



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



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Interactive Brokers LLC Settles with OFAC for \$11,832,136 Related to Apparent Violations of Multiple Sanctions Regulations

Interactive Brokers LLC (IB), a Greenwich, Connecticut-based global electronic broker-dealer providing brokerage and investment services to millions of customers worldwide through its online brokerage platform, has agreed to pay the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) \$11,832,136 to settle its potential civil liability for apparent violations of multiple OFAC sanctions programs. From July 15, 2016 to January 31, 2024, IB provided brokerage and investment services to persons in Iran, Cuba, Syria, and the Crimea region of Ukraine ("Crimea"), processed trades in securities subject to the Chinese Military-Industrial Complex program, conducted transactions involving blocked persons under OFAC's Russia, Global Magnitsky, Venezuela, and Syria sanctions programs, and engaged in new investment in the Russian Federation.

The settlement amount reflects OFAC's determination that the apparent violations were non-egregious and voluntarily self-disclosed. The settlement amount further reflects the significant remedial measures IB implemented upon discovery of the apparent violations and the substantial cooperation IB provided over the course of an extensive, multi-year OFAC investigation.

Description of the Apparent Violations

IB's primary business concerns execution, clearance, and settlement of trades for individual and institutional investors through IB's online brokerage platform. IB operates across more than 150 electronic exchanges and market centers globally, and generally clears trades on an omnibus basis in the United States. In addition to services related to trade execution, clearance, and settlement, IB offers various lines of financial products, including margin lending, fund transfer services, foreign exchange, securities lending programs, algorithmic trading services, and access to market data feeds, among others. IB often provides or is involved in the provision of its various service offerings to its non-U.S. customers.

In 2018, IB began a self-initiated sanctions compliance review, including conducting transactional and data reviews. This review led IB to identify and disclose to OFAC the 12,367 apparent violations that occurred between July 15, 2016 to January 31, 2024, as described below.

IB Exported Brokerage and Investment Services to Customers Located in Iran, Cuba, Syria, and the Crimea Region of Ukraine

As noted, IB offers trade execution, clearance, and settlement services through its online brokerage platform, providing access to securities markets and exchanges globally. From July 2016 to July 2021, IB exported brokerage and investment services, in the form of services enabling trades in securities and derivative contracts and execution of funds transfers, to more than 200

accountholders located in Iran, Cuba, Syria,¹ and Crimea. Over this five-year period, these customers engaged in nearly 12,000 transactions from these jurisdictions.

Certain transactional and customer data indicated that the customers appeared to have been located in the specified comprehensively sanctioned jurisdiction at the time of the transactions. In particular, although the vast majority of the customers provided Know Your Customer information indicating ordinary residence in a non-sanctioned jurisdiction, customers were identified as located in the indicated comprehensively sanctioned jurisdictions through observance of Internet Protocol (IP) address data or a process involving the use of IP address data and specific investigation of a customer, including review of business intelligence services and internet search engine results.

While IB maintained IP address blocking and sanctions screening procedures for its customers throughout 2016 to 2021, certain deficiencies in IB's IP geo-blocking controls (including a technical bug) allowed access by a limited number of customers located in Iran, Cuba, and Syria to IB's desktop application and mobile application. IB did not adequately audit or test these systems during this time period.

In addition, and prior to May 2019, IB failed to include Crimea in its IP Blocking List,² and, from May 2019 to June 2021, IB failed to include IP addresses linked to the major Crimean city of Sevastopol in its IP Blocking List, leading to additional apparent violations. IB also relied on representations from third-party introducing brokers that they would not introduce new clients from Crimea.

