



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



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**Unicat Catalyst Technologies, LLC Settles with OFAC for \$3,882,797
Related to Apparent Violations of Iran and Venezuela Sanctions**

Unicat Catalyst Technologies, LLC, as successor to Unicat Catalyst Technologies, Inc., and its subsidiaries, assignees, successors, and affiliates worldwide (collectively, “Unicat” or “the Company”), has agreed to pay \$3,882,797 to settle its potential civil liability relating to U.S. sanctions on Iran and Venezuela. Unicat is a Texas-based company that sells and consults on catalyst products used in petrochemical refinery and steel mill operations. Between 2016 and 2021, Unicat’s former chief executive officer and co-founder (the “Former CEO”) and former employees and representatives supplied catalyst products and consulting services to customers in Iran and sold goods to a blocked Venezuelan entity. The settlement amount reflects the Office of Foreign Assets Control’s (OFAC) determination that Unicat’s conduct, through its Former CEO and former employees and representatives, was egregious and voluntarily self-disclosed. It also accounts for Unicat’s cooperation with OFAC’s investigation and the remedial measures it undertook after discovering the apparent violations.

The settlement amount also reflects Unicat’s settlement with the Department of Justice (DOJ) and the U.S. Department of Commerce’s Bureau of Industry and Security (BIS). Additional details of the DOJ action can be found [here](#) and the BIS action [here](#).

Description of the Apparent Violations

Unicat’s Structure and Operations

From at least October 2016, Unicat sourced most of its catalysts from manufacturers in China through an individual supplier (the “Supplier”) who operated in both the United States and China. Generally, Unicat would receive orders from its customers at its Alvin, Texas headquarters or through its majority-owned Dutch affiliate. The Supplier, in turn, would coordinate the purchase of catalysts from manufacturers in China. The Supplier would typically arrange for the export of the catalysts directly from China to Unicat’s customers around the world, although occasionally the Supplier would instead ship orders to the United States or the Netherlands for onward delivery. Unicat also fulfilled a small number of orders with catalyst products exported from the United States. In 2018, the Supplier incorporated a company under the Unicat brand name in Dalian, China (the “China Office”) to fulfill orders for Unicat using these same arrangements. The China Office and Unicat used these same practices in supplying its Iranian customers with catalyst products from China.

Unicat’s Former CEO and Former Employees Willfully Engaged in and Concealed Sales to Iran

Unicat’s Former CEO exhibited awareness, since at least 2015, of the implications of OFAC sanctions when conducting business with Iran. In correspondence with a sales agent that year, the Former CEO specifically noted U.S. laws against trading with Iran. Nevertheless, at his direction, in August 2016 and again in July 2020, Unicat entered into distribution agreements with a regional

distributor (the “Distributor”) operating in the United Arab Emirates (UAE) and Iran to sell Unicat products to end users in Iran.

Working through the Distributor, its Dutch affiliate and the China Office, the Former CEO regularly organized and directed sales to Iran and continued to instruct others, including subordinate employees, partners, and affiliates, to facilitate the transactions. For example, in correspondence related to a July 2018 purchase order, a Unicat supply chain manager shared information that described U.S. sanctions against Iran with the Former CEO and asked how to proceed. The supply chain manager stated that “sending from the US [sic] will not be an option” and copied several paragraphs from a third-party logistics company describing “what is allowed” and “what is prohibited” in relation to the U.S. “trade embargo with Iran.” In response, the Former CEO advised that Unicat’s Dutch affiliate could handle the order and that the products could be shipped to Iran from China. Subsequently, Unicat employees fulfilled the order through its Dutch affiliate.

In addition to catalyst sales, Unicat provided consultation on the use of its catalyst products through email correspondence and on three separate occasions through on-site visits to Iran. Specifically, representatives and employees of the Dutch affiliate, on behalf of Unicat, visited Iran to provide expert technical assistance on items including start-up assistance and supervision and guidance on the loading of its catalysts into refinery reactors in Iran. In attempt to conceal this conduct, payment for these on-site services was conducted in cash. For example, in an August 2018 email correspondence between the Distributor and Dutch affiliate employees, the Distributor explained that the “method of payment for these kind of invoices” should be in cash to “avoid from transferring [sic] money” since “it is not possible to transfer money through US [sic] to Iran.” Subsequently, the Dutch affiliate employee indicated to the Distributor that it would transact in cash and invoice Unicat afterwards.

