

## ENFORCEMENT INFORMATION FOR AUGUST 17, 2017

Information concerning the civil penalties process can be found in the Office of Foreign Assets Control (OFAC) regulations governing each sanctions program; the Reporting, Procedures, and Penalties Regulations, 31 C.F.R Part 501; and the Economic Sanctions Enforcement Guidelines, 31 C.F.R. Part 501, app. A. These references, as well as recent final civil penalties and enforcement information, can be found on OFAC's website at [www.treasury.gov/ofac/enforcement](http://www.treasury.gov/ofac/enforcement).

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

**American Export Lines Settles Potential Civil Liability for Apparent Violations of the Iranian Transactions and Sanctions Regulations:** Blue Sky Blue Sea, Inc., doing business as American Export Lines and International Shipping Company (USA) (collectively referred to hereafter as "AEL"), of Los Angeles, California, has agreed to pay \$518,063 to settle potential civil liability for 140 apparent violations of the Iranian Transactions and Sanctions Regulations, 31 C.F.R. Part 560 (ITSR).<sup>1</sup>

Specifically, from on or about April 25, 2010 to on or about June 2, 2012, AEL appears to have violated § 560.204 of the ITSR by transshipping used and junked cars and parts from the United States via Iran to Afghanistan on 140 occasions.

OFAC determined that AEL did not voluntarily self-disclose the apparent violations to OFAC, and that the apparent violations constitute a non-egregious case. The maximum statutory civil monetary penalty amount for the apparent violations was \$35,000,000, and the base civil monetary penalty amount was \$1,535,000.

This civil monetary penalty 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 found the following to be aggravating factors: (1) AEL demonstrated a reckless disregard for U.S. sanctions requirements by failing to exercise a minimal degree of caution or care in transshipping goods through Iran; (2) AEL's President and co-owner knew and approved of the transshipments via Iran; (3) AEL provided an economic benefit to Iran through its pattern of conduct and the volume of transactions in which it engaged; and (4) AEL is a sophisticated international full-service freight forwarder with experience with U.S. export laws and OFAC regulations, particularly the ITSR.

OFAC found the following to be mitigating factors: (1) the goods were transshipped through Iran and do not appear to have had an end use in Iran; (2) AEL has no prior OFAC sanctions history

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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.

and has not received a Penalty Notice or Finding of Violation in the five years preceding the earliest date of transactions giving rise to the apparent violations, making it eligible for “first violation” mitigation of up to 25 percent; (3) AEL is a small business, and the apparent violations at issue constituted less than one percent of its total shipments during the time period in which the apparent violations occurred; (4) AEL had an OFAC compliance program in place at the time of the violations, although it was silent on transshipments via Iran; (5) AEL took remedial steps, including ceasing transshipments via Iran before the inception of OFAC’s investigation and amending its compliance policy to address the conduct at issue; and (6) AEL cooperated with OFAC’s investigation, including by agreeing to toll the statute of limitations for a total of 804 days.

For more information regarding OFAC regulations, please go to: [www.treasury.gov/ofac](http://www.treasury.gov/ofac).