



DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20220

**SETTLEMENT AGREEMENT**

This settlement agreement (the “Agreement”) with respect to **ENF [REDACTED]** is made by and between the U.S. Department of the Treasury’s Office of Foreign Assets Control (“OFAC”) and **Haas Automation, Inc.** including its subsidiaries, assignees, successors, and affiliates worldwide (collectively referred to hereafter as “Respondent” or “Haas”).

**I. PARTIES**

OFAC administers and enforces economic sanctions against targeted foreign countries, regimes, terrorists, international narcotics traffickers, human rights abusers, 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.

Headquartered in Oxnard, California, Haas is a privately held manufacturer of machine tools and related parts, including computer numerical control (CNC) vertical and horizontal machining centers and CNC lathes. Haas manufactures Haas machines and parts at a factory in Oxnard.<sup>1</sup> Haas machines and parts have a wide range of potential applications, including uses across the electronics, transportation, oil and gas, aerospace, marine, and military and defense industries.

Haas does not typically sell machine tools or parts directly to end customers. Instead, Haas relies on its “Haas Factory Outlet” (“HFO”) model, which involves a network of independent third-party authorized distributors. These authorized distributors, or HFOs, each sell and service Haas machines in specific regions. Haas supplies its U.S.-origin machine tools and parts to its HFOs either directly from its manufacturing facility in California, or through two wholly owned distribution centers in Belgium and China.

Haas machine end users place orders or request service through the HFO responsible for the territory in which the end user is located. When the end user orders spare parts, the HFO orders the relevant parts from Haas via a web-based portal (the “Haas Business Center” or “HBC”). After an order is placed in the portal, a purchase order is generated, and Haas then processes the order and issues an invoice to the HFO.

HFOs can also obtain various machine codes, including financial unlock codes, from the web-based portal. Financial unlock codes are a tool utilized by Haas and its HFOs to ensure that machines are paid in full. Once a customer pays for a machine in full, it is provided a financial unlock code, which consists of 4-6 alphanumeric or numeric characters, that, when input into the machine, allows that machine to keep running indefinitely. Without the relevant financial unlock code, when a payment becomes past due the machine will automatically shut down and become inoperable until payment is made and the machine is re-activated.

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<sup>1</sup> In certain instances, Haas purchases particular parts and machines from third-party manufacturers that it sells under the Haas brand.

From 2002 through March 3, 2022, Abamet Management Limited (“Abamet”) served as Haas’s authorized regional distributor in Russia and Belarus. On March 3, 2022, shortly after Russia’s second invasion of Ukraine, Haas voluntarily withdrew from the Russian market and terminated Abamet’s distribution contract. Almost two years later, on February 23, 2024, Abamet was designated by the U.S. Department of State pursuant to Executive Order (E.O.) 14024 for operating or having operated in the manufacturing sector of the Russian Federation economy, and it was added OFAC’s Specially Designated Nationals and Blocked Persons (SDN) List.

## II. FACTUAL STATEMENT

Between August 19, 2019 and February 9, 2022, Haas indirectly exported via Abamet one CNC machine and 13 spare parts orders worth approximately \$98,096 to or for the benefit of six entities blocked pursuant to E.O. 13661 or E.O. 13662, including one entity identified on OFAC’s SDN List. Of the six entities, only one was, itself, included on OFAC’s SDN List; the remaining five were blocked by virtue of being directly or indirectly owned 50% or more by an entity on OFAC’s SDN List. All of the part sales were to service machines that had themselves been exported in compliance with all then-existing sanctions and export restrictions.

Additionally, on seven occasions between December 23, 2019 and March 22, 2022, Abamet obtained from Haas financial unlock codes for seven machines owned by five entities blocked pursuant to E.O. 13661 and/or E.O. 13662. Abamet obtained five of the financial unlock codes through the HBC and two directly from Haas personnel. These codes would have allowed those customers to continue utilizing the machines indefinitely. Without them, the machines would have otherwise automatically shut down and become inoperable.

In total, on twenty-one (21) occasions, Haas sold parts to—or Abamet obtained codes from Haas on behalf of, eight blocked entities. Seven of these entities were blocked by virtue of being 50% or more directly or indirectly owned by an entity included on OFAC’s SDN List; on one occasion, the blocked entity itself was identified on OFAC’s SDN List. Specifically, for seven of the eight blocked-entity customers, Haas failed to conduct sufficient due diligence regarding the blocked entities’ ownership structures. For the remaining entity, Haas failed to rescreen the designated customer against the SDN List for the relevant parts sale.