By late 2018, Unicat’s former Board of Directors (BOD) and other senior management were aware that the company was conducting business with Iran yet failed to intervene to stop the sales or take corrective action. On December 4, 2018, one of Unicat’s former owners emailed an agenda “for the board of director meeting on December 11, 2018 at 10AM” to other board members including the Former CEO and Unicat’s Former Chief Financial Officer (CFO). One of the agenda items listed was “BOD: Discussed ongoing business in Iran and [h]ow that affects the company and how its [sic] being handled internally.”

Following this discussion, Unicat sales to Iran continued, while employees continued to conceal their dealings with Iran. For example, in January 2019, when discussing shipping logistics associated with Iranian customer orders, Unicat employees began referring to Iran as “I” in email communications. They also discussed who to share, or not share, shipping documents with since, according to the Unicat employees, “sanctions have been tougher now.” Months later, in April 2019, a Unicat logistics manager informed another employee that “we are supposed to receive another [purchase order] from ‘I’” in correspondence discussing business in Iran. The very next month, in May 2019, a Unicat sales manager wrote to another employee that “[W]e should drop all these activities immediately. And please I suggest you don’t put the country name on any communication, especially not on email title or subject.” Unicat sales to Iran continued through February of 2021.

Unicat Sold Catalysts to and Appears to have Obscured its Dealings with a Blocked Venezuelan Entity

In May 2020, Unicat sold catalyst products to a Venezuelan company, Orinoco Iron S.C.S. (“Orinoco”). Orinoco, located in Puerto Ordaz, Venezuela, was at the time owned by the Government of Venezuela. Similar to its dealings with Iran, Unicat worked with the China Office to source catalyst products and arranged for shipment directly from China to Venezuela. However, for this transaction, the Former CEO, the China Office, and an individual working on behalf of Orinoco elected to use unrelated third-party entities to facilitate Unicat’s sale to Orinoco. Furthermore, in what appears to OFAC to have been an attempt by the Former CEO to further obfuscate the payment from Orinoco, the Former CEO arranged to receive a portion of Orinoco’s payment (\$517,337.26 out of \$1,370,231.37) in the form of a credit from the China Office.

As a result of the conduct described above, Unicat appears to have violated § 560.204 of the Iranian Transactions and Sanctions Regulations, 31 C.F.R. part 560 (“ITSR”) on 10 occasions between October 2016 and February 2021 when it exported, sold, or supplied: (1) catalyst products from the United States to the UAE with the knowledge these goods would be reexported to end users in Iran; (2) catalyst products to Iran that it sourced from manufacturers in China; and (3) technical services for the use of catalyst products to a person in Iran. Unicat also appears to have violated § 560.208 of the ITSR on three occasions between July 2018 and February 2020 when it facilitated the sale of catalyst products through its majority-owned Dutch affiliate to Iran. Additionally, Unicat appears to have violated § 591.201 of the Venezuela Sanctions Regulations, 31 C.F.R. part 591 (“VSR”) on one occasion in May 2020 when it sold catalyst products to Orinoco, which at the time was owned by the Government of Venezuela (collectively the “Apparent Violations.”). The approximate commercial value of the Apparent Violations was \$2,575,817.

Penalty Calculations and General Factors Analysis

The statutory maximum civil monetary penalty applicable in this matter is \$8,035,626. OFAC determined that Unicat voluntarily self-disclosed the Apparent Violations and that the Apparent Violations constituted an 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 one-half of the statutory maximum, which is \$4,017,813, equaling one-half the transaction value for each of the Apparent Violations.

The settlement amount of \$3,882,797 reflects OFAC’s consideration of the General Factors under the Enforcement Guidelines. Unicat’s obligation to pay the settlement amount due to OFAC shall be deemed satisfied up to an equal amount of its payments in satisfaction of its obligation to DOJ arising out of the same pattern of conduct. OFAC’s settlement agreement for this action can be found [here](#).

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

- (1) Unicat willfully violated U.S. sanctions laws and regulations when it entered into distribution agreements to sell catalyst products to end users in Iran and provided technical consultation services to users of its catalyst products in Iran while knowing such conduct

was prohibited. Despite warnings by subordinate employees and other outside parties that sales to Iran would constitute a violation of U.S. law, Unicat sales to Iran continued through February 2021.

