

ENFORCEMENT INFORMATION FOR FEBRUARY 26, 2020

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 (“Enforcement Guidelines”). 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.

ENTITIES - 31 C.F.R. 501.805(d)(1)(i)

Société Internationale de Télécommunications Aéronautiques SCRL (“SITA”) Settles Potential Civil Liability for Apparent Violations of the Global Terrorism Sanctions Regulations, 31 C.F.R. part 594 (GTSR): SITA, headquartered in Geneva, Switzerland, has agreed to pay \$7,829,640 to settle its potential civil liability for 9,256 apparent violations of the GTSR totaling approximately \$2,428,200. Specifically, SITA appears to have violated §§ 594.201 and 594.204 of the GTSR between April 2013 and February 2018 when it provided commercial services and software that were subject to U.S. jurisdiction and benefitted certain airline customers after OFAC designated those airlines as specially designated global terrorists (SDGTs) pursuant to Executive Order 13224 (collectively referred to hereafter as the “Apparent Violations”).

SITA provides commercial telecommunications network and information technology services to the civilian air transportation industry. Membership in the organization is generally open to industry operators worldwide and services are provided to both member and non-member customers, which generally consists of air transport industry companies and organizations. The SITA group includes U.S. subsidiaries that develop, host, and support certain SITA group products.

The types of services customers may have access to include: reservation-related services; networking and connectivity services; flight planning and dispatch services; border management services; messaging services; and ancillary services to travel. The messaging services include access to a messaging network that facilitates customers’ operations. The ancillary services include a wide range of services, such as baggage claim and movement software, cargo movement software, and emissions tracking software, among others. Certain of these services are provided from or supported in the United States.

OFAC initiated its investigation of SITA upon identifying that Mahan Air (“Mahan”), Syrian Arab Airlines (“Syrian”), and Caspian Air (“Caspian”)—entities designated by OFAC as SDGTs on October 12, 2011,¹ May 16, 2013,² and August 29, 2014,³ respectively—were SITA member-owners, and that these SDGT airlines may have received or benefitted from SITA’s goods, services, or technology that were subject to United States jurisdiction because they were

¹ See U.S. Department of the Treasury Press Release: [“Treasury Designates Iranian Commercial Airline Linked to Iran’s Support for Terrorism.”](#)

² See U.S. Department of the Treasury Press Release: [“Treasury Increases Sanctions Against Syria.”](#)

³ See U.S. Department of the Treasury Press Release: [“Treasury Targets Network Linked to Iran.”](#)

provided from or through the United States or were U.S.-origin. During the course of OFAC's investigation, SITA identified services it provided to additional SDGT airlines, specifically, Meraj Air ("Meraj") and Al-Naser Airlines ("Al-Naser")—entities designated by OFAC as SDGTs on August 29, 2014⁴ and May 21, 2015.⁵

At the time of the Apparent Violations, SITA provided commercial services and software that benefitted the above-referenced SDGT airlines, directly or indirectly, in the form of: (1) Type B messaging (TBM) services; (2) Maestro DCS Local ("Maestro"); and (3) WorldTracer.

TBM is a messaging service that enables users to communicate with others in the industry, for example, to order aircraft maintenance, refuel planes, arrange and change routes, facilitate baggage transfers, and book passengers. TBM service messages are routed through its "mega-switches" located in Atlanta, Georgia and Singapore. All of the Apparent Violations involving SITA's TBM network involved service messages routed through Atlanta, Georgia and were originated from or destined for an SDGT airline, or other parties that were themselves providing services to those airlines. Maestro is a U.S.-origin software application that allows shared users of a common terminal to manage processes such as check-in and baggage management. WorldTracer is a global lost baggage tracing and matching system that is hosted on SITA's servers in the United States, and maintained by SITA's subsidiary located in the United States.

These services and software were subject to U.S. jurisdiction because they were provided from, or transited through, the United States or involved the provision of U.S.-origin software with knowledge that customers designated as SDGTs would benefit from the use of that software. The provision of these services and software benefitted Mahan, Syrian, Caspian, Meraj, and Al-Naser, each of which was identified by OFAC as an SDGT at all relevant times during which the Apparent Violations occurred.

