



DEPARTMENT OF THE TREASURY
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OFAC Settles with Tango Card, Inc. for \$116,048.60 Related to Apparent Violations of Multiple Sanctions Programs

Tango Card, Inc. (Tango Card), a Seattle, Washington-based company that supplies and distributes electronic rewards, has agreed to pay \$116,048.60 to settle its potential civil liability for apparent violations of multiple U.S. sanctions programs. As a result of deficient geolocation identification processes, Tango Card transmitted at least 27,720 stored value products to individuals with Internet Protocol (IP) and email addresses associated with Cuba, Iran, Syria, North Korea, and the Crimea region of Ukraine. The settlement amount reflects a determination by the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) that Tango Card's apparent violations were non-egregious and voluntarily self-disclosed, and further reflects Tango Card's cooperation with OFAC and remedial measures implemented after discovery of the apparent violations.

Description of the Apparent Violations

Tango Card supplies and distributes rewards, often in the form of stored value cards to support client businesses' employee and customer incentive programs. Tango Card serves two primary roles in the rewards life cycle. First, during the issuance process, Tango Card provides awards to recipients via email. Second, during the redemption process, recipients click on a reward link within the email that enables them to use the rewards to make a subsequent purchase.

In February 2021, one of Tango Card's clients found that several reward recipient email addresses that it had previously provided to Tango Card (and to which Tango Card had sent rewards) had top-line domains (TLDs)¹ associated with sanctioned jurisdictions. Tango Card subsequently conducted a lookback review of its database for any similar occurrences involving email addresses previously provided by other clients. Tango Card also identified instances in which a reward recipient redeemed a reward issued by Tango Card from an IP address located in a sanctioned jurisdiction. In total, between September 2016 and September 2021, Tango Card transmitted 27,720 merchant gift cards and promotional debit cards, totaling \$386,828.65, to individuals with email or IP addresses associated with Cuba, Iran, Syria, North Korea, or the Crimea region of Ukraine.

While Tango Card used geolocation tools to identify transactions involving countries at high risk for suspected fraud and had OFAC screening and Know Your Business mechanisms around its direct customers, it did not use those controls to identify whether recipients of rewards, as opposed to senders of rewards, might involve sanctioned jurisdictions.

¹ TLDs are the endings of domain names, e.g., *.com*, *.org*, *.net*. Country-code TLDs are two-letter domains established for countries or territories, e.g., *.ir* (Iran), *.cu* (Cuba).

As a result of the foregoing, Tango Card engaged in apparent violations of § 515.201 of the Cuban Assets Control Regulations (CACR), 31 C.F.R. part 515; § 560.204 of the Iranian Transactions and Sanctions Regulations (ITSR), 31 C.F.R. part 560; § 542.207 of the Syrian Sanctions Regulations (SSR), 31 C.F.R. part 542; § 510.206 of the North Korea Sanctions Regulations (NKSR), 31 C.F.R. part 510; and Executive Order (E.O.) 13685, “Blocking Property of Certain Persons and Prohibiting Certain Transactions with Respect to the Crimea Region of Ukraine” (the “Apparent Violations”).

Following discovery of the Apparent Violations, Tango Card implemented a number of remedial measures, including geo blocking of IP and email addresses associated with sanctioned jurisdictions, hiring additional staff dedicated to improving compliance, and conducting additional sanctions compliance training. Tango Card also acquired additional screening tools and implemented new monthly lookback reports designed to identify recipients located in sanctioned jurisdictions.

Penalty Calculations and General Factors Analysis

The statutory maximum civil monetary penalty applicable in this matter is \$9,168,949,062. OFAC determined that Tango Card self-disclosed the Apparent Violations and that the Apparent Violations constitute a non-egregious case. Accordingly, under OFAC’s Economic Sanctions Enforcement Guidelines (“Enforcement Guidelines”), 31 C.F.R. part 501, app. A, the base civil monetary penalty applicable in this matter equals the sum of one-half of the transaction value for each apparent violation, which is \$193,414.33.

The settlement amount of \$116,048.60 reflects OFAC’s consideration of the General Factors under the Enforcement Guidelines.

OFAC determined the following to be **aggravating factors**:

- (1) Tango Card failed to impose risk-based geolocation rules using tools at its disposal to identify the location of its reward recipients, despite having reason to know that it was transmitting rewards to recipients in sanctioned jurisdictions based on IP address and TLD data in its possession.
- (2) Tango Card conferred up to \$386,828.65 in economic benefit to jurisdictions and regions subject to sanctions.

OFAC determined the following to be **mitigating factors**:

- (1) Tango Card has not received a penalty notice or Finding of Violation from OFAC in the five years preceding the earliest date of the transactions giving rise to the Apparent Violations.
- (2) Tango Card represents that it undertook various measures to strengthen its OFAC compliance processes, described below:
 - implemented geo blocking for TLDs, preventing reward issuance to email addresses associated with sanctioned jurisdictions;

- updated its IP address geo blocking to include jurisdictions and regions subject to sanctions, preventing redemptions by persons in these jurisdictions;
- conducted training for the team that handles bulk spreadsheet orders for manually screening email addresses for jurisdictions and regions subject to sanctions;
- hired a consultant to review its security posture with regard to its cloud program;
- hired and continues to hire additional staff to proactively identify control gaps and improve compliance processes;
- acquired additional screening tools; and
- began running two monthly reports — one identifying any TLDs over the prior month from jurisdictions and regions subject to sanctions and the other identifying any IP addresses over the prior month associated with such jurisdictions.

(3) Tango Card voluntarily self-disclosed the Apparent Violations and substantially cooperated with OFAC’s investigation, including by submitting the relevant documents and information in a clear and organized fashion, answering numerous follow-up inquiries, and entering into a tolling agreement.

Compliance Considerations

This case demonstrates the importance of using relevant geographic information as part of an effective, risk-based sanctions compliance program, including the use of appropriate geolocation tools to identify transactions potentially involving sanctioned jurisdictions. In addition, while contractually obligating customers to comply with sanctions regulations can help mitigate risk, it does not obviate the need to impose other sanctions compliance controls when appropriate on a risk basis.

OFAC Enforcement and Compliance Resources

On May 2, 2019, OFAC published [A Framework for OFAC Compliance Commitments](#) in order to provide organizations subject to U.S. jurisdiction, as well as foreign entities that conduct business in or with the United States or U.S. persons, or that use goods or services exported from the United States, with OFAC’s perspective on the essential components of a sanctions compliance program. The Framework also outlines how OFAC may incorporate these components into its evaluation of apparent violations and resolution of investigations resulting in settlements. The Framework includes an appendix that offers a brief analysis of some of the root causes of apparent violations of U.S. economic and trade sanctions programs OFAC has identified during its investigative process.

Information concerning the civil penalties process can be found in the 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 civil penalties and enforcement information, can be found on OFAC’s website at <https://home.treasury.gov/policy-issues/financial-sanctions/civil-penalties-and-enforcement-information>.

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