In light of the advanced nature of the machinery Haas produces and the risks posed by transacting with customers in Russia, including customers in Russia’s military industrial base, the degree of caution Haas exercised was inadequate in light of the risk factors present. Each of the eight end-users for the codes and/or parts were directly or indirectly owned by companies or themselves designated by OFAC for operating in the arms, defense, and/or related materiel sectors of the Russian Federation. Abamet’s ability to obtain the unlock codes from Haas potentially permitted CNC machines owned by blocked entities to continue operating while the spare parts Haas exported could potentially have been used by these blocked entities to repair broken CNC machines or otherwise keep them running efficiently. As such, OFAC finds that

Haas's conduct seriously damaged the policy goals of the Ukraine-/Russia-Related sanctions program.

### III. APPARENT VIOLATIONS

Under § 589.201 of the Ukraine-/Russia-Related Sanctions Regulations, 31 C.F.R. part 589 (URSR), U.S. persons are prohibited from making any contribution or provision of funds, goods, or services by, to, or for the benefit of any person whose property and interests in property are blocked pursuant to E.O. 13661 or E.O. 13662. These prohibitions under § 589.201 of the URSR also extend to the property and interest in property of entities that are 50 percent or more owned by blocked persons regardless of whether the name of the entity is incorporated into OFAC's SDN List, pursuant to § 589.411(a) of the URSR (previously § 589.406 under an older version of 31 C.F.R. part 589).

Between December 17, 2019 and March 22, 2022, Haas appears to have violated § 589.201 of the URSR on 21 occasions when Haas: (i) indirectly exported through Abamet one CNC machine to a customer that was 50% or more owned by a company that was, in turn, majority owned by an entity on the SDN List; (ii) indirectly exported through Abamet thirteen (13) spare parts orders to four customers that were 50% or more owned by an SDN designated entity and one customer that was itself on the SDN List; (iii) on two occasions, provided Abamet with financial unlock codes for machines owned by customers that were 50% or more owned by entities on the SDN List; and (iv) on five occasions, Abamet obtained financial unlock codes through the HBC for machines owned by customers that were 50% or more owned by entities on the SDN List (collectively, the "Apparent Violations"). The total value of these 21 transactions was approximately \$98,096.

Pursuant to OFAC's Economic Sanctions Enforcement Guidelines, 31 C.F.R. part 501, Appendix A ("Enforcement Guidelines"), OFAC determined that Respondent's export of one CNC machine and provision of the unlock codes on seven occasions were egregious, and its export of spare parts on 13 occasions was non-egregious. OFAC further determined that although Haas reported the Apparent Violations to OFAC, its submissions did not constitute a voluntary self-disclosure under the Enforcement Guidelines. OFAC also determined that Haas extensively cooperated with OFAC's investigation into the Apparent Violations.

### IV. TERMS OF SETTLEMENT

OFAC and Respondent agree as follows:

1. In consideration of the undertakings of Respondent in paragraph 2 below, and subject to the breach provisions of this Agreement in 2.D and 2.E below, OFAC agrees to enter into a monetary settlement in the amount of **\$1,044,781** and to release and forever discharge Respondent, without any finding of fault, from any and all civil liability in connection with the Apparent Violations described above arising under the legal authorities that OFAC administers.
2. In consideration of the undertakings of OFAC in paragraph 1 above;

- A. Respondent agrees, no later than (15) days after both parties have signed this Agreement, to pay the U.S. Department of the Treasury (the "Department") the amount of **\$1,044,781**. 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 [REDACTED]. Unless otherwise arranged with the Department'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) arrange to send the payment by cashier's or certified check or money order.
- B. Respondent agrees to waive (i) any claim by or on behalf of Respondent, whether asserted or unasserted, against OFAC, the Department, 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 Violations; and (ii) any possible legal objection to this Agreement at any future date.
- C. **Compliance Commitments:** By entering into this Agreement, Respondent represents that Respondent, including its senior management, recognizes the seriousness of the apparent violations of the laws and regulations administered by OFAC, and acknowledges its understanding of the apparent violations at issue. Respondent also (1) represents that it has terminated the apparently violative conduct described above; and (2) has established and will maintain for at least **five** years following the execution date of this Agreement a sanctions compliance program, and associated measures, designed to minimize the risk of recurrence of similar conduct.

Specifically, as part of these sanctions compliance measures, Respondent agrees to the following Compliance Commitments:

**(1) Management Commitment:**

- a. Senior management has reviewed and approved Respondent's sanctions compliance program, including enhancements implemented in response to the Apparent Violations and related sanctions compliance risks.
- b. Respondent's 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.
- c. Respondent's compliance unit(s) receive(s) 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, as informed by the risk assessment described in paragraph (2) below.

