, 2009). Furthermore, in addition to being a non-egregious act, this was also the individual's first violation of an OFAC sanctions program.

**For more information regarding OFAC regulations, please go to:**

<http://www.treasury.gov/resource-center/sanctions/Pages/legal-index.aspx>.