

## ENFORCEMENT INFORMATION FOR AUGUST 2, 2016

Information concerning the civil penalties process is discussed in OFAC regulations governing the various sanctions programs and in 31 C.F.R. part 501. On November 9, 2009, OFAC published as Appendix A to part 501 Economic Sanctions Enforcement Guidelines. See 74 Fed. Reg. 57,593 (Nov. 9, 2009). The Economic Sanctions Enforcement Guidelines, as well as recent final civil penalties and enforcement information, can be found on OFAC's Web site at <http://www.treasury.gov/ofac/enforcement>.

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

**Humana, Inc. Receives a Finding of Violation Regarding Violations of the Foreign Narcotics Kingpin Sanctions Regulations:** The U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) has issued a Finding of Violation to Humana, Inc., the parent company of Kanawha Insurance Company ("Kanawha"), for violations of the Foreign Narcotics Kingpin Sanctions Regulations, 31 C.F.R. part 598 (FNKSR).

On December 3, 2009, OFAC designated Leopoldo Lopez Grayeb, Noemi Lopez Fernandez, and Juan Manual Lopez Fernandez pursuant to the Foreign Narcotics Kingpin Designation Act, 21 U.S.C. §§ 1901-08, and added these parties to the List of Specially Designated Nationals and Blocked Persons (the "SDN List"). At the time of the designations, Kanawha was serving as the Third Party Administrator (TPA) for a series of insurance policies issued by a separate, unaffiliated company (the "Insurance Company"). As the TPA, Kanawha provided various functions in connection with these policies, which included servicing the policies, collecting premiums, maintaining policy records, and answering general inquiries from insured parties. While Kanawha screened the names of insurance providers in connection with servicing these policies, it did not screen policyholders against the SDN List.

Subsequent to OFAC's designations, neither Kanawha nor the Insurance Company screened the names of the policyholders for these insurance policies against the SDN List, and as a result, both parties failed to identify and block the policies and premium payments in which one or more of the above-referenced SDNs had an interest. During the relevant time period, from January 2, 2010 to May 11, 2011, Kanawha received and processed on behalf of the Insurance Company 17 premium payments totaling \$10,461.98 for the policy held by Leopoldo Lopez Grayeb and Noemi Lopez Fernandez, and an additional 17 premium payments totaling \$3,944.21 for the policy held in the name of Juan Manual Lopez Fernandez.

While no Kanawha personnel appear to have had actual knowledge of the conduct that led to the violations, Kanawha had reason to know that it was providing services to, and processing premium payments for or on behalf of, three individuals on the SDN List. As a large and commercially sophisticated company that provides TPA services, Kanawha failed to implement controls and measures to ensure it could identify, block, and report insurance policies, premiums, or claims payments relating to OFAC-sanctioned policyholders.

The determination to issue a Finding of Violation to Humana, Inc. 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. A Finding of Violation is appropriate given that Kanawha is owned by a large and commercially sophisticated financial institution; Kanawha facilitated and/or processed 34 payments totaling \$14,406.19, and serviced two health insurance policies in which one or more SDNs had an interest; Kanawha's failure to identify and block these policies caused harm to the integrity of the FNKSR and its associated policy objectives; and Kanawha's OFAC compliance program did not include procedures for screening the names of policyholders of policies it administered and serviced but for which it did not assume any financial responsibility. OFAC also considered that no Kanawha personnel, including managers or supervisors, appear to have had actual knowledge of the conduct that led to the violations; Kanawha has not received a penalty notice or Finding of Violation from OFAC relating to substantially similar violations in the five years preceding the date of the conduct giving rise to the violations; and Kanawha cooperated with OFAC's investigation, including by executing a statute of limitations tolling agreement and an extension to the agreement.

For more information regarding OFAC regulations, please visit: <http://www.treasury.gov/ofac>.