



DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20220

**SETTLEMENT AGREEMENT**

This settlement agreement (the “Agreement”) with respect to **ENF 50892** is made by and between the U.S. Department of the Treasury’s Office of Foreign Assets Control (OFAC), and Murad, LLC (“Murad”) and its subsidiaries and its owned or controlled affiliates worldwide (collectively, “Respondent”).

**I. PARTIES**

OFAC administers and enforces economic sanctions against targeted foreign countries, regimes, terrorists, international narcotics traffickers, and proliferators of weapons of mass destruction, among others. OFAC acts under Presidential national emergency authorities, as well as authority granted by specific legislation, to impose controls on transactions and freeze assets under U.S. jurisdiction.

Murad is a skincare and dietary supplements company based in El Segundo, California. Unilever United States, Inc. (“Unilever US”) is a subsidiary of Unilever N.V./Unilever PLC, a global diversified household and personal product and packaged foods and refreshments company co-headquartered in London, United Kingdom and Rotterdam, Netherlands. Unilever US is based in Englewood Cliffs, New Jersey, and acquired Murad on or about September 1, 2015.

**II. APPARENT VIOLATION**

From approximately on or about December 18, 2009 to on or about January 24, 2018, Murad appears to have violated § 560.203(b) of the Iranian Transactions and Sanctions Regulations, 31 C.F.R. part 560 (ITSR), when it conspired with two distributors, a company located in Iran (“Co-Conspirator 1”) and later in 2012 with Co-Conspirator 1’s United Arab Emirates (UAE) affiliate (“Co-conspirator 2”) to reexport or supply Murad’s products and services from the United States to Iran. Co-Conspirator 1 and Co-Conspirator 2 shared the same Chief Executive Officer (CEO) (“Co-conspirator CEO”). The transactions giving rise to the apparent violation of a conspiracy to violate the ITSR are valued at approximately \$11,114,287 (the “Apparent Violation”).

**III. FACTUAL STATEMENT**

On December 18, 2009, Murad entered into a distribution agreement with Co-conspirator 1 where it would be the exclusive distributor of Murad products in Iran. Murad signed this distribution agreement despite applying for and not receiving a specific license in response to requests submitted to OFAC first in September 2009, and then again in February 2010 and September 2015, to export its products to Iran. Murad employees discussed its license application with OFAC in March 2010. Despite learning at that time that OFAC had informed Murad it could not export, directly or indirectly, to Iran without an OFAC license, various Murad

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employees including members of Murad senior management decided to proceed with exporting its products to Iran without an OFAC license.

Murad Concealed Its Iran-Related Business from Unilever US

Murad continued to do business in Iran with the Co-conspirator CEO leading up to Unilever US' acquisition of Murad in the fall of 2015. Up until this time, throughout the acquisition process, Murad employees and senior management took steps to conceal Murad's Iranian dealings from Unilever US, including by signing a new distribution agreement with Co-conspirator 2, its UAE distributor, before the acquisition closed on September 1, 2015. This agreement did not include references to Iran despite Co-conspirator 2 listing Iran as one of its key markets in a March 15, 2015 email to Murad senior management. When Murad provided Unilever US with a requested list of its distributors and key markets, Murad excluded references to Co-conspirator 1 and Iran, and instead listed Co-conspirator 2 and the UAE in an apparent attempt to conceal Murad's Iranian business from Unilever US.

Additionally, during the acquisition process and without disclosing to Unilever US, various Murad employees, including senior management, reviewed, coordinated, and assisted the Co-Conspirator CEO with the opening of an independently owned and operated" Murad store" in Tehran, Iran. Murad employees also provided guidance and support to ensure the design of the new store in Tehran would be consistent with other Murad stores.

On October 19, 2015, approximately six weeks after Unilever US acquired Murad, a Unilever US employee was included on a Murad email wherein the Co-conspirator CEO requested a credit extension due to the length of time it took for Murad products to reach Tehran from Los Angeles. Unilever US then instructed Murad to inform Co-conspirator 2 to immediately cease the sale of Murad products in Iran. Upon receiving this email, Co-conspirator CEO implausibly claimed that there was confusion between Iran and Iraq, despite specifically referencing Tehran and Iran multiple times in his earlier email.