IB's export of brokerage and investment services to accountholders in Iran, Cuba, Syria, and Crimea constituted apparent violations of § 560.204 of the Iranian Transactions and Sanctions Regulations (ITSR), 31 C.F.R. part 560, § 515.201 of the Cuban Assets Control Regulations (CACR), 31 C.F.R. part 515, § 542.207 of the Syrian Sanctions Regulations (the "SySR"), 31 C.F.R. part 542, and § 1(a)(iii) of E.O. 13685.³

IB Processed Customer Funds Transfers to Blocked Russian Banks

As part of the services offered to clients, IB offers fund transfer services enabling customers to transfer funds to banks. From February 25, 2022 to October 10, 2022, IB processed 259 customer funds transfers to accounts at blocked Russian Federation banks (the "Blocked Russian Banks"),

¹ Effective May 23, 2025, pursuant to General License No. 25, "Authorizing Transactions Prohibited by the Syrian Sanctions Regulations or Involving Certain Blocked Persons," U.S. persons are no longer prohibited from engaging in transactions prohibited by the Syrian Sanctions Regulations, 31 C.F.R. part 542, with certain exceptions, such as a continued prohibition on transactions involving blocked persons other than those listed in the Annex to GL 25. On June 30, 2025, President Trump issued Executive Order (E.O.) 14312, "Providing for the Revocation of Syria Sanctions," which revoked, effective July 1, 2025, six Executive orders that formed the foundation of the Syrian Sanctions Regulations, and terminated the national emergency underlying those Executive orders, which will result in the removal of the Syrian Sanctions Regulations. The authorization provided by GL 25 and subsequent revocation of these sanctions does not affect past, present, or future OFAC enforcement investigations or actions related to any apparent violations of the Syrian Sanctions Regulations arising from activities that occurred prior to May 23, 2025.

² IB's geo-blocking software observes the IP Blocking List in determining access to the platform.

³ E.O. 13685 of December 19, 2014, "Blocking Property of Certain Persons and Prohibiting Certain Transactions With Respect to the Crimea Region of Ukraine."

after the banks' designation under E.O. 14024.⁴ IB attempted or completed these transfers on the mistaken belief that relevant wind-down general licenses authorized these transfers.

IB's processing of customer funds transfers to accounts at the Blocked Russian Banks constituted apparent violations of §§ 1 and 4(a) of E.O. 14024 and § 587.201 of the Russian Harmful Foreign Activities Sanctions Regulations (the "RuHSR"), 31 C.F.R. part 587.

IB Dealt in Securities of Issuers Subject to Prohibitions under the Chinese Military-Industrial Complex Sanctions

IB also offers margin loans to approved customers governed by "Customer Agreements." Generally, margin lending affords investors the opportunity to borrow capital against the value of the assets and cash available in their accounts; investors may use the capital to fund further acquisition of assets or may, in some arrangements, withdraw funds for other uses. Under IB's margin lending offering, customers pay IB an interest rate that represents a percentage of the amount of IB capital borrowed by the customer. The Customer Agreements indicate that margin accounts are subject to margin requirements, requiring an account to have sufficient collateral to initiate a new margin loan or maintain an existing margin loan. As is typical for brokerage accounts, should a customer account utilizing margin fail to adhere to IB's margin requirements, IB may liquidate a position initiated on margin or the whole account, if needed to maintain compliance with margin requirements. These liquidations generally happen automatically. At the time of the apparent violations that are the subject of this category, IB's order system that executes trades—the Consumer Communication Protocol (CCP) system—did not incorporate sanctions-related securities screening prior to processing margin-related automatic liquidation orders.

Because the CCP system did not check sanctions-related restrictions on securities prior to processing margin-related automatic liquidation orders, IB processed 29 sale transactions on behalf of U.S. persons in issuers subject to E.O. 13959, as amended by E.O. 14032, from July 4, 2022 to January 31, 2024.⁵ In processing the sale transactions, IB enabled trading in the securities of 13 entities involved in military, intelligence, and security research and development programs, including development of weapons and Chinese surveillance technology, under the People's Republic of China's Military-Civil Fusion strategy.

IB's processing of securities trades on behalf of U.S. persons in entities subject to Chinese Military-Industrial Complex sanctions constituted apparent violations of § 586.201 of the Chinese Military-Industrial Complex Sanctions Regulations (CMICSR), 31 C.F.R. part 586.

⁴ E.O. 14024 of April 15, 2021, "Blocking Property With Respect To Specified Harmful Foreign Activities of the Government of the Russian Federation."

