



DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20220

**SETTLEMENT AGREEMENT**

This settlement agreement (the "Agreement") is made by and between the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) and Nordgas S.r.l. and its subsidiaries and affiliates (collectively referred to hereafter as "Nordgas" or "Respondent").

**I. PARTIES**

OFAC administers and enforces economic sanctions against targeted foreign countries, regimes, terrorists, international narcotics traffickers, and proliferators of weapons of mass destruction, among others. OFAC acts under Presidential national emergency authorities, as well as authority granted by specific legislation, to impose controls on transactions and freeze assets under U.S. jurisdiction.

Respondent, an Italian entity located in Costa Masnaga, Italy, develops and designs electronic boards and components for gas boiler applications and sells air pressure switches for gas boiler systems.

**II. APPARENT VIOLATIONS**

Between March 23, 2013 and March 31, 2017, Nordgas appears to have violated §§ 560.203 and 560.204 of the Iranian Transactions and Sanctions Regulations, 31 C.F.R. part 560 (ITSR), when it (i) engaged in the exportation, sale, or supply, directly or indirectly, from the United States of 27 shipments of switches intended specifically for supply, transshipment, or reexportation, directly or indirectly, to as many as ten different Iranian companies and (ii) caused a U.S. company to indirectly export goods to Iran in violation of § 560.204 of the ITSR ((i) and (ii) referred to hereafter as the "Apparent Violations").

The Enforcement Division ("Enforcement") of OFAC opened an investigation into Nordgas's activities following receipt of related information concerning the supply of U.S.-origin switches that were knowingly reexported by Nordgas from the United States to Iranian end-users.

**III. FACTUAL STATEMENT**

As early as 2010, Nordgas sought to purchase from a U.S. company air pressure switches for gas boiler systems, which Nordgas intended to resell to Iranian companies. However, the U.S. company informed Nordgas that it could not export U.S.-origin switches to Nordgas if the end-users were Iranian entities. Nordgas acknowledged the restriction. Nonetheless, in late 2012, Nordgas again sought to purchase air pressure switches from the same U.S. company. This time Nordgas misled the U.S. company, asserting that the end-user was Nordgas's Italian affiliate. In fact, employees at Nordgas knew that the end-users were actually Iranian companies. For several years thereafter, the Nordgas employees used alternative terms and code words to avoid referencing the Iranian end-users in communications with the U.S. company.

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**Nordgas Srl**  
Via Giuseppe Parini, 1  
23845 COSTA MASNAGA (LC)  
C.F. e P.IVA 03554240287

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In addition to using code words and alternative terms, Nordgas engaged in other efforts to obfuscate the end-users. For example, in one instance, the U.S. company offered to ship goods directly to the stated end-user (Nordgas's Italian affiliate), but Nordgas rebuffed the offer by citing logistical concerns. In a separate instance of questionable intent, Nordgas employees requested that the U.S. company remove the term "Made in USA" from the switches.

For the final shipment of the aforementioned apparent violations, in March 2017, the U.S. company became aware that Nordgas intended to reexport its goods to Iran and the U.S. company requested that Nordgas return the shipment accordingly—a request with which Nordgas complied and for which the U.S. company subsequently refunded Nordgas's payment.

Between 2013 and 2017, Nordgas ordered and received 27 shipments of switches from the U.S. company, all of which Nordgas reexported to Iranian end-users. The total value of the goods resold to Iran was \$2,526,783.

#### **IV. TERMS OF SETTLEMENT**

OFAC and Respondent agree as follows:

1. In consideration of the undertakings of Respondent in Paragraph 2 below, OFAC agrees to a settlement in the amount of **\$950,000** and to release and forever discharge Respondent, without any finding of fault, from any and all civil liability in connection with the Apparent Violations arising under the legal authorities that OFAC administers. In view of the individual facts of this investigation and Respondent's representations regarding its extenuating circumstances, including its distressed financial condition, the fact that it has represented to OFAC that it ceased the conduct described above, and the fact that it is entering into this Agreement, to include its agreement to implement the Compliance Commitments described in Subparagraph 2.C below, Respondent's obligation to pay OFAC \$650,000 of the settlement amount shall be suspended pending satisfactory completion of the Compliance Commitments in accordance with the terms of Subparagraph 2.C.
2. In consideration of the undertakings of OFAC in Paragraph 1 above, Respondent agrees to a settlement in the amount of \$950,000 and represents and agrees:
  - A. Within five (5) days of the date Respondent receives the unsigned copy of this Agreement, to:
    - (i) sign, date, and send a digital copy of this Agreement to [REDACTED]. Respondent should retain a copy of the signed Agreement and a receipt or other evidence that shows the date that Respondent sent a digital copy of the signed Agreement to OFAC; and
    - (ii) pay or arrange for the payment to the U.S. Department of the Treasury for the amount of **\$300,000**. Respondent's payment must be made either by electronic

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funds transfer in accordance with the enclosed “Electronic Funds Transfer (EFT) Instructions,” or by cashier’s or certified check or money order payable to the “U.S. Treasury” and referencing **ENF 51023**. Unless otherwise arranged with the U.S. Department of the Treasury’s Bureau of the Fiscal Service, Respondent must either: (1) indicate payment by electronic funds transfer, by checking the box on the signature page of this Agreement; or (2) enclose with this Agreement the payment by cashier’s or certified check or money order.