Murad did not report to Unilever US despite it being Murad's parent company, and Unilever US did not further investigate this inconsistency, instead relying upon the false statements made by Murad senior executives that such transactions would cease.

Murad Continued to Reexport Its Products to Iran

Despite Murad's assertions on October 21, 2015 that exports or reexports to Iran would cease, the Murad store in Tehran opened between December 2015 and January 2016 with Murad employees' and management's knowledge and support. Murad also continued to support Co-conspirator 2 with its credit extension issue and in exporting Murad products to Iran. In March 2016, a Murad Vice President emailed Murad's Chief Financial Officer regarding the extension request, but modified the email to remove references to Iran. The email was an apparent attempt to facilitate Murad's exports to Iran while concealing the true destination from Unilever US as well as Murad's new Chief Financial Officer, who was unaware of Unilever US' instructions and Murad's ongoing Iran-related business.

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On or around November 13, 2017, a Murad Vice President stated during an internal meeting that Co-conspirator 2 sold a majority of its Murad products in Iran. Following this meeting, other Murad senior executives learned U.S. sanctions prohibited its products from being exported to Iran, directly or indirectly. However, Murad's management did not inform Unilever US that the exportation of its products to Iran continued, nor did they take any steps to cease these sales for another two months, resulting in Murad fulfilling a further eight orders by Co-conspirator 2; the last transaction occurred on January 24, 2018. In February 2018, upon learning of Co-conspirator 2's ongoing sales to Iran, Unilever US coordinated with Murad to implement a system block preventing any further sales to Co-conspirator 2, and to notify Co-conspirator 2 in writing that it was immediately suspending all sales pending any internal review of this matter. Murad formally suspended all dealings with Co-conspirator 2 under its distribution agreement on March 2, 2018 and formally terminated its distribution agreement with Co-conspirator 2 in December 2018 following completion of its internal review of this matter. Unilever US then submitted an initial disclosure to OFAC in February 2018.

**IV. TERMS OF SETTLEMENT**

OFAC and Respondent agree as follows:

1. In consideration of the undertakings of Respondent in paragraph 2 below, OFAC agrees to release and forever discharge Respondent, without any finding of fault, from any and all civil liability in connection with the Apparent Violation arising under the legal authorities that OFAC administers.
2. In consideration of the undertakings of OFAC in paragraph 1 above, Respondent agrees and represents:
  - A. Within ten (10) days of the date Respondent receives the unsigned copy of this Agreement, to:
    - (i) sign, date, and email to: [REDACTED], Office of Foreign Assets Control, Freedman's Bank Building, U.S. Department of the Treasury, 1500 Pennsylvania Avenue, NW, Washington, DC 20220; and
    - (ii) pay or arrange for the payment to the U.S. Department of the Treasury the amount of **\$3,334,286**. Respondent's payment must be made either by electronic funds transfer in accordance with the enclosed "Electronic Funds Transfer (EFT) Instructions," or by cashier's or certified check or money order payable to the "U.S. Treasury" and referencing **ENF 50892**. Unless otherwise arranged with the U.S. Department of the Treasury's Bureau of the Fiscal Service, Respondent must either: (1) indicate payment by electronic funds transfer, by checking the box on the signature page of this Agreement; or (2) enclose with this Agreement the payment by cashier's or certified check or money order.

