

## **ENFORCEMENT INFORMATION FOR September 9, 2014**

**Information concerning the civil penalties process is discussed in OFAC regulations governing the various sanctions programs and in 31 C.F.R. part 501. On November 9, 2009, OFAC published as Appendix A to part 501 Economic Sanctions Enforcement Guidelines. See 31 C.F.R. part 501, app. A. 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/ofac/enforcement>.**

### **ENTITIES – 31 C.F.R. 501.805(d)(1)(i)**

**Zulutrade, Inc. Settles Potential Liability for Apparent Violations of Multiple Sanctions Programs:** Zulutrade, Inc. (Zulutrade), a Delaware-incorporated entity registered with the Commodities Futures Trading Commission (CFTC), has agreed to pay \$200,000 to settle potential civil liability for apparent violations of: the Iranian Transactions and Sanctions Regulations (ITSR), 31 C.F.R. part 560;<sup>1</sup> the Sudanese Sanctions Regulations (SSR), 31 C.F.R. part 538; and Executive Order 13582 (E.O. 13582) of August 17, 2011, "Blocking Property of the Government of Syria and Prohibiting Certain Transactions With Respect to Syria."<sup>2</sup> Zulutrade's settlement with OFAC is being coordinated with Zulutrade's primary regulator, the CFTC, which is concluding its own enforcement action against Zulutrade for violations of CFTC rules arising out of the same pattern of conduct.

OFAC determined that Zulutrade did not voluntarily self-disclose the apparent violations, and that the apparent violations constitute a non-egregious case. The base penalty for the apparent violations was \$844,090,000.

Zulutrade is a CFTC-registered Introducing Broker and Commodity Trading Advisor that operates an electronic trading platform which allows its customers to automatically place currency foreign exchange (FX) trades with broker-dealers through Zulutrade's platform. Over a number of years beginning in 2009, Zulutrade maintained accounts for over 400 persons in Iran, Sudan, and Syria, and exported services to these customers by placing FX trades via its platform. Zulutrade also originated eight funds transfers totaling \$10,264.36 destined for two individuals located in Iran. Zulutrade failed to screen or otherwise monitor its customer base for OFAC compliance purposes at the time of the apparent violations. This failure was the result of a lack of awareness regarding U.S. sanctions regulations. The CFTC has coordinated with OFAC to ensure commitments by Zulutrade to enhance its sanctions compliance capabilities.

The settlement amount reflects OFAC's consideration of the following facts and circumstances, pursuant to the General Factors under OFAC's Economic Sanctions Enforcement Guidelines, 31 C.F.R. part 501, app. A. OFAC considered the following to be aggravating factors: Zulutrade

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<sup>1</sup> On October 22, 2012, OFAC changed the heading of 31 C.F.R. part 560 from the Iranian Transactions Regulations to the ITSR, amended the renamed ITSR, and reissued them in their entirety. See 77 Fed. Reg. 64,664 (Oct. 22, 2012). For the sake of clarity, all references herein to the ITSR shall mean the regulations in 31 C.F.R. part 560 in effect at the time of the activity, regardless of whether such activity occurred before or after the regulations were renamed.

<sup>2</sup> On May 2, 2014, OFAC amended the Syrian Sanctions Regulations and reissued them in their entirety in order to implement various Executive orders, including E.O. 13582. See 79 Fed. Reg. 25,414 (May 2, 2014).

acted recklessly in maintaining accounts for, and placing FX trades on behalf of, persons subject to U.S. sanctions without undertaking any measures to comply with OFAC regulations; Zulustrade, including its senior management, had reason to know of the conduct that led to the apparent violations; Zulustrade's actions caused harm to U.S. sanctions program objectives; and Zulustrade did not have an OFAC compliance program in place at the time of the apparent violations. OFAC considered the following to be mitigating factors: Zulustrade is a small company with limited business operations; Zulustrade has taken remedial action in response to the apparent violations; Zulustrade has not received a penalty notice or Finding of Violation in the five years preceding the earliest date of the transactions giving rise to the apparent violations; and Zulustrade substantially cooperated with OFAC's investigation.

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