



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

Enforcement Release: May 27, 2022

OFAC Settles with Banco Popular de Puerto Rico for \$255,937.86 Related to Apparent Violations of the Venezuela Sanctions Regulations

Banco Popular de Puerto Rico (BPPR), a Puerto Rican bank with branches in Puerto Rico and the Virgin Islands, processed 337 transactions totaling \$853,126 on behalf of two individuals who were low level employees of the Government of Venezuela (GoV), in apparent violation of U.S. sanctions against Venezuela. All of the apparent violations resulted from the maintenance of four personal accounts operated by these two employees of the GoV. The settlement amount reflects OFAC's determination that BPPR's apparent violations were non-egregious and voluntarily self-disclosed.

Description of the Apparent Violations

Executive Order 13884 (E.O. 13884), issued on August 5, 2019, blocked property and interests in property of the GoV, and defined the GoV to include "any political subdivision, agency, or instrumentality" of the GoV, "any person owned or controlled, directly or indirectly," by the GoV, and "any person who has acted or purported to act directly or indirectly for or on behalf of" any such entity. E.O. 13884 was incorporated into the amended Venezuela Sanctions Regulations (VSR), 31 C.F.R. part 591, on November 22, 2019.

Shortly after the issuance of E.O. 13884, BPPR began planning the methodology for the review of accounts that might be impacted by the executive order. However, it was not until October 26, 2020 — 14 months after E.O. 13884 was issued — that BPPR identified and blocked the four personal accounts of two customers. Documentation BPPR had at the time E.O. 13884 was issued showed that one of the customers worked in a clerical level position in the GoV's Diplomatic Representation Office, and the other customer was a customer service representative of Compañía Anónima Nacional Teléfonos de Venezuela (CANTV), a Venezuelan state-owned entity. OFAC had issued General License 34A (GL 34A)¹ on November 5, 2019, which authorized transactions involving certain GoV persons, but neither of these individuals met the criteria for GL 34A. BPPR's delay in identifying these customers for 14 months following the issuance of E.O. 13884 resulted in 337 apparent violations of the VSR, 31 C.F.R. § 591.201, totaling \$853,126 (the "Apparent Violations").

In 2020, as more fully described below, BPPR revised and enhanced its sanctions-related training and procedures and developed additional resources and guidance on sanctions alert review and disposition.

¹ https://home.treasury.gov/system/files/126/venezuela_gl34a.pdf

Penalty Calculations and General Factors Analysis

The statutory maximum civil monetary penalty applicable in this matter is \$105,295,110.80. OFAC determined that BPPR voluntarily self-disclosed the Apparent Violations and that the Apparent Violations constitute a non-egregious case. Accordingly, under OFAC's Economic Sanctions Enforcement Guidelines ("Enforcement Guidelines"), 31 C.F.R. part 501, app. A, the base civil monetary penalty applicable in this matter equals the sum of one-half of the transaction value for each apparent violation, which is \$426,563.

The settlement amount of \$255,937.86 reflects OFAC's consideration of the General Factors under the Enforcement Guidelines.

OFAC determined the following to be **aggravating factors**:

- 1) BPPR had documentation indicating that two of its customers were low level employees of the GoV at the time E.O. 13884 was issued, yet failed to identify those customers for 14 months.
- 2) BPPR is a mid-sized bank with more than \$61 billion in assets.

OFAC determined the following to be **mitigating factors**:

- 1) BPPR represents that it took remedial action in response to the Apparent Violations, including:
 - BPPR enhanced its program to better ensure compliance with OFAC sanctions, creating more robust sanctions-related procedures and developed additional resources and guidance in connection to sanctions alert review and disposition, including guidance on the VSR, and adding staff to manage and handle OFAC sanctions matters.
 - BPPR reviewed its OFAC policies and procedures for identifying, reviewing, and reporting transactions that violate OFAC's regulations, and enhanced its sanctions screening trainings.
- 2) BPPR cooperated with OFAC's investigation by self-disclosing the Apparent Violations and responding to additional requests for information by OFAC in a timely and organized manner.
- 3) BPPR has not received a penalty notice or Finding of Violation from OFAC in the five years preceding the earliest date of the transactions giving rise to the Apparent Violations.

Compliance Considerations

As noted in [Frequently Asked Question \(FAQ\) 680](#) in the context of E.O. 13884, OFAC expects financial institutions to conduct due diligence on their own direct customers (including, for

example, their ownership structure) to confirm that those customers are not persons whose property and interests in property are blocked. This case demonstrates the importance of financial institutions conducting timely due diligence, such as taking the steps outlined in FAQ 680, following the issuance of new sanctions prohibitions.

OFAC Enforcement and Compliance Resources

On May 2, 2019, OFAC published [A Framework for OFAC Compliance Commitments](#) in order to provide organizations subject to U.S. jurisdiction, as well as foreign entities that conduct business in or with the United States or U.S. persons, or that use goods or services exported from the United States, with OFAC's perspective on the essential components of a sanctions compliance program. The *Framework* also outlines how OFAC may incorporate these components into its evaluation of apparent violations and resolution of investigations resulting in settlements. The *Framework* includes an appendix that offers a brief analysis of some of the root causes of apparent violations of U.S. economic and trade sanctions programs OFAC has identified during its investigative process.

Information concerning the civil penalties process can be found in the 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 civil penalties and enforcement information, can be found on OFAC's website at <https://home.treasury.gov/policy-issues/financial-sanctions/civil-penalties-and-enforcement-information>.

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