- B. To waive (i) any claim by or on behalf of Respondent, whether asserted or unasserted, against OFAC, the U.S. Department of the Treasury, or its officials and employees arising out of the facts giving rise to the enforcement matter that resulted in this Agreement, including but not limited to OFAC's investigation of the Apparent Violation, and (ii) any possible legal objection to this Agreement at any future date.
- C. **Compliance Commitments:** Respondent has terminated the conduct described above and has established and agrees to maintain for at least five (5) years following the date this Agreement is executed, sanctions compliance measures that are designed to minimize the risk of recurrence of similar conduct in the future. Specifically, OFAC and Respondent understand that the following compliance commitments have been made:
- a. **Management Commitment:**
- i. Respondent commits that senior management has reviewed and approved Respondent's sanctions compliance program.
  - ii. Respondent commits to ensuring that its compliance unit(s) is (are) delegated sufficient authority and autonomy to deploy its policies and procedures in a manner that effectively controls Respondent's sanctions risk.
  - iii. Respondent commits to ensuring that its compliance unit(s) receives (receive) adequate resources—including in the form of human capital, expertise, information technology, and other resources, as appropriate—that are relative to Respondent's breadth of operations, target and secondary markets, and other factors affecting its overall risk profile.
  - iv. Respondent commits to ensuring that senior management promotes a "culture of compliance" throughout the organization.
  - v. Respondent's senior management recognizes the seriousness of apparent violations of the laws and regulations administered by OFAC and acknowledges its understanding of the apparent violation at issue, and commits to implementing necessary measures to reduce the risk of recurrence of apparent violations in the future.
- b. **Risk Assessment:**
- i. Respondent conducts an OFAC risk assessment in a manner, and with a frequency, that adequately accounts for potential risks. Such risks could be posed by its clients and customers, products, services, supply chain, intermediaries, counterparties, transactions, or geographic locations, depending on the nature of the organization.

- ii. Respondent has developed a methodology to identify, analyze, and address the particular risks. The risk assessments will be updated to account for the conduct and root causes of any apparent violations or systemic deficiencies identified by Respondent during the routine course of business, for example, through a testing or audit function.

**c. Internal Controls:**

- i. Respondent has designed and implemented written policies and procedures outlining its sanctions compliance program. These policies and procedures are relevant to the organization, capture Respondent's day-to-day operations and procedures, are easy to follow, and designed to prevent employees from engaging in misconduct.
- ii. Respondent has implemented internal controls that adequately address the results of its sanctions risk assessment and profile. These internal controls should enable Respondent to clearly and effectively identify, interdict, escalate, and report to appropriate personnel within the organization transactions and activity that may be prohibited by OFAC. To the extent information technology solutions factor into Respondent's internal controls, Respondent has selected and calibrated the solutions in a manner that is appropriate to address Respondent's risk profile and compliance needs, and Respondent routinely tests the solutions to ensure effectiveness.
- iii. Respondent commits to enforcing the policies and procedures it implements as part of its sanctions compliance internal controls through internal or external audits.
- iv. Respondent commits to ensuring that its OFAC-related recordkeeping policies and procedures adequately account for its requirements pursuant to the sanctions programs administered by OFAC.
- v. Respondent commits to ensuring that, upon learning of a weakness in its internal controls pertaining to sanctions compliance, it will take immediate and effective action, to the extent possible, to identify and implement compensating controls until the root cause of the weakness can be determined and remediated.
- vi. Respondent has clearly communicated the sanctions compliance program's policies and procedures to all relevant staff, including personnel within the sanctions compliance function, as well as relevant gatekeepers and business units operating in high-risk areas (e.g., customer acquisition, payments, sales, etc.) and to external parties performing sanctions compliance responsibilities on behalf of Respondent.

- vii. Respondent has appointed personnel to integrate the sanctions compliance program's policies and procedures into Respondent's daily operations. This process includes consultations with relevant business units and confirms that Respondent's employees understand the policies and procedures.

**d. Testing and Audit:**

- i. Respondent commits to ensuring that the testing or audit function is accountable to senior management, is independent of the audited activities and functions, and has sufficient authority, skills, expertise, resources, and authority within the organization.
- ii. Respondent commits to ensuring that it employs testing or audit procedures appropriate to the level and sophistication of its sanctions compliance program and that this function, whether deployed internally or by an external party, reflects a comprehensive and objective assessment of Respondent's sanctions-related risks and internal controls.
- iii. Respondent commits to ensuring that, upon learning of a confirmed negative testing result or audit finding pertaining to its sanctions compliance program, it will take immediate and effective action, to the extent possible, to identify and implement compensating controls until the root cause of the weakness can be determined and remediated.

