



DEPARTMENT OF THE TREASURY OFFICE OF FOREIGN ASSETS CONTROL



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IMG Academy, LLC Settles with OFAC for \$1.7 Million Related to Apparent Violations of Counternarcotics Sanctions

IMG Academy, a school and athletic training facility headquartered in Bradenton, Florida, has agreed to pay \$1,720,000 to settle its potential civil liability for apparent violations of OFAC counternarcotics sanctions. Over five consecutive years, IMG Academy repeatedly transacted with two individuals whom OFAC sanctioned based upon their ties to a sanctioned Mexican-based drug cartel.

The settlement amount reflects OFAC’s determination that IMG Academy’s apparent violations were non-egregious and not voluntarily self-disclosed. It also reflects IMG Academy’s substantial cooperation with OFAC and remedial measures taken since IMG Academy became aware of the apparent violations. More broadly, this enforcement action highlights the importance of institutions across a wide variety of sectors, including academic institutions, implementing effective, risk-based controls to avoid sanctions violations and prevent illicit actors from obtaining benefits in the United States.

Background and Description of the Apparent Violations

IMG Academy offers elite academic and sports training opportunities to U.S. and international student-athletes through full-time boarding school programs, professional training programs, camps, online coaching services, and college sports recruiting resources. IMG Academy’s student body includes athletes from all over the world, and it has recruiting offices or representatives in Mexico, China, Japan, and South Korea.

Between 2018 and 2022, IMG Academy entered into yearly contracts, in the form of tuition enrollment agreements (TEAs or “agreements”), with two Specially Designated National (SDN) individuals—hereafter “SDN 1” and “SDN 2,” or “the SDNs” collectively—sanctioned under the Foreign Narcotics Kingpin Designation Act for providing financial support and services to a sanctioned Mexican Drug Trafficking Organization (DTO) and/or to its principal leader. IMG Academy also received and processed tuition and related payments pursuant to these agreements throughout the course of its relationship with the SDNs. These agreements and transactions were undertaken for the enrollment and attendance of the SDNs’ two student-athlete children.

IMG Academy TEAs with Sanctioned Individuals

In January 2018, SDN 1 enrolled their child (“Student-Athlete 1”) in one of IMG Academy’s boarding programs and entered into a TEA with IMG Academy. For each of the five academic years that followed, IMG Academy and SDN 1 renewed their TEAs annually until Student-Athlete 1’s graduation in Spring 2023. SDN 1’s payment obligations pursuant to each TEA ranged from \$47,026 for half a semester to \$98,867 for a full academic year of Student-Athlete 1’s enrollment.

In July 2020, SDN 2 enrolled their child (“Student-Athlete 2”) into one of IMG Academy’s student-athlete boarding programs and entered into a TEA with IMG Academy. In the two academic years that followed, IMG Academy and SDN 2 renewed their TEAs annually for each subsequent academic year until Student-Athlete 2 withdrew from the program in June 2022. SDN 2’s payment obligations pursuant to each TEA ranged from \$100,549 to \$102,235 for each full academic year of Student-Athlete 2’s enrollment.

Each TEA obligated SDN 1 and SDN 2 to be unconditionally responsible for payment of their respective child’s account, which included charges for tuition, lodging, and ancillary fees and expenses incurred by each child during their attendance.

Transactions for the Benefit of Blocked TEAs

SDN 1 and SDN 2 primarily satisfied their payment obligations to IMG Academy through third-party wire transfers and credit card payments that the SDNs placed on file with IMG. Specifically, IMG Academy would receive wire transfers from non-designated third-party individuals and entities, primarily located in Mexico, into its bank account at a U.S. financial institution, for further credit to each student-athlete account. IMG Academy would also charge payments to credit cards that were on file for each student-athlete. In addition, when a positive end-of-year balance existed on either student-athlete’s account, IMG Academy would apply the amounts from one academic school year to the next to satisfy a portion of IMG Academy’s new TEA with the respective SDN.

As a result of the conduct described above, between 2019 and 2025, IMG Academy dealt in the property or interests in property of SDN 1 and SDN 2, on 89 occasions, in apparent violation of 31 C.F.R. § 598.202 of the Foreign Narcotics Kingpin Sanctions Regulations (FNKSR) (the “Apparent Violations”) by entering into three TEAs with SDN 1, three TEAs with SDN 2, and by engaging in 83 transactions to satisfy tuition and related payment obligations associated with IMG Academy’s TEAs with SDN 1 and SDN 2.

