

ENFORCEMENT INFORMATION FOR AUGUST 8, 2019

Information concerning the civil penalties process is discussed in the Office of Foreign Assets Control (OFAC) regulations governing each sanctions program; the Reporting, Procedures, and Penalties Regulations, 31 C.F.R. part 501; and the Economic Sanctions Enforcement Guidelines, 31 C.F.R. part 501, app. A. These references, 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 C.F.R. 501.805(d)(1)(i)

OFAC Issues a Finding of Violation to Southern Cross Aviation, LLC, for a Violation of the Reporting, Procedures and Penalties Regulations: OFAC issued a Finding of Violation to Southern Cross Aviation, LLC (“Southern Cross”), incorporated in Florida and with offices in Florida and North Carolina, for a violation of the Reporting, Procedures and Penalties Regulations, 31 C.F.R. part 501 (RPPR). Southern Cross violated § 501.602 of the RPPR by failing to provide complete information to OFAC in response to an Administrative Subpoena issued to Southern Cross on June 27, 2016.

On June 27, 2016, OFAC issued an Administrative Subpoena and an accompanying letter to Southern Cross in which OFAC stated it had reason to believe that Southern Cross was recently involved in the sale of several helicopters destined for Iran via an Iranian businessman based in Ecuador (the “Iranian Businessman”). The Administrative Subpoena directed Southern Cross to provide detailed information, descriptions, and documents regarding any such transactions, as well as any other dealings with Iran during the prior five (5) years. On July 5, 2016, the President of Southern Cross sent an email to OFAC in which the company denied knowing or conducting any business with the Iranian Businessman or dealing with Iran in any way. On July 8, 2016, Southern Cross provided a written response to OFAC's Administrative Subpoena in which Southern Cross claimed that a Southern Cross sales representative located in Ecuador (the “SC Ecuador Representative”) sent technical details to an Ecuadorian group for a potential sale of helicopters to an Iranian group for operation in Ecuador and provided no documentation to OFAC other than a copy of the company's internal Export Management Manual.

On October 6, 2016, OFAC issued a second Administrative Subpoena to Southern Cross seeking similar information and documentation and specifically requesting certain documentation relating to the potential sale. In its October 11, 2016 response to OFAC's second Administrative Subpoena, Southern Cross submitted correspondence relating to the potential sale, including direct email exchanges between the SC Ecuador Representative and the Iranian Businessman explicitly referenced in both of OFAC's Administrative Subpoenas. The information and documentation submitted by Southern Cross also included: (i) email exchanges between the SC Representative and the Iranian Businessman in which they discussed a letter of intent and sale of helicopters to an agent in Iran; and (ii) email exchanges between the SC Representative and the Ecuadorian group in which they discussed the sale of two helicopters to the Iranian Businessman in greater detail, as well as a letter of intent from the Iranian Businessman in which he indicated the letters were from Iran. Southern Cross failed to produce this responsive information to OFAC's first Administrative Subpoena.

The determination to issue a Finding of Violation to Southern Cross in connection with the above violation 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. OFAC considered the following to be aggravating factors: (1) Southern Cross demonstrated reckless disregard for its U.S. sanctions requirements by failing to provide accurate and complete information in response to an OFAC Administrative Subpoena; (2) Southern Cross had actual knowledge or reason to know of the conduct that led to the violation in this instance; and (3) Southern Cross did not fully cooperate with OFAC's investigation.

OFAC found the following to be mitigating factors: (1) Southern Cross appears to be a small-to-medium-sized business; (2) Southern Cross has no prior OFAC sanctions history; and (3) the underlying potential sale in question does not appear to have occurred.

This enforcement action highlights the compliance obligation of persons subject to the RPPR, and the importance for all subject persons to cooperate with OFAC investigations. Companies and individuals alike should be diligent in their review of information and documentation that may be responsive to an Administrative Subpoena issued by OFAC. A person's response to an Administrative Subpoena must be accurate, complete, and timely. As exhibited in this matter, failure to provide complete information to OFAC in response to an Administrative Subpoena constitutes a violation of the RPPR.

For more information regarding OFAC regulations, please go to: www.treasury.gov/ofac.