**e. Training:**

- i. Respondent commits to ensuring that its OFAC-related training program provides adequate information and instruction to employees and, as appropriate, stakeholders (e.g., clients, suppliers, business partners, and counterparties) in order to support Respondent's sanctions compliance efforts.
- ii. Respondent commits to providing OFAC-related training with a scope that is appropriate for the products and services it offers; the customers, clients, and partner relationships it maintains; and the geographic regions in which it operates.
- iii. Respondent commits to providing OFAC-related training with a frequency that is appropriate based on its OFAC risk assessment and risk profile and, at a minimum, at least once a year to all relevant employees.
- iv. Respondent commits to ensuring that, upon learning of a confirmed negative testing result or audit finding, or other deficiency pertaining to its sanctions compliance program, it will take immediate and effective action to provide training to relevant personnel.

- v. Respondent's training program includes easily accessible resources and materials that are available to all applicable personnel.
  - f. **Annual Certification:** On an annual basis, for a period of five years, starting from 180 days after the date the Agreement is executed, a senior-level executive or manager of Respondent will submit a certification to OFAC confirming that Respondent has implemented and continued to maintain the sanctions compliance measures as committed above.
- D. Should OFAC determine, in the reasonable exercise of its discretion, that Respondent appears to have materially breached its obligations or made any material misrepresentations under Subparagraph C (Compliance Commitments) above, OFAC shall provide written notice to Respondent of the alleged breach or misrepresentations and provide Respondent with 30 days from the date of Respondent's receipt of such notice, or longer as determined by OFAC, to determine that no material breach or misrepresentations has occurred or that any breach or misrepresentation has been cured.
- E. In the event OFAC determines that a material breach of, or misrepresentation in, this Agreement has occurred due to a failure to perform the Compliance Commitments, OFAC will provide notice to Respondent of its determination and whether OFAC is re-opening its investigation. The statute of limitations applying to the Apparent Violation shall be deemed tolled until a date 180 days following Respondent's receipt of notice of OFAC's determination that a breach of, or misrepresentation in, this Agreement has occurred.
- F. Should the Respondent engage in any violations of the sanctions laws and regulations administered by OFAC—including those that are either apparent or alleged—OFAC may consider Respondent's sanctions history, or its failure to employ an adequate sanctions compliance program or appropriate remedial measures, associated with this Agreement as a potential aggravating factor consistent with the Economic Sanctions Enforcement Guidelines, 31 C.F.R. part 501, Appendix A.
3. This Agreement does not constitute a final agency determination that a violation has occurred and shall not in any way be construed as an admission by Respondent that Respondent engaged in the Apparent Violation.
4. This Agreement has no bearing on any past, present, or future OFAC actions, including the imposition of civil monetary penalties, with respect to any activities by Respondent other than those set forth in the Apparent Violation.
5. OFAC may, in its sole discretion, post on OFAC's website this entire Agreement and/or issue a public statement about the factors of this Agreement, including the identity of any entities involved, the settlement amount, and a brief description of the Apparent Violation.

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6. The certifications to OFAC required under this Agreement shall be submitted to OFAC by email at [OFAC Compliance Certification@treasury.gov](mailto:OFAC_Compliance_Certification@treasury.gov), addressed to Assistant Director, Enforcement Division, Office of Foreign Assets Control, Freedman's Bank Building, U.S. Department of the Treasury, 1500 Pennsylvania Avenue, NW, Washington, DC 20220.
7. This Agreement consists of nine pages and expresses the complete understanding of OFAC and Respondent regarding resolution of OFAC's enforcement matter involving the Apparent Violation. No other agreements, oral or written, exist between OFAC and Respondent regarding resolution of this matter.
8. This Agreement shall inure to the benefit of and be binding on each party, as well as its respective successors or assigns.

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Respondent accepts the terms of this Agreement on this 2nd day of November, 2022

David Schwartz

Signature

David Schwartz

Respondent's Printed Name (or in the case of an entity, the name of Respondent's Duly Authorized Representative)

Vice President

Printed Title of Respondent's Duly Authorized Representative and Name of Entity (if applicable)



Please check this box if you have not enclosed payment with this Agreement and will instead be paying or have paid by electronic funds transfer (see paragraph 2(A)(ii) and the EFT Instructions enclosed with this Agreement).

Date: November 2, 2022

**Andrea M.  
Gacki**

Digitally signed by Andrea  
M. Gacki  
Date: 2022.11.02 17:29:20  
-04'00'

Andrea Gacki  
Director  
Office of Foreign Assets Control