



**U.S. DEPARTMENT OF THE TREASURY  
OFFICE OF FOREIGN ASSETS CONTROL**



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**C.H. Robinson International Inc. Settles with OFAC for \$257,690 Related to Apparent Violations of the Iranian Transactions and Sanctions Regulations and the Cuban Assets Control Regulations**

C.H. Robinson International Inc. (CHR), a Minnesota-based global transportation and logistics company, has agreed to pay \$257,690 to settle potential civil liability relating to 82 apparent violations of sanctions against Iran and Cuba conducted by five of its non-U.S. subsidiaries. Over a period of more than three years, these subsidiaries provided freight brokerage or transportation services for 82 shipments, to or from Iran, of Iranian- or Cuban-origin goods, or by dealing with an Iranian airline. The settlement amount reflects the Office of Foreign Assets Control's (OFAC) determination that the apparent violations were non-egregious and voluntarily self-disclosed, as well as the remedial measures implemented by CHR upon discovery of the apparent violations.

**Description of the Apparent Violations**

Following a series of overseas acquisitions by CHR of freight and logistics firms, between November 2018 and February 2022 five of CHR's foreign subsidiaries provided freight brokerage or transportation services for 82 shipments, to or from Iran (in two instances), of Iranian- or Cuban-origin goods (in 73 and six instances, respectively), or by dealing with an Iranian airline. This conduct involved apparent violations of the Iranian Transactions and Sanctions Regulations (ITSR), 31 C.F.R. part 560, and the Cuban Assets Control Regulations (CACR), 31 C.F.R. part 515, which can apply to foreign subsidiaries of U.S. persons and can expose U.S. owners to potential civil liability. The vast majority of the apparent violations appear to have occurred because the subsidiaries' brokerage management systems had not yet been incorporated into CHR's system or otherwise updated to include the latest sanctions compliance controls and did not screen for potentially violative transactions.

*C.H. Robinson Guangzhou (CHR-Guangzhou)*

On September 16, 2021, one of CHR's China-based subsidiaries, CHR-Guangzhou, provided transportation services for a shipment from China to Turkey. The first carrier identified on the air waybill was "W5," the International Airport Transport Association code for Mahan Airlines, an Iranian airline, and the first destination was identified as IKA, the airport code for Tehran Imam Khomeini International Airport, Tehran, Iran. CHR-Guangzhou staff reviewed the airway bill before the shipment was sent but failed to recognize either the fact or sanctions implications of Mahan Airlines' involvement, or the fact that the first destination was Iran. In arranging for this shipment, CHR-Guangzhou appears to have violated § 560.215 of the ITSR when it engaged in a trade-related transaction that would have been prohibited by § 560.206 if engaged in by a U.S. person.

### *Space Cargo Group – Spain (SCG-Spain)*

CHR acquired SCG-Spain in February 2019. On March 12, 2019, SCG-Spain sent spare parts for textile machinery from Spain to Iran. SCG-Spain was using its own export system into which CHR did not yet have visibility and over which it did not exercise control because it had not been integrated into CHR's systems. SCG-Spain appears to have violated § 560.215 of the ITSR when it engaged in a trade-related transaction with Iran that would have been prohibited by § 560.206(a)(2) if engaged in by a U.S. person.

### *C.H. Robinson Canada (CHR-Canada)*

Following an August 2017 acquisition, CHR established C.H. Robinson Company (Canada) Ltd. (CHR-Canada). From November 14, 2018 to February 17, 2022, CHR-Canada provided freight brokerage services for 71 shipments of goods of Iranian or Cuban origin valued at \$448,731 destined for Canada. These Iranian- or Cuban-origin goods consisted mainly of consumer items. Six of the 71 transactions were apparent violations by CHR-Canada of the CACR, 31 C.F.R. § 515.204(a)(1), because they were dealings in merchandise of Cuban origin. In addition, CHR-Canada appears to have violated § 560.215 of the ITSR when it engaged in 65 trade-related transactions involving Iranian-origin goods that would have been prohibited by § 560.206(a)(1) if engaged in by a U.S. person.

### *C.H. Robinson Australia (CHR-Australia)*

Following a September 2016 acquisition, CHR established C.H. Robinson Australia (CHR-Australia). From April 26, 2019 to June 21, 2021, CHR-Australia acted in eight instances as a customs broker for the importation into Australia of Iranian-origin goods from Germany, Spain, Singapore, and Iran valued at \$148,196. CHR-Australia appears to have violated the ITSR, 31 C.F.R. § 560.215, when it engaged in eight trade-related transactions involving Iranian-origin goods that would have been prohibited by § 560.206 if engaged in by a U.S. person.

### *C.H. Robinson Peru (CHR-Peru)*

On December 21, 2019, a CHR-Peru employee facilitated an export valued at \$74,919 from Peru to Iran by circumventing internal processes. The employee is no longer with CHR-Peru. CHR-Peru appears to have violated the ITSR, 31 C.F.R. § 560.215, when through its employee, CHR-Peru engaged in a trade-related transaction involving Iran that would have been prohibited by § 560.206 if engaged in by a U.S. person.

