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OFAC Settles with daVinci Payments for \$206,213 Related to Apparent Violations of Multiple Sanctions Programs

Swift Prepaid Solutions, Inc. d/b/a daVinci Payments (daVinci), a financial services and payments firm based in Buffalo Grove, Illinois, has agreed to remit \$206,213 to settle its potential civil liability for 12,391 apparent violations of OFAC sanctions on Crimea, Iran, Syria, and Cuba. Between November 15, 2017 and July 27, 2022, daVinci, which manages prepaid reward card programs, enabled reward cards to be redeemed from persons apparently resident in sanctioned jurisdictions. The settlement amount reflects OFAC's determination that daVinci's conduct was non-egregious and was voluntarily self-disclosed.

Description of the Apparent Violations

DaVinci provides digital or physical payment reward card programs for corporate, non-profit, and government clients through an online platform. These programs allow daVinci's clients to issue payment cards to select recipients, typically as part of a loyalty, award, or promotional incentive for employees, customers, and other beneficiaries.

DaVinci's clients funded the card programs themselves through an issuing bank, with daVinci providing the digital or physical prepaid cards to authorized users. Upon receiving a list of card recipients from its clients, including names and email addresses, daVinci would send an email containing a token to each authorized user, inviting each to redeem the token for a prepaid card. To redeem the token, users would go to daVinci's website and provide their names, addresses, and email addresses. Users could not enter an address in a sanctioned jurisdiction and were screened against sanctions lists. Once screened and verified, funds would be released by the issuing bank to the users' prepaid cards and the cards would be issued by daVinci to the users, who could then use the cards with merchants who accepted cards via third party credit card networks.

Between March 2020 and February 2022, in the course of a compliance review and subsequent investigation, daVinci discovered that on 12,378 occasions it had redeemed prepaid cards for users with Internet Protocol (IP) addresses associated with Iran, Syria, Cuba, and Crimea. After daVinci began preventing access to its platform from IP addresses associated with these sanctioned jurisdictions, the company further discovered it had redeemed prepaid cards for 13 card recipients who had used email addresses with suffixes (sometimes called top-level domains) associated with sanctioned jurisdictions (e.g., Syria is .sy, Iran is .ir) during the redemption process and who were apparently resident therein.

Over the course of the relevant time period, this absence of comprehensive geolocation controls led daVinci to process 12,391 redemptions totaling \$549,134.89 for cardholders apparently located in sanctioned jurisdictions, resulting in apparent violations of the Cuban Assets Control Regulations, 31 C.F.R. § 515.201; the Iranian Transactions and Sanctions Regulations, 31 C.F.R.

§ 560.204; the Ukraine-/Russia-Related Sanctions Regulations, 31 C.F.R. § 589.287; and the Syrian Sanctions Regulations, 31 C.F.R. § 542.207 (the “Apparent Violations”).

Penalty Calculations and General Factors Analysis

The statutory maximum civil monetary penalty applicable in this matter is \$4,399,759,685. OFAC determined that the Apparent Violations were voluntarily self-disclosed and were non-egregious. 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 \$274,950.

The settlement amount of \$206,213 reflects OFAC’s consideration of the General Factors under the Enforcement Guidelines.

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

- (1) DaVinci failed to exercise due caution or care when it redeemed prepaid digital reward cards for users who appeared to be in sanctioned jurisdictions. DaVinci knew or had reason to know of redeemers’ IP addresses and email address suffixes but did not incorporate this information into its compliance program or controls.

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

- (1) OFAC has not issued a Finding of Violation or Penalty Notice to daVinci in the five years preceding the earliest date of the transactions giving rise to the Apparent Violations.
- (2) DaVinci undertook a number of significant remedial measures, including by proactively conducting an internally initiated review, implementing IP blocking of access to its platform from sanctioned jurisdictions, conducting real-time screening and blocking of email address suffixes, and instituting independent third-party testing at regular intervals.
- (3) DaVinci cooperated with OFAC’s investigation.

Compliance Considerations

This enforcement action underscores the importance of obtaining and using all available information to verify a customer’s identity or residency, including by using location-related data, such as IP address and top-level domains, for sanctions compliance purposes. As appropriate, firms providing services through online platforms should integrate such information into a risk-based sanctions compliance program to prevent the provision of services to persons in sanctioned jurisdictions. This case further demonstrates the potential shortcomings of controls that rely on customer-provided information, rather than a holistic information-gathering system that can mitigate evasion or misrepresentation. The action further highlights the value of conducting proactive, self-initiated reviews to identify compliance gaps, disclose any potential violations to

OFAC, and taking steps to remediate deficiencies, including by instituting periodic independent testing to ensure adequate controls.

OFAC Enforcement and Compliance Resources

On May 2, 2019, OFAC published [A Framework for OFAC Compliance Commitments](#) (Framework) in order to provide persons 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 Enforcement Guidelines. These references, as well as recent civil penalties and enforcement information, can be found on OFAC's website at <https://ofac.treasury.gov/civil-penalties-and-enforcement-information>.

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