Prior to OFAC's investigation, SITA knew it was providing services to SDGTs and implemented periodic measures to comply with U.S. economic sanctions laws and regulations. For example, at or shortly after the time of the respective SDGT airlines' designation by OFAC, SITA terminated many of the services provided to these airlines that it knew were subject to U.S. jurisdiction. In addition, SITA had begun taking steps to mitigate its sanctions compliance associated risks pursuant to a global risk assessment initiated by management in 2016. SITA described its compliance program up until that point as primarily reactive, in that it would address compliance concerns as they arose. The company acknowledged, however, that prior to these reviews it did not maintain a comprehensive and detailed compliance program to address in detail issues regarding compliance with U.S. sanctions laws and regulations. For example, in response to OFAC's designation of Mahan, SITA reviewed its agreements with Mahan in order to assess its rights to stop providing services pursuant to its contractual obligations and ultimately terminated its ticketing, airfare, e-commerce and other services, but continued to provide TBM, Maestro, and WorldTracer services and software to, or which ultimately benefitted, Mahan. SITA responded similarly to the designations of the other SDGT airlines identified in OFAC's investigation.

⁴ See U.S. Department of the Treasury Press Release: ["Treasury Targets Network Linked to Iran."](#)

⁵ See U.S. Department of the Treasury Press Release: ["Treasury Department Targets Those Involved in Iranian Scheme to Purchase Airplanes."](#)

The statutory maximum civil monetary penalty applicable in this matter is \$2,453,077,327. OFAC determined that SITA did not voluntarily self-disclose the Apparent Violations, and that the Apparent Violations constitute a non-egregious case. Accordingly, pursuant to OFAC's Enforcement Guidelines, the base civil monetary penalty amount applicable in this matter is \$13,384,000.

The settlement amount of \$7,829,640 reflects OFAC's consideration of the General Factors under the Enforcement Guidelines. Specifically, OFAC determined the following to be aggravating factors:

- (1) SITA had actual knowledge that it was providing services and software directly or indirectly to SDGTs;
- (2) SITA harmed the foreign policy objectives of the GTSR by providing services and software that facilitated the operations of, or otherwise benefitted, airlines that were sanctioned for supporting terrorism; and
- (3) SITA is a commercially sophisticated entity that operates in virtually every country in the world.

OFAC determined the following to be mitigating factors:

- (1) SITA has not received a Penalty Notice or Finding of Violation in the five years preceding the date of the earliest transactions giving rise to the Apparent Violations;
- (2) the transactions giving rise to the Apparent Violations represented a small percentage of SITA's overall business;
- (3) SITA implemented extensive remedial efforts and enhancements to its compliance program, customer and supplier screening, and its expulsion of Mahan, Syrian, and Caspian from the organization; and
- (4) SITA cooperated with OFAC's investigation, including by providing detailed, prompt, and well-organized submissions in response to OFAC's numerous requests for information, and executing multiple tolling agreements.

Additionally, SITA confirmed that it has terminated the conduct that led to the Apparent Violations, including by terminating the membership of the SDGT airlines, and has undertaken the following measures as part of its compliance commitments to minimize the risk of recurrence of similar conduct in the future:

- Established a global trade board to expressly monitor and vet compliance risk involving customers, suppliers, and other parties;

- Established a trade compliance committee to act as an information sharing and advisory body in relation to trade and sanctions law matters that affect SITA or its members;
- Appointed a dedicated global head of ethics and compliance that has focused its efforts on developing and improving the compliance function as a whole;
- Implemented new sanctions legal compliance reviews when onboarding new customers and suppliers, and when extending or adding new products or services to existing customers in sanctioned countries;
- Updated and created new compliance policies and guidelines to bring awareness of sanctions compliance issues to the business;
- Committed to monitoring and auditing its messaging, Maestro, and WorldTracer systems periodically to verify that they are not being used to support SDGT airlines; and
- Required all new SITA employees to attend sanctions compliance training; and required sanctions compliance training for all SITA employees every year, and on an annual basis.

This enforcement action highlights the benefits companies operating in high-risk industries can realize by implementing effective, thorough, and on-going risk-based compliance measures, especially when engaging in transactions concerning the aviation industry. Companies engaging in international transactions more broadly should take note of, and respond accordingly to, sanctions-related warning signs. Additionally, on July 23, 2019, OFAC issued an [Iran-Related Civil Aviation Industry Advisory](#) to the civilian aviation industry to warn of deceptive practices employed by Iran with respect to aviation matters. While that advisory was focused on Iran, participants in the civilian aviation industry should be aware that other jurisdictions and persons subject to OFAC sanctions may engage in similar deceptive practices.

As noted in [OFAC's Framework for Compliance Commitments](#) issued in May 2019, companies can mitigate sanctions risks by conducting risk assessments and exercising caution when engaging in business transactions with entities that are affiliated with, or known to transact with, OFAC-sanctioned persons or jurisdictions, or otherwise pose high risks due to their joint ventures, affiliates, subsidiaries, customers, suppliers, geographic location, or the products and services they offer.

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