- d. Respondent promotes a “culture of compliance” throughout the organization.
- e. Respondent will implement any additional necessary measures to reduce the risk of recurrence of apparent violations in the future.

**(2) Risk Assessment:**

- a. Respondent conducts a sanctions risk assessment in a manner, and with a frequency, that adequately accounts for potential sanctions compliance 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.
- b. 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. Specifically with respect to the conduct outlined above, Haas will implement an audit procedure whereby Haas will periodically audit Haas Factory Outlets (HFOs) for compliance with U.S. export control and sanctions policies and procedures, with particular scrutiny of HFOs in high-risk locations or that are responsible for high-risk territories.

**(3) Internal Controls:**

- a. 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.
- b. 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. Respondent has selected and calibrated information technology 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.

- c. Respondent's sanctions-related recordkeeping policies and procedures will adequately account for its requirements pursuant to the regulations administered by OFAC.
- d. Upon learning of a weakness in its internal controls pertaining to sanctions compliance, Respondent will take immediate and effective action, to the extent possible, to identify and implement compensating controls until the root cause of the deficiency can be determined and remediated.
- e. Respondent has clearly communicated its sanctions compliance program's policies and procedures to all relevant staff, including relevant gatekeepers and business units (e.g., customer acquisition, payments, sales, etc.) as well as to, where applicable, external parties acting on behalf of Respondent.
- f. 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.
- g. Specifically with respect to the conduct outlined above, Haas formed a new Export Compliance Committee consisting of executives from certain of the major Haas departments, including: (i) Compliance; (ii) Legal; (iii) Engineering; (iv) Service; (v) Sales; (vi) Manufacturing; and (vii) Information Technology (IT). The Committee meets on a weekly basis to discuss, develop, and coordinate response plans for difficult compliance issues and to direct and establish compliance policies and procedures for Haas. The breadth of committee representatives is designed to ensure that all of the various segments of Haas are speaking to one another and coordinating solutions.

**(4) Testing and Audit:**

- a. Respondent will ensure 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.
- b. Respondent will ensure 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.
- c. Respondent will ensure that, upon learning of any test result, audit finding, or other assessment of a failure or deficiency related to its sanctions compliance program, it will take immediate and effective action to identify and implement

compensating controls until the root cause of the deficiency can be determined and remediated.

- d. Respondent agrees to expeditiously disclose to OFAC sanctions violation identified through such audits during the term of this Agreement. If any such disclosure results in an additional OFAC investigation, such disclosure may be considered a mitigating factor by OFAC pursuant to the Enforcement Guidelines.

**(5) Training:**

- a. Respondent will ensure that its sanctions-related training program provides adequate information and instruction to employees and, as appropriate, stakeholders (for example, clients, suppliers, business partners, and counterparties) in order to support Respondent's sanctions compliance efforts.
- b. Respondent will provide sanctions-related training with a scope that is appropriate for the products and services that Respondent offers; the customers, clients, and partner relationships it maintains; and the geographic regions in which it operates.
- c. Respondent will provide sanctions-related training with a frequency that is appropriate based on its sanctions risk assessment and risk profile and, at a minimum, at least once a year to all relevant employees.
- d. Upon learning of a confirmed negative testing result or audit finding, or other deficiency pertaining to its sanctions compliance program, Respondent will take immediate and effective action to provide training to relevant personnel.
- e. Respondent will ensure that its training program includes easily accessible resources and materials that are available to all applicable personnel.
- f. Specifically with respect to the conduct outlined above, Haas will implement a training program that requires that all HFOs undergo annual export and sanctions compliance training and implement U.S. export control and sanctions compliance policies and procedures that meet key requirements set by Haas. Haas employees responsible for international sales, service, IT, and compliance will be required to undergo enhanced periodic export and sanctions compliance training.

- (6) Cooperation with OFAC:** Respondent agrees to cooperate fully with OFAC in any and all matters under investigation by OFAC, including any investigation of Respondent, or any of its present or former owners, officers, directors, employees, agents, consultant, and any other person within its authority or control. Respondent further agrees that it shall timely and truthfully disclose, as determined by OFAC in the reasonable exercise of its discretion, all evidence and

factual information related to any conduct or activities of Respondent, and those of its present and former owners, directors, officers, employees, agents, consultants, and any other person within its authority or control, that constitute a violation of U.S. sanctions administered by OFAC.

