

## **ENFORCEMENT INFORMATION FOR September 26, 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)**

**Richemont North America, Inc., d.b.a. Cartier (“Richemont”), Settles Potential Civil Liability for Apparent Violations of the Foreign Narcotics Kingpin Sanctions Regulations:** Richemont, a luxury goods company headquartered in New York, New York, has agreed to pay \$334,800 to settle its potential civil liability for four apparent violations of the Foreign Narcotics Kingpin Sanctions Regulations, 31 C.F.R. part 598 (FNKSR). Between on or about October 5, 2010 and on or about April 21, 2011, Richemont appears to have violated § 589.203 of the FNKSR when it exported four shipments of jewelry to Shuen Wai Holding Limited in Hong Kong (“Shuen Wai”), an entity OFAC added to the List of Specially Designated Nationals and Blocked Persons (the “SDN List”) on November 13, 2008.

On four separate occasions, an individual purchased jewelry from one of Richemont's Cartier boutiques located in California or Nevada and provided Shuen Wai's name and mailing address to Richemont as the ship-to party. Although the information and documentation provided to Richemont contained the same name, address, and country location for Shuen Wai as they appear on the SDN List, Richemont did not identify any sanctions-related issues with the transaction prior to shipping the goods.

OFAC determined that Richemont did not voluntarily self-disclose the apparent violations, and that the apparent violations constitute a non-egregious case. Accordingly, the base penalty amount for the apparent violations equals the sum of the applicable schedule amount for each apparent violation, which in this case totals \$620,000.

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: (1) Richemont failed to exercise a minimal degree of caution or care with respect to the conduct that led to the apparent violations; (2) Richemont caused significant harm to the objectives of U.S. sanctions regulations by dealing in the property of an SDN and allowing an SDN access to the commercial marketplace; and (3) Richemont is a commercially sophisticated entity with global operations operating in an industry at high risk for money laundering.

OFAC considered the following to be mitigating factors: (1) Richemont 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; (2) Richemont cooperated with OFAC during its investigation of the apparent violations, including by agreeing to execute multiple agreements to toll the statute of limitations; and (3) Richemont took remedial action to correct the deficiencies giving rise to the apparent violations.

This enforcement action highlights the risks for companies with retail operations that engage in international transactions, specifically including businesses that ship their products directly to customers located outside of the United States. OFAC encourages companies to develop, implement, and maintain a risk-based approach to sanctions compliance, and to implement processes and procedures to identify and mitigate areas of risks. Some of the multitude of factors that a company could consider with respect to its compliance program is an assessment of its products and services, frequency and volume of international transactions and shipments, client base, and size and geographic location(s).

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