

ENFORCEMENT INFORMATION FOR July 28, 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 Sanctions 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)

Maersk Line, Limited Settles Sudanese Sanctions Regulations and Iranian Transactions

Regulations Allegations: Maersk Line, Limited, a Delaware corporation, and its wholly owned U.S. subsidiaries, Farrell Lines Incorporated, and E-Ships, Inc. (collectively, "MLL"), have remitted \$3,088,400 to settle allegations of violations of the Sudanese Sanctions Regulations, 31 C.F.R. part 538 (the "SSR"), and of the Iranian Transactions Regulations, 31 C.F.R. part 560 (the "ITR"), occurring between January 2003 and October 2007.

The Office of Foreign Assets Control ("OFAC") alleged that MLL violated the SSR and the ITR by providing unlicensed shipping services for 4,714 shipments of cargo originating in or bound for Sudan and Iran. These alleged services involved the transportation of such cargo on vessels owned, operated and/or chartered by MLL, but time-chartered or sub-time-chartered by MLL's parent, A.P. Moller-Maersk A/S, on at least one leg of the cargo's journey to or from Sudan and Iran.

OFAC determined that MLL did not voluntarily self-disclose the matter to OFAC and that the alleged violations constituted a non-egregious case. The base penalty amount for the apparent violations - which was calculated based on gross freight charges from origination to destination - is \$61,768,000. *See* OFAC's Economic Sanctions Enforcement Guidelines, 74 *Fed. Reg.* 57,593 (November 9, 2009) (also available at www.treas.gov/ofac). The settlement amount reflects OFAC's consideration of the following General Factors: MLL is part of a commercially sophisticated world-wide shipping conglomerate with significant experience operating under licenses issued by OFAC and other U.S. Government agencies; the activities conducted by MLL resulted in actual harm to sanctions program objectives by conferring an economic benefit on Sudan and Iran; MLL has not been found to have violated OFAC sanctions in the past five years; MLL substantially and fully cooperated with OFAC's investigation of the alleged violations, as described further below; MLL and its parent have undertaken substantial remediation to ensure that such alleged violations do not recur, as described further below; and mitigation is necessary

to ensure that OFAC's enforcement response is proportionate, particularly in light of the fact that the base penalty amount is based on gross freight charges for shipping the cargo from origination to destination and the apparent violations involved only a portion of those voyages.

Although OFAC determined that MLL did not voluntarily self-disclose this matter, MLL received substantial mitigation credit for providing OFAC with a voluminous amount of well-organized data regarding its involvement in shipments to or from Sudan and Iran over a five-year period. This included requested information regarding port calls in Sudan as well as additional detailed information not specifically requested by OFAC regarding the use of U.S. flag MLL vessels for intermediate relay legs of shipments to or from sanctioned countries. MLL also promptly responded to all requests for additional information and agreed to two statute of limitations tolling agreements when requested by OFAC.

Substantial and effective remediation measures were undertaken by MLL, including global remedial measures undertaken throughout MLL's corporate family in order to ensure that commercial actions taken by MLL affiliates would not cause MLL to violate U.S. economic sanctions. In this regard, the global booking system in which MLL participates has been updated to ensure MLL's compliance with U.S. economic sanctions programs.

3M Imtec Corporation, Successor in Interest to Imtec Corporation, Settles Iranian Transactions Regulations Allegations: 3M Imtec Corporation, Ardmore, OK (“3M Imtec”), successor in interest to Imtec Corporation (“Imtec”), has remitted \$125,000 to settle allegations of violations of the Iranian Transactions Regulations, 31 C.F.R. part 560 (the “ITR”), and the Export Administration Regulations, 15 C.F.R. parts 730-774 (the “EAR”), both of which were promulgated pursuant to the International Emergency Economic Powers Act. The payment is part of a joint settlement agreement reached between 3M Imtec, the U.S. Department of Commerce’s Bureau of Industry and Security (“BIS”), and the U.S. Department of the Treasury’s Office of Foreign Assets Control (“OFAC”).

Based upon information voluntarily disclosed to OFAC and BIS, Imtec engaged in unlicensed transactions that appear to have violated the ITR and the EAR. Imtec was acquired by another company in July 2008 and its name was changed to 3M Imtec Corporation. In connection with the acquisition, a due diligence review was conducted which disclosed that, prior to its acquisition, Imtec engaged in unlicensed transactions with Iran. A full investigation of the apparent Iran violations was conducted and a disclosure of those findings was made to OFAC and BIS.

During the period June 29, 2004 – April 16, 2007, Imtec appears to have violated the ITR when it sold and shipped implants and related dental equipment to purchasers in a third country for delivery to Iran. Section 560.530 of the ITR authorizes OFAC to issue licenses for the sale of agricultural commodities, medicines, and medical devices for use in Iran, provided that those agricultural commodities, medicines, and medical devices are not listed on the Commerce Control List, 15 C.F.R. § 734.3(c) (the “CCL”). A proposed charging letter issued by BIS to 3M Imtec pursuant to § 764.2(e) of the EAR states that the items sold were classified as EAR99 (items subject to the EAR but not listed on the CCL). Although Imtec had previously requested

and obtained separate licenses from OFAC authorizing the sale of dental equipment to Iran, the sales that are the subject of the settlement agreement were made outside of the effective dates of those licenses.

Imtec did not have a trade compliance program in place at the time that the apparent violations occurred. Although Imtec management was aware of the need to obtain OFAC licenses authorizing sales to Iran as evidenced by its prior OFAC licenses, Imtec's apparent lack of a comprehensive trade compliance program resulted in the lapse of those licenses.

The settlement amount reflects OFAC's consideration of the following general factors: Imtec has cooperated with investigations by OFAC and BIS, including Imtec's prompt response to all requests for information and entry into two statute of limitations tolling agreements when requested by OFAC; since the acquisition, 3M Imtec has taken effective corrective action, including providing all 3M Imtec employees with trade compliance training and requiring employees to consult with compliance staff regarding sales and exports to sanctioned countries or entities; neither Imtec nor 3M Imtec has a history of any prior sanctions violations; and the enforcement action taken by BIS, including the execution of a joint settlement agreement among 3M Imtec, BIS and OFAC.

For more information regarding OFAC regulations, please go to:

<http://www.treas.gov/offices/enforcement/ofac/legal/>.