Penalty Calculations and General Factors Analysis

OFAC determined that IMG Academy did not voluntarily self-disclose the Apparent Violations and that the Apparent Violations constitute a non-egregious case. Although IMG Academy informed OFAC of the Apparent Violations as soon as it became aware of them, OFAC had already initiated an investigation at the time IMG Academy made its disclosure. 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 applicable schedule amount, which is **\$1,720,000**.

The settlement amount of **\$1,720,000** reflects OFAC’s consideration of the General Factors under the Enforcement Guidelines.

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

- (1) IMG Academy demonstrated reckless disregard for U.S. sanctions requirements in committing the Apparent Violations, including by failing to conduct sanctions screening checks on its counterparties. During the application process, enrollment stage, and upon signing of each TEA, the SDNs provided full name details that matched their entries on the SDN List. Minimal due diligence at any point throughout this process would have revealed that these customers were sanctioned. This failure allowed numerous violations to occur over an extended period of time.
- (2) Although IMG may have lacked actual knowledge that the individuals with whom it dealt with were sanctioned, IMG Academy did have actual knowledge of the underlying transactions giving rise to the apparent violations. IMG Academy entered into annual tuition enrollment agreements directly with the SDNs, invoiced the SDNs by name, and routinely communicated with each of them about payment obligations or the processing of overpayments, credits, or refunds into each respective student athlete account.
- (3) As a result of IMG Academy's conduct, designated individuals who provided financial support and services to a sanctioned Mexican drug cartel were able to conduct commerce with U.S. persons and gain access to the U.S. financial system. This conduct allowed the children of two of the designated DTO's leaders to obtain elite academic and athletic training services in the United States.

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

- (1) IMG Academy 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) IMG Academy took immediate remedial steps after learning of the Apparent Violations and has since developed and implemented an OFAC sanctions compliance program. Specifically, after an ownership change in June 2023, IMG Academy hired, among other leadership positions, a new Chief Legal Officer who conducted a comprehensive lookback and implemented a risk-based sanctions compliance program.
- (3) IMG Academy cooperated with OFAC by timely and substantively responding to all requests for information. IMG Academy also agreed to toll the statute of limitations throughout the course of OFAC's investigation.

Compliance Considerations

This case highlights the pervasiveness of sanctions risk across a wide variety of sectors and institutions. Even for entities operating largely domestically, the presence of international touchpoints creates opportunities for impermissible dealings with sanctioned actors, inadvertently or otherwise. Sanctions risk can vary tremendously based upon numerous factors. While factors like sector and geographic location often predominate, they are by no means exclusive. Academic institutions are not immune. Sanctioned persons, like many others, may wish to avail themselves or their families of the opportunities available in the United States, including potentially to distance

their children from their own illicit activities. Consequently, academic institutions should be on the lookout for payment arrangements that may involve sanctioned persons.

In addition to courting and enrolling students from around the world, schools and universities often host visiting faculty from other countries and engage in international exchange programs. They may collaborate with foreign institutions, maintain international research and commercial ties, invest in companies located abroad, or operate global campuses. Certain of these activities may be exempt from sanctions or covered by a general license, but others are not. As with any other enterprise, academic institutions must be sure they understand all sources of sanctions risk and implement effective controls to ensure their activities do not violate U.S. sanctions prohibitions.

Strong management commitment and a comprehensive risk assessment are the logical first steps. Academic institutions face some unique risks given the variety of parties who may satisfy financial obligations for a student. As a starting point, it may be advisable to screen students, counterparties to tuition agreements, and payors against OFAC's SDN List, in addition to using available information to understand whether any associated parties are located in a comprehensively sanctioned jurisdiction or otherwise have ties to a sanctioned person or entity. A determination can then be made regarding whether the activity is exempt or authorized, or whether applying for a specific license from OFAC is appropriate. Academic institutions may also wish to conduct regular independent testing and auditing to ensure their controls are operating effectively and ensure training for all relevant personnel to facilitate ongoing compliance. Such steps, if taken in earnest, may help substantially reduce the chances of violating U.S. sanctions.

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.

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 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/>.