B. To waive (i) any claim by or on behalf of Respondent, whether asserted or unasserted, against OFAC, the U.S. Department of the Treasury, and/or its officials and employees arising out of the facts giving rise to the enforcement matter that resulted in this Agreement, including but not limited to OFAC’s investigation of the Apparent Violations, and (ii) any possible legal objection to this Agreement at any future date.

C. **Compliance Commitments:** Respondent has terminated the conduct described above and has established, and agrees to maintain for at least five (5) years following the date this Agreement is executed, sanctions compliance measures that are designed to minimize the risk of recurrence of similar conduct in the future. Specifically, OFAC and Respondent understand that the following Compliance Commitments have been made:

a. **Management Commitment:**

- i. Respondent commits to ensuring that senior management review and approve Respondent’s sanctions compliance program.
- ii. Respondent commits to ensuring that its senior management, including senior leadership, executives, and the board of directors, are committed to supporting Respondent’s OFAC compliance program.
- iii. Respondent commits to ensuring that its compliance unit(s) are delegated sufficient authority and autonomy to deploy its policies and procedures in a manner that effectively controls Respondent’s OFAC risk.
- iv. Respondent commits to ensuring that, consistent with Respondent’s financial resources and sanctions risks, its compliance unit(s) receive adequate resources—including in the form of human capital, expertise, information technology, and other resources, as appropriate—that are relative to Respondent’s breadth of operations, target and secondary markets, and other factors affecting its overall risk profile.
- v. Respondent commits to ensuring that senior management promotes a “culture of compliance” throughout the organization.

b. **Risk Assessment:**

- i. Respondent commits to ensuring that it conduct an OFAC risk assessment in a manner, and with a frequency, that adequately accounts for potential risks. Such risks could be posed by its clients and customers, products, services, supply chain, intermediaries, counter-parties, transactions, and geographic locations, depending on the nature of the organization. The risk assessment will be updated to account for the root causes of any apparent violations or systemic deficiencies identified by Respondent during the routine course of business.

**c. Internal Controls:**

- i. Respondent commits to ensuring that it implement written policies and procedures outlining its sanctions compliance program. These policies and procedures are relevant to the organization, capture Respondent's day-to-day operations and procedures, are easy to follow, and designed to prevent employees from engaging in misconduct.
- ii. Respondent commits to ensuring that it implement internal controls that adequately address the results of its OFAC risk assessment and profile. These internal controls should enable Respondent to clearly and effectively identify, interdict, escalate, and report to appropriate personnel within the organization transactions and activity that may be prohibited by OFAC. To the extent information technology solutions factor into Respondent's internal controls, Respondent commits to ensuring that it selects and calibrates the solutions in a manner that is appropriate to address Respondent's risk profile and compliance needs, and Respondent routinely tests the solutions to ensure effectiveness.
- iii. Respondent commits to enforcing the policies and procedures it implements as part of its sanctions compliance internal controls through internal or external audits.
- iv. Respondent commits to ensuring that its OFAC-related recordkeeping policies and procedures adequately account for its requirements pursuant to the sanctions programs administered by OFAC.
- v. Respondent commits to ensuring that, upon learning of a weakness in its internal controls pertaining to sanctions compliance, it will take immediate and effective action, to the extent possible, to identify and implement compensating controls until the root cause of the weakness can be determined and remediated.
- vi. Respondent commits to ensuring that it clearly communicates the sanctions compliance program's policies and procedures to all relevant staff, including personnel within the sanctions compliance function, as well as relevant

gatekeepers and business units operating in high-risk areas (e.g., customer acquisition, payments, sales, etc.) and to external parties performing sanctions compliance responsibilities on behalf of Respondent.

- vii. Respondent has appointed personnel to integrate the sanctions compliance program's policies and procedures into Respondent's daily operations. This process includes consultations with and training of relevant business units, and confirms that Respondent's employees understand the policies and procedures.

**d. Testing and Audit:**

- i. Respondent commits to ensuring that the testing or audit function is accountable to senior management, is independent of the audited activities and functions, and has sufficient authority, skills, expertise, resources, and authority within the organization.
- ii. Respondent commits to ensuring that it employs testing or audit procedures appropriate to the level and sophistication of its sanctions compliance program and that this function, whether deployed internally or by an external party, reflects a comprehensive and objective assessment of Respondent's OFAC-related risk assessment and internal controls.
- iii. Respondent commits to ensuring that, upon learning of a confirmed negative testing result or audit finding pertaining to its sanctions compliance program, it will take immediate and effective action, to the extent possible, to identify and implement compensating controls until the root cause of the weakness can be determined and remediated.