⁵ E.O. 13959 of November 12, 2020, "Addressing the Threat From Securities Investments That Finance Communist Chinese Military Companies," as amended by E.O. 14032 of June 3, 2021, "Addressing the Threat From Securities Investments That Finance Certain Companies of the People's Republic of China."

IB's Controls Failed to Prevent New Investment in the Russian Federation

IB offered margin lending to customers located in the Russian Federation. Following the prohibition on U.S. persons engaging in new investment in Russia in April 2022,⁶ IB took steps to restrict customers' ability to trade any security issued by an entity located in the Russian Federation and the ability of customers located in the Russian Federation to open new positions on margin, even if such customers traded only in the securities of non-Russian issuers. However, despite implementation of controls, two accounts held by persons located in the Russian Federation were able to reactivate account permissions to initiate new margin loans, due to a limited technical deficiency allowing certain margin accounts to restore margin permissions between March 30 and April 3, 2023. As a result, these accounts, between April 1, 2023 and December 30, 2023, initiated 66 margin loans. In exchange for the use of IB's capital, IB earned a return in the form of interest on the margin loans.

IB's lending to persons located in the Russian Federation constituted apparent violations of § 1(a)(i) of E.O. 14071.

IB Processed Customer Trades for Securities of an Issuer Subject to Prohibitions under the Global Magnitsky Sanctions Regulations

Between August 5, 2020 and November 30, 2021, IB processed 18 transactions, worth approximately \$28,000, related to customer trading in securities issued by Xinjiang Tianye Water Saving Irrigation System Co Ltd. ("Xinjiang Water"). Xinjiang Water is owned 50 percent or more by Xinjiang Production and Construction Corps (XPCC), a paramilitary organization subordinate to the Chinese Communist Party designated by OFAC on July 31, 2020, pursuant to E.O. 13818.⁷ OFAC sanctioned XPCC for its "connection to serious human rights abuse against ethnic minorities in Xinjiang."⁸ IB processed the transactions due to a delay in obtaining ownership information relevant to the application of OFAC's 50 percent rule⁹ to Xinjiang Water.

IB's processing of securities trades in Xinjiang Water constituted apparent violations of § 583.201 of the Global Magnitsky Sanctions Regulations (GMSR), 31 C.F.R. part 583.

IB Dealt in the Property of a Blocked Person under the Venezuela Sanctions Regulations

IB offers funds transfer services and foreign exchange services, enabling customers to transact between different currencies (e.g., convert USD to EUR). Between September 25, 2018 and June 26, 2019, IB processed 13 transactions worth approximately \$135,826 on behalf of an individual

⁶ See E.O. 14071 of April 6, 2022, "Prohibiting New Investment in and Certain Services to the Russian Federation in Response to Continued Russian Federation Aggression."

⁷ E.O. 13818 of December 20, 2017, "Blocking the Property of Persons Involved in Serious Human Rights Abuse or Corruption."

⁸ U.S. Department of the Treasury, "[Treasury Sanctions Chinese Entity and Officials Pursuant to Global Magnitsky Human Rights Executive Order](#)" (July 31, 2020).

⁹ See U.S. Department of the Treasury, "[Revised Guidance on Entities Owned by Persons Whose Property and Interests in Property are Blocked](#)" (August 13, 2014); see also [FAQ 398](#); [FAQ 399](#); [FAQ 401](#).

(“Blocked Person-1”) designated under E.O. 13692,¹⁰ for involvement in a front network enabling corruption in the Venezuelan Government. Specifically, IB processed three attempted withdrawals worth \$16,466 in total and 10 foreign exchange transactions worth \$119,360 in total on behalf of Blocked Person-1.

IB’s screening systems alerted Blocked Person-1 as a potential match to OFAC’s List of Specially Designated Nationals and Blocked Persons (the “SDN List”) on September 28, 2018. IB staff, however, incorrectly dispositioned the sanctions alert as a false positive. IB did not restrict funds transfer and trading capabilities in Blocked Person-1’s account until October 10, 2018 and October 29, 2018, respectively.