- (2) Since at least 2015, former members of Unicat's senior management team had actual knowledge of, participated in, and instructed subordinate employees, to facilitate or engage in, the conduct that led to the Apparent Violations. Moreover, since at least 2018, Unicat's Board of Directors were aware that the company was conducting business with Iran yet failed to intervene to stop the sales or take corrective action.
- (3) Unicat employees attempted to conceal their dealings with Iran by instructing each other to leave references to Iran out of email correspondence associated with Unicat sales to Iran and by electing to receive payment for on-site services with cash to avoid Iran sanctions restrictions. Moreover, in effort to avoid U.S. restrictions on exports to Iran, Unicat redirected its purchase orders destined for Iran to be handled by its majority-owned Dutch affiliate.
- (4) Unicat's conduct caused significant harm to the foreign policy and national security objectives of OFAC's sanctions programs. Unicat products (catalysts) are essential technology in the oil, gas, steel, and petrochemical industries. These industries are key revenue sources for both the Iranian and Venezuelan regimes. Despite awareness of OFAC sanctions and the implications that its conduct had on U.S. foreign policy and national security objectives, Unicat continued to engage in the conduct for a prolonged period.

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

- (1) Unicat 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) Unicat cooperated with OFAC during the course of its investigation by conducting an extensive internal investigation during which Unicat provided real-time cooperation with OFAC, submitting a detailed voluntary self-disclosure describing the Apparent Violations, and agreeing to toll the statute of limitations during the course of the investigation; and
- (3) In April 2021, Unicat's operations were merged with a United Kingdom-based company whose founder became Unicat's new CEO. Upon the new CEO's first site visit to Unicat's headquarters in Texas in July 2021, the new CEO discovered that Unicat had engaged in sales to sanctioned countries and put an immediate stop to the activity. Unicat's remedial response upon learning about the Apparent Violations included:
 - Immediately stopping the conduct at issue once it was discovered;
 - Terminating its Former CEO shortly after identifying their involvement in improper transactions involving Iran and Venezuela;

- Engaging outside counsel to file disclosures with OFAC, DOJ, and BIS one month after learning of the Apparent Violations, and conduct an independent investigation of Unicat’s past activities;
- Implementing a sanctions compliance policy and establishing an export and sanctions compliance program, including establishing periodic audits and risk assessments of Unicat’s export and sanctions compliance program to confirm that it works in practice;
- Designating a Global Trade Compliance Manager and U.S. Trade Compliance Manager, who will conduct periodic internal trade compliance audits to assess compliance with sanctions and export policy and procedures;
- Regularly training employees on export controls and sanctions;
- Incorporating sanctions compliance language into agreements entered into with sales representatives, consultants, and counterparties, while renegotiating and replacing past contracts so that they include new sanctions compliance language; and
- Committing to promote a company culture that prioritizes sanctions compliance throughout the entire organization.

Compliance Considerations

This case underscores OFAC’s continuing efforts to enforce U.S. sanctions against Iran and Venezuela, and demonstrates the risks involved in dealing with sanctioned jurisdictions and persons. Such risks are especially acute for those operating in sectors that serve as a source of funds for the Iranian and Venezuelan regimes, including the petrochemical sector. Establishing and institutionalizing robust risk-based controls commensurate with a company’s geographic, customer, and operational profile is particularly critical in such high-risk industries.

This matter also underscores the importance of institutionalizing a culture of compliance that can prevent employees and management from successfully directing violations of U.S. sanctions. A top-down compliance approach, where company executives and senior management demonstrate commitment to sanctions compliance, is an essential element of a compliance program. Companies should work to ensure, however, that all relevant employees be aware of and help ensure compliance with OFAC regulations and that sufficient controls are in place to deter and prevent misconduct. Regular independent auditing to ensure a company’s compliance program is operating as intended and help identify internal deficiencies and breaches can be an important element of such efforts and help identify potential violations for swift remedial and corrective action.

OFAC Enforcement and Compliance Resources

On May 2, 2019, OFAC published [A Framework for OFAC Compliance Commitments](#) (the “Framework”) 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://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>.