

ENFORCEMENT INFORMATION FOR June 3, 2010

Information concerning the civil penalties process is discussed in OFAC regulations governing the various sanctions programs and in 31 CFR part 501. On November 9, 2009, OFAC published as Appendix A to part 501 new Economic Sanction Enforcement Guidelines. Although these new guidelines replace earlier enforcement guidelines published by OFAC, for certain matters that were in process at the time the new guidelines were published, the prior guidelines (which can be found at 68 *Fed. Reg.* 4422 and 71 *Fed. Reg.* 1971) are still applicable. Please see OFAC's Revised Interim Policy regarding use of the prior guidelines. The Revised Interim Policy, along with the new guidelines and copies of recent final Penalty Notices, can be found on OFAC's website at <http://www.treas.gov/offices/enforcement/ofac/civpen>.

ENTITIES – 31 CFR 501.805(d)(1)(i)

GEICO General Insurance Company Settles Foreign Narcotics Kingpin Sanctions Regulations Allegations: GEICO General Insurance Company (“GEICO”) of Chevy Chase, Maryland, has remitted \$11,000.00 to settle allegations of violations of the Foreign Narcotics Kingpin Sanctions Regulations occurring on or about September 2006 to June 2007. OFAC alleged that GEICO provided an automobile insurance policy without an OFAC license to an individual named as a Specially Designated Narcotics Trafficker (“SDNTK”) pursuant to the Foreign Narcotics Kingpin Designation Act. The alleged violations involved the receipt of two premium payments totaling \$2,265. OFAC determined that GEICO did not voluntarily disclose this matter to OFAC and that the alleged violations constituted a non-egregious case. The base penalty for the two apparent violations was \$11,000. The settlement amount reflects OFAC's consideration of the following General Factors: GEICO does not screen its existing policyholders database for SDNs as the SDN list is updated but only on an annual basis. GEICO has committed to making improvements to remedy this gap in its OFAC compliance program.

KLM CARGO (“KLM”) Assessed a Penalty for Violating the Sudanese Sanctions Regulations: KLM has been assessed \$5,336.26 for its violations of the Sudanese Sanctions Regulations that occurred between January 2006 and September 2007. KLM transported oil field equipment and hydraulic hoses to Khartoum, Sudan, without a license, on behalf of

two separate U.S. entities. KLM did not voluntarily disclose the matter to OFAC. Although, KLM's compliance program did not specifically mention OFAC at the time of the violations, KLM distributed an internal memo regarding OFAC sanctions subsequent to the violations. For a copy of OFAC's Penalty Notice issued to KLM, *please visit the following url:* http://www.treas.gov/offices/enforcement/ofac/civpen/penalties/klm_pn.pdf This matter was resolved according to the prior enforcement guidelines published by OFAC at 68 Fed. Reg. 4422 (Jan. 29, 2003).

For more information regarding OFAC regulations, please go to:
<http://www.treas.gov/offices/enforcement/ofac/legal/>.