IB’s processing of funds transfers and foreign exchange transactions on behalf of Blocked Person-1 constituted apparent violations of § 591.201 of the Venezuela Sanctions Regulations (VSR), 31 C.F.R. part 591.

IB Dealt in the Property of a Blocked Person under the Syrian Sanctions Regulations

On June 18, 2019 and June 25, 2019, IB processed two funds transfers totaling approximately \$339,000 for an individual (“Blocked Person-2”) designated under E.O. 13573¹¹ and E.O. 13582,¹² for involvement in an international network benefiting the Assad regime. IB’s screening function identified Blocked Person-2 as a customer and flagged Blocked Person-2’s account as a potential match to the SDN List on or around June 12, 2019. Despite IB having controls and procedures in place, IB failed to block Blocked Person-2’s account for more than a month after IB’s screening function identified Blocked Person-2 as a potential match. IB processed the transactions because of its delay in reviewing alerts due to a lack of resources and because it lacked a clear procedure for prioritizing and escalating sanctions queries.

IB’s processing of funds transfers on behalf of Blocked Person-2 constituted apparent violations of § 542.201 of the SySR.

IB Sanctions Compliance Remedial Efforts

From 2019 through 2024, IB re-structured its existing sanctions compliance program and related functions. In particular, IB sought to strengthen its sanctions screening procedures and controls, further enhancing its IP geo-blocking measures, adopting a risk-based approach to identify and mitigate sanctions compliance risks, including annual risk assessments, and implementing annual independent audits as well as ongoing internal testing of its sanctions compliance program, among other enhancements to its sanctions compliance program. As part of IB’s efforts to improve its sanctions compliance program and its efforts to cooperate with OFAC, IB engaged in several proactive, self-initiated transactional and data reviews, identifying and disclosing to OFAC the

¹⁰ E.O. 13692 of March 8, 2015, “Blocking Property and Suspending Entry of Certain Persons Contributing to the Situation in Venezuela.”

¹¹ E.O. 13573 of May 18, 2011, “Blocking Property of Senior Officials of the Government of Syria.”

¹² E.O. 13582 of August 18, 2011, “Blocking Property of the Government of Syria and Prohibiting Certain Transactions with Respect to Syria.”

apparent violations that are the subject of this enforcement action, and, where OFAC requested additional transactional and data reviews, IB promptly and fully cooperated with such requests.

Summary of Apparent Violations

As a result of the conduct above, between July 15, 2016 and January 31, 2024, IB engaged in 12,367 transactions in apparent violation of § 1(a)(iii) of E.O. 13685, §§ 1 and 4(a) of E.O. 14024, § 1(a)(i) of E.O. 14071, § 515.201 of the CACR, 31 C.F.R. part 515, §§ 542.201 and 542.207 of the SySR, 31 C.F.R. part 542, § 560.204 of the ITSR, 31 C.F.R. part 560, § 583.201 of the GMSR, 31 C.F.R. part 583, § 586.201 of the CMICSR, § 587.201 of the RuHSR, and § 591.201 of the VSR, 31 C.F.R. part 591 (the “Apparent Violations”).

Penalty Calculations and General Factors Analysis

The statutory maximum civil monetary penalty applicable in this matter is \$5,234,583,687. OFAC determined that IB 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 \$60,130,059.

The settlement amount of **\$11,832,136** reflects OFAC’s consideration of the General Factors under the Enforcement Guidelines.

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

- (1) OFAC did not identify indicia of willfulness but did determine that IB failed to exercise due caution or care for its sanctions compliance obligations when it allowed the sanctions compliance deficiencies described above to exist across its business for a period of at least eight years. Moreover, with respect to each conduct category, IB was aware or had reason to know of the conduct as it took place.
- (2) IB caused harm to the policy objectives of numerous sanctions programs by providing individuals located in comprehensively sanctioned jurisdictions and persons blocked under OFAC-administered sanctions authorities access to the U.S. financial system, including individuals sanctioned for their support of corrupt regimes and large Russian Federation financial institutions supporting Russia’s war of aggression in Ukraine. IB also caused harm in processing securities trades concerning the equity of blocked issuers, providing legitimacy and access to the securities and the blocked issuers.
- (3) IB is a highly sophisticated, heavily regulated, and technology-driven firm with global operations across more than 150 electronic exchanges and market centers. IB services millions of clients worldwide.

