

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)

AXA Equitable Life Insurance Company 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 AXA Equitable Life Insurance Company (AXA) for violations of the Foreign Narcotics Kingpin Sanctions Regulations, 31 C.F.R. part 598 (FNKSR).

In October and November 1992, AXA issued one health insurance policy that provided coverage for Leopoldo Lopez Grayeb and Noemi Lopez Fernandez, and a separate health insurance policy that provided coverage for Juan Manual Lopez Fernandez. From their inception, these policies were serviced by a U.S. insurance company serving as a Third Party Administrator (TPA), which performed a variety of functions including: servicing the policies, collecting premiums, maintaining policy records, and answering general inquiries from insured parties.

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"). Subsequent to OFAC's designations, neither AXA nor the TPA screened the names of the policyholders serviced by the TPA and, as a result, both companies failed to identify and block the policies and premium payments in which one or more of the above-referenced SDNs had an interest. Between January 11, 2010 and May 11, 2011, the TPA processed (and AXA received) 17 premium payments in the amount of \$10,461.98 for the policy held by Leopoldo Lopez Grayeb and Noemi Lopez Fernandez, and an additional 17 premium payments from January 2, 2010 to May 2, 2011 in the amount of \$3,944.21 for the policy held in the name of Juan Manual Lopez Fernandez. On June 19, 2011, a separate company assumed responsibility for providing TPA services to the same series of AXA-issued insurance policies. The new TPA identified the policyholders as potential matches against the SDN List, and coordinated with AXA to block and cease providing any services for the policies.

While no AXA personnel appear to have had actual knowledge of the conduct that led to the violations, AXA had reason to know that it maintained customer and policyholder relationships with individuals on the SDN List. As a large and commercially sophisticated company that provides insurance products and services, AXA failed to implement controls and measures to ensure it could identify, block and report insurance policies, premiums, or claims payments in which an OFAC sanctioned person(s) had an interest.

The determination to issue a Finding of Violation to AXA 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 AXA is a large and commercially sophisticated financial institution; AXA facilitated and/or processed 34 payments totaling \$14,406.19, and maintained two health insurance policies in which one or more SDNs had an interest; AXA's failure to identify and block these policies caused harm to the integrity of the FNKSR and its associated policy objectives; and AXA's OFAC compliance program does not appear to have ensured that the names of policyholders associated with policies the company issued that were administered and/or serviced by the original TPA were screened or reviewed for OFAC compliance purposes. OFAC also considered that no AXA personnel, including managers or supervisors, appear to have had actual knowledge of the conduct that led to the violations; AXA 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 AXA cooperated with OFAC's investigation, including by voluntarily self-disclosing the violations to OFAC and 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>.