- (7) **Annual Certification:** On an annual basis, for a period of **five** years beginning 180 days after the date this Agreement is executed, a senior-level executive of Respondent will submit to OFAC a written explanation that provides substantive details regarding how Respondent is meeting all the Compliance Commitments detailed in Subparagraph 2.C of this Agreement.
- D. Should OFAC determine, in the reasonable exercise of its discretion, that Respondent appears to have breached its obligations or made any misrepresentations under this Agreement, including due to a failure to specifically perform or fulfill completely each of Respondent's Compliance Commitments, OFAC will provide written notice to Respondent of the 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 in the reasonable exercise of its discretion, to provide a response demonstrating that no breach or misrepresentation has occurred, or that any breach or misrepresentation has been cured.
- E. If, after receiving such response, OFAC determines, in the reasonable exercise of its discretion, that a breach of, or misrepresentation in or pursuant to, this Agreement has occurred and not been cured as provided in Section D above, including due to a failure to specifically perform or fulfill completely each of the Respondent's Compliance Commitments, OFAC will provide written notice to Respondent of its determination, including a reasonably detailed explanation of its findings. In such event, OFAC may, in the reasonable exercise of its discretion, re-open its investigation with respect to the Apparent Violations and may, consistent with the Enforcement Guidelines, impose on Respondent a civil monetary penalty in an amount up to the applicable statutory maximum of \$368,136 in connection with each Apparent Violation. Respondent agrees that the statute of limitations applying to the Apparent Violations shall be deemed tolled until a date 365 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, 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 Enforcement Guidelines.
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 Violations.



4. OFAC may, in its sole discretion, post on OFAC's website this entire Agreement and/or issue a public notice describing the conduct underlying this Agreement, including the identity of any entities involved, the settlement amount, and a description of the Apparent Violations, as well as OFAC's application of the Enforcement Guidelines.
5. 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.
6. Respondent agrees that it shall not, nor shall its owners, directors, officers, employees, agents, representatives, consultants, or any other person authorized to speak on its behalf or within its authority or control, make any direct or indirect public statement contradicting the terms of this Agreement, including any fact finding, determination, or conclusion of law in this Agreement.
7. Respondent agrees that if a court of competent jurisdiction considers any of the provisions of this Agreement unenforceable, such unenforceability does not render the entire Agreement unenforceable. Rather, the entire Agreement will be construed as if not containing the particular unenforceable provision(s), and the rights and obligations of OFAC and Respondent shall be construed and enforced accordingly.
8. This Agreement expresses the complete understanding of OFAC and Respondent regarding resolution of OFAC's enforcement matter involving the Apparent Violations. Unless otherwise described or referred to in this Agreement, no other agreements, oral or written, exist between OFAC and Respondent regarding resolution of this matter.
9. Respondent agrees that the provisions of this Agreement are binding on its owners, directors, officers, and as applicable to its employees, agents, consultants, and any other person within its authority or control. If Respondent (i) sells any of its operating divisions, subsidiaries, affiliates, business units, operations, or assets, or any portion thereof, that were involved in the activities that are the subject of this Agreement, (ii) is a party to a corporate merger or restructuring, or (iii) is acquired by another party (collectively, (i)-(iii) being "purchased or merged entities"), then such purchased or merged entities shall be bound by and fully responsible for all terms and conditions of this Agreement to the same extent as Respondent. Respondent further agrees that, if such event occurs within ten years of the date of this Agreement, Respondent will notify OFAC 60 days prior to such event. Respondent further agrees to notify the purchaser or other responsible party in writing and to require the purchaser or other responsible party to acknowledge in writing, prior to the sale, merger, restructuring, or acquisition event that the purchased or merged entities shall be bound by the terms and conditions of this Agreement to the same extent as Respondent.
10. Respondent affirms that it agrees to and approves this Agreement and all terms herein freely and voluntarily and that no offers, promises, or inducements of any nature whatsoever have been made by OFAC or any employee, agent, or representative of OFAC

to induce Respondent to agree to or approve this Agreement, except as specified in this Agreement.

11. Respondent's Duly Authorized Representative, by signing this Agreement, hereby represents and warrants that the Duly Authorized Representative has full power and authority to execute and agree to this Agreement for and on behalf of Respondent, and further represents and warrants that Respondent agrees to be bound by the terms and conditions of this Agreement.

Respondent accepts the terms of this Agreement on this 17th day of January, 2025.



Signature

Robert P. Murray

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

General Manager, Haas Automation, Inc.

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: \_\_\_\_\_

**Lisa M. Palluconi**

Digitally signed by Lisa M. Palluconi

Date: 2025.01.17 11:25:09 -05'00'

Lisa M. Palluconi  
Acting Director  
Office of Foreign Assets Control