**e. Training:**

- i. Respondent commits to ensuring that its OFAC-related training program, commensurate to the size of Respondent's company, provide adequate information and instruction to employees in order to support Respondent's sanctions compliance efforts.
- ii. Respondent commits to providing OFAC-related training with a scope that is appropriate for the products and services it offers; the customers, clients, and partner relationships it maintains; and the geographic regions in which it operates.
- iii. Respondent commits to providing OFAC-related training with a frequency that is appropriate based on its OFAC risk assessment and risk profile and, at a minimum, at least once a year to all relevant employees.

- iv. Respondent commits to ensuring that, upon learning of a confirmed negative testing result or audit finding, or other deficiency pertaining to its sanctions compliance program, it will take immediate and effective action to provide training to relevant personnel.
  - v. Respondent's training program includes easily accessible resources and materials that are available to all applicable personnel.
  - vi. Specifically with respect to the conduct outlined above, Respondent has initiated the implementation of an OFAC compliance program.
- f. **Annual Certification:** On an annual basis, for a period of five (5) years, starting from 180 days after the date this Agreement is executed, a senior-level executive or manager of Respondent will submit to OFAC a substantive written submission detailing how Respondent is meeting the Compliance Commitments detailed in Subparagraph 2.C of this Agreement.
- D. Should OFAC determine, in the reasonable exercise of its sole discretion, that Respondent appears to have materially breached its obligations pursuant to this Agreement or made any material misrepresentation in or with respect to the implementation of this Agreement, to include a failure to provide OFAC with the substantive written submissions required pursuant to Subparagraph 2.C.f above or otherwise not fully implementing the Compliance Commitments in Subparagraph 2.C above, OFAC shall provide written notice to Respondent of the alleged breach or misrepresentation and provide Respondent with 30 days from the date of Respondent's receipt of such notice, or longer as determined by OFAC, to establish that no material breach or misrepresentation has occurred or that any breach or misrepresentation has been remedied.
- a. In the event OFAC determines that a material breach of, or misrepresentation in or with respect to, this Agreement has occurred, OFAC will provide written notice to Respondent of its determination. Upon such a determination, OFAC may, at its sole discretion:
    - i. Terminate the \$650,000 suspension referenced in Paragraph 1 above, in which case Respondent shall pay the full \$950,000 settlement amount agreed to by the parties. Respondent shall pay in full any amount necessary to satisfy its \$950,000 obligation to the U.S. Department of the Treasury as instructed in Subparagraph 2.A.ii above within 30 days of the Respondent's receipt of written notice from OFAC that a breach of, or misrepresentation with respect to, this Agreement has occurred; or
    - ii. Re-open its investigation into the Respondent.
- E. The statute of limitations applying to the Apparent Violations shall be deemed tolled until a date 180 days following Respondent's receipt of written notice of OFAC's

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determination that a breach of, or misrepresentation with respect to, this Agreement has occurred.

- F. In the event Respondent does not pay the applicable settlement amount pursuant to the terms of this Agreement, OFAC may refer the matter for administrative or other collection measures.
- G. Should the Respondent engage in any violations of the sanctions laws and regulations administered by OFAC — including those that are either apparent or alleged — OFAC may consider Respondent’s sanctions history, or its failure to employ an adequate sanctions compliance program or appropriate remedial measures, associated with this Agreement as a potential aggravating factor consistent with the Economic Sanctions Enforcement Guidelines, 31 C.F.R. part 501, Appendix A.
3. This Agreement shall not in any way be construed as an admission by Respondent that Respondent engaged in the Apparent Violations.
4. This Agreement has no bearing on any past, present, or future OFAC actions, including the imposition of civil monetary penalties, with respect to any activities by Respondent other than those set forth in the Apparent Violations.
5. OFAC may, in its sole discretion, issue a public statement about the factors of this Agreement, on its Web site or otherwise, including the identity of any entities involved, the settlement amount, and a brief description of the Apparent Violations.
6. This Agreement consists of eight (8) pages, and expresses the complete understanding of OFAC and Respondent regarding resolution of OFAC’s enforcement matter involving the Apparent Violations. No other agreements, oral or written, exist between OFAC and Respondent regarding resolution of this matter.
7. This Agreement shall inure to the benefit of and be binding on each party, as well as its respective successors or assigns.

Respondent accepts the terms of this Agreement on this 08 day of January, 2021.

**Nordgas Srl**  
Via Giuseppe Parini, 1  
23845 COSTA MASNAGA (LC)  
C.F. 03554240287

ROBERTO MASSINA

Respondent’s Printed Name (or in the case of an entity, the name of Respondent’s Duly Authorized Representative)

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CEO NORDGAS S.r.l.

Printed Title of Respondent's Duly Authorized  
Representative and Name of Entity (if applicable)

Please check this box if you have not enclosed payment with this Agreement and will instead be paying or have paid by electronic funds transfer (see paragraph 2(A)(ii) and the EFT Instructions enclosed with this Agreement).

Date: January 11, 2021

Andrea M. Gacki

Digitally signed by Andrea M.  
Gacki  
Date: 2021.01.11 18:39:36 -05'00'

Andrea M. Gacki  
Director  
Office of Foreign Assets Control

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