

ENFORCEMENT INFORMATION FOR JANUARY 2, 2013

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 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 www.treasury.gov/ofac/enforcement.

ENTITIES – 31 CFR 501.805(d)(1)(i)

Ellman International, Inc., Settles Potential Civil Liability for Apparent Violations of the Iranian Transactions Regulations: Ellman International, Inc. (“Ellman”), of Oceanside, New York, has agreed to pay \$191,700 to settle potential civil liability for apparent violations of the Iranian Transactions Regulations, 31 C.F.R. part 560 (the “ITR”).

Under its prior ownership and management, Ellman sold and exported medical equipment to Iran, in apparent violation of § 560.204 of the ITR, and engaged the services of a physician in Iran, in apparent violation of § 560.201 and § 560.206 of the ITR. The value of the relevant transactions totaled \$317,211. The transactions occurred over a period of approximately three years, from early 2005 to and ending in February 2008 when Ellman was then acquired by a private equity investment group. Upon discovering Ellman's violations after the acquisition, Ellman's new owners and management self-reported the matter to OFAC. However, the submission was determined not to be a voluntary disclosure as defined by OFAC's Economic Sanctions Enforcement Guidelines, 31 C.F.R. part 501, App. A (“the Enforcement Guidelines”). OFAC had previously been notified of a rejected transaction between Ellman and a customer located in Iran but did not at that time learn the full scope of the activity because Ellman's prior owners failed to properly respond to OFAC's inquiry. The apparent violations do not constitute an egregious case. The base penalty amount for the apparent violations was \$426,000.

The settlement amount reflects OFAC's consideration of the following facts and circumstances, pursuant to the General Factors under the Enforcement Guidelines: the transactions appear to have been undertaken by Ellman's prior owners willfully with knowledge that such transactions likely constituted violations of U.S. law—for instance, Ellman entered into an agreement with a Dubai company to act as a middleman for the sale of Ellman products to Iran, apparently for the purpose of evading sanctions; Ellman's senior management prior to the 2008 change in ownership actively participated in the conduct giving rise to the apparent violations; Ellman did not have a sanctions compliance program in place at the time of the apparent violations; the transactions likely would have been eligible for an OFAC license; Ellman's purchasers and new owners/management substantially cooperated with the investigation by: promptly bringing to OFAC's attention the full scope of the prohibited conduct that had transpired within the company and was discovered after its purchase, providing all requested information in a responsive and well-organized fashion, and agreeing to toll the statute of limitations and extend the tolled period several times; OFAC has no record of prior sanctions enforcement matters involving Ellman; and the new owners/management of Ellman undertook significant remedial measures, including implementing a sanctions and export compliance program.