### *Discovery and Remediation*

In 2022, CHR's export compliance team discovered the above conduct during regular sample audits. The apparently violative conduct occurred due to the lag between acquiring the subsidiaries and their integration into CHR's operating systems, which has checks in place to detect possible sanctions violations. These subsidiaries, acquired between 2016 and 2019, continued to use their own operating systems until at least 2022.

By providing freight brokerage or transportation services between November 14, 2018 and February 17, 2022 for 82 shipments (1) to or from Iran, or (2) of Iranian- or Cuban-origin goods, or (3) by dealing with an Iranian airline, CHR's subsidiaries engaged in 76 apparent violations of the ITSR, 31 C.F.R. § 560.215(a) (by engaging in trade-related transactions that would be prohibited by 31 C.F.R. § 560.206 if engaged in by a U.S. person), and six apparent violations of the CACR, § 515.204(a)(1) (collectively, the "Apparent Violations").

### **Penalty Calculations and General Factors Analysis**

The statutory maximum civil monetary penalty applicable in this matter is \$28,629,270. OFAC determined that CHR voluntarily 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 \$322,112.

The settlement amount of \$257,690 reflects OFAC's consideration of the General Factors under the Enforcement Guidelines.

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

- (1) CHR failed to exercise due caution or care for its sanctions compliance obligations after acquiring overseas freight and logistics firms, when several of its subsidiaries engaged in prohibited conduct involving Iran and Cuba for up to 4.5 years following the acquisitions.
- (2) CHR had reason to know, based on all readily available information, that the apparently violative conduct was occurring. Documentation of shipments involving Iranian- or Cuban-origin goods, or to or from sanctioned countries, was available throughout the shipment process.
- (3) CHR's foreign subsidiaries' providing freight brokerage or transportation services for shipments to or from Iran, of Iranian- or Cuban-origin goods, or by dealing with an Iranian airline in these 82 instances caused harm to the objectives of two sanctions programs by benefitting two sanctioned jurisdictions.
- (4) CHR is a large and sophisticated global transportation and logistics company that operates worldwide.

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

- (1) CHR 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) CHR took prompt remedial measures. After the apparent violations were discovered in 2022, CHR imposed a manual hold on any shipments indicating potential export or sanctions compliance issues until compliance staff reviewed and approved them. It also

created a trade compliance task force to improve system tools available to compliance managers, and developed additional OFAC-specific training mandatory for all relevant employees. In addition, almost all offices globally now use CHR's brokerage management system.

- (3) CHR was highly cooperative with OFAC's investigation, responding to multiple OFAC inquiries and document requests and agreed to toll the statute of limitations.

## **Compliance Considerations**

This case highlights the importance for U.S. companies acquiring non-U.S. firms of establishing appropriate compliance controls and training as soon as possible after acquisition. The need to institute worldwide compliance functions, including sanctions-related technology and systems, is especially important to avoid potential violations. While integrating such systems, which can be time-consuming, companies should consider interim measures to minimize risk.

Similarly, companies that may become acquired by U.S. persons may wish to consider taking steps to limit the exposure potential buyers may face, including through compliance with U.S. sanctions, as potential acquirers may be liable for any subsequent violations set in motion prior to closing, and may factor such considerations into their decision-making.

This matter also emphasizes the benefits of foreign subsidiaries of U.S. companies having a compliance program that takes into account OFAC sanctions. Because the CACR and ITSR extend to foreign subsidiaries, imports and exports not involving the United States may nonetheless be subject to U.S. jurisdiction.

Finally, implementing systems and escalation protocols to ensure the careful review of all shipping documents such as air waybills, bills of lading, and certificates of origin can help prevent violations. Such documents may contain important information relevant to sanctions, such as port locations, product origin, and names and addresses of buyers, sellers, shippers and intermediaries.

## **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.

OFAC makes available on its website a variety of resources designed to assist with sanctions implementation and compliance, including [industry-specific guidance](#), [instructive videos](#), [answers to frequently asked questions](#), and [tools for searching OFAC's sanctions lists](#).

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>.

### **Whistleblower Program**

The U.S. Department of the Treasury's Financial Crimes Enforcement Network (FinCEN) maintains a whistleblower incentive program for violations of OFAC-administered sanctions, in addition to other violations of the International Emergency Economic Powers Act and violations of the Bank Secrecy Act. Individuals located in the United States or abroad who provide information may be eligible for awards, if the information they provide leads to a successful enforcement action that results in monetary penalties exceeding \$1,000,000 and the statutory requirements in 31 U.S.C. § 5323 are otherwise met. The incentive program is available for whistleblowers providing information relating to potential violations at any type of enterprise in any commercial sector. FinCEN is currently accepting whistleblower tips.

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