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

- (1) IB has not received a penalty notice or Finding of Violation from OFAC in the five years preceding the date of the earliest transaction giving rise to the Apparent Violations.
- (2) As a portion of IB's total trading volume, the Apparent Violations comprised less than 0.0001% of IB's total during the relevant time period. In many cases, moreover, the economic benefit to the sanctioned party was limited.
- (3) IB represented that it has invested over \$10 million in undertaking significant remedial measures to address the sanctions compliance deficiencies related to the Apparent Violations. In addition, IB plans to make further prospective investment in sanctions compliance enhancements, unrelated to the remedial efforts and sanctions compliance deficiencies that are the subject of this Enforcement Release. Specifically, and in addition to other significant remedial actions, IB represented that it has implemented the following:
 - Enhanced its sanctions screening procedures and controls, including increasing the frequency of screening of transactions, implementing a second-level review of an increased scope of screening results, and developing proprietary tools for sanctions screening logic / criteria;
 - Enhanced IP geo-blocking measures, including addressing a prior technical issue in the compilation of its IP geo-blocking software and implementing a proprietary tool to monitor patterns of multiple attempted accesses from sanctioned jurisdictions;
 - Adopted a risk-based approach to identify and mitigate sanctions compliance risks, including annual risk assessments; and
 - Implemented an annual independent audit and ongoing internal testing of IB's sanctions compliance program and associated solutions.
- (4) IB voluntarily self-disclosed the Apparent Violations and provided substantial cooperation with OFAC's investigation by conducting several voluminous, comprehensive multi-year transactional and data reviews in a timely fashion—engaging in many of these reviews without OFAC's prompting—by providing well-organized and useful submissions in response to OFAC information requests, and by agreeing to toll the statute of limitations in multiple instances.

Compliance Considerations

Broker-dealers utilizing real-time, automated systems to manage large volumes of transactional activity should consider appropriate investments to ensure the modernization of their sanctions compliance programs alongside the innovation and development of their customer-facing platform technologies that interact with the U.S. financial system. Controls should be well designed to address the particular sanctions risk presented by the business and its technologies, which may include appropriate, risk-based calibration of sanctions screening protocols and geo-blocking controls. OFAC strongly encourages the implementation of sanctions compliance tools and programs that are commensurate with the size, speed, and complexity of a business' operations. In

implementation of such tools, businesses should ensure the integrity of the data and software utilized for sanctions compliance, and conduct timely audits, testing, and remediation of compliance-related systems and technologies. After remediation, businesses should validate remedial measures to ensure such measures' designed impact, especially in the case of a technological or systems-focused remedial measure.

This enforcement action underscores the importance of obtaining and using all available information to verify a customer's location or ordinary residency, including by using IP address and geolocation data for sanctions compliance purposes. Firms providing global services through online platforms should integrate such information into their risk-based sanctions compliance program to prevent the provision of services to persons located in comprehensively sanctioned jurisdictions.

This enforcement action also demonstrates the importance of accurately assessing the sanctions risk presented by particular service offerings, business lines, and systems and technologies in their ordinary operation, including the scope and application of relevant prohibitions and license authorities. Such an assessment is particularly important for online businesses offering myriad, differentiated products and services and operating systems that function in real time and on a global scale.

This enforcement action also underscores the need for appropriate investment in sanctions compliance headcount. Lastly, this enforcement action demonstrates the value in conducting proactive, self-initiated sanctions reviews to identify compliance deficiencies and potential apparent violations. IB was able to identify the issues underlying this action and potential apparent violations, and promptly self-disclosed such potential apparent violations to OFAC while also taking steps to remediate any deficiencies.

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 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 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. FinCEN is currently accepting whistleblower tips.

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