

# Red Notice

A monthly update on global investigations and prosecutions

**Akin Gump**  
STRAUSS HAUER & FELD LLP

[Arabic](#) [Chinese](#) [Spanish](#) [Russian](#)

June 2019

SHARE THIS



## IN THIS ISSUE

- [Anticorruption Developments](#)
- [FCPA Resources](#)
- [Export Control Sanctions and Customs Enforcement](#)
- [Export Control and Sanctions Developments](#)
- [Global Investigations Resources](#)
- [Writing and Speaking Engagements](#)

## ANTICORRUPTION DEVELOPMENTS

### [Deputy Assistant Attorney General Matt Miner Delivers Remarks at the American Bar Association, Criminal Justice Section Third Global White Collar Crime Institute Conference](#)

On June 27, 2019, Deputy Assistant Attorney General Matt Miner gave a speech to the ABA's Third White Collar Crime Institute Conference in Prague, Czech Republic. In addition to discussing recent enforcement actions and convictions (see below) as well as the Department of Justice's (DOJ) continued cooperation with its international counterparts, Miner addressed the topic of declinations. Specifically, Miner noted that declinations will not always be made public: "For instance, if a company self-discloses misconduct that was discovered in the context of a merger or acquisition, and we determine that the conduct and financial impact was *de minimis*, we may be open to a company's request that we not disclose the declination." Miner acknowledged that there are instances where DOJ may decline to exercise their authority investigate conduct occurring abroad and/or involving foreign entities where the Department "determine[s] that no significant federal interest is at stake, or that the matter is better handled by a foreign authority."

#### More information

- [Miner's Remarks](#)

### [French Oil and Gas Company Fined \\$296 Million for FCPA Violations](#)

On June 25, 2019, the DOJ announced it had reached a deferred prosecution agreement with French oil and gas company TechnipFMC (TFMC) as part of a global agreement to resolve investigations of alleged violations of the Foreign Corrupt Practices Act (FCPA). Specifically, DOJ alleged, TFMC made more than \$69 million in "commission payments" to a consultant, who passed along portions of the payments to officials with Brazil's state-

owned oil company, Petrobras, to facilitate the award of contracts with Petrobras. DOJ also alleges that in furtherance of its scheme, TFMC conspired with, among others, Singapore-based Keppel Offshore & Marine Ltd., which itself resolved FCPA enforcement actions in 2017, as covered by [Red Notice](#).

As part of the agreement, TFMC will pay \$296 million in criminal fines, revise its corporate compliance program and submit at least three reports to DOJ regarding its anticorruption policies and procedures over the course of three years. TFMC also reached a prosecution agreement with Brazilian authorities in which the company was fined \$214 million, which amount will be credited by DOJ as part of TFMC's deferred prosecution agreement. DOJ also noted that as a result of TFMC's remedial actions and cooperation during the investigation, the company received a 25 percent reduction in the fine it would have faced under sentencing guidelines. In addition, TFMC's wholly-owned U.S. subsidiary, Technip USA Inc., and a former consultant each pleaded guilty to conspiracy to violate the FCPA.

### More information

- [DOJ Press Release and Related Filings](#)
  - [The Wall Street Journal](#)
  - [Law360](#)
  - [The FCPA Blog](#)
- 

### Former Arkansas State Senator Pleads Guilty, Also Pleads Guilty to Conspiracy to Commit Bribery

On June 25, 2019, former Arkansas Senator Jeremy Hutchinson, pleaded guilty in the U.S. District Court in Little Rock, Arkansas to conspiracy to commit bribery. Hutchinson admitted to using over \$10,000 of campaign funds for personal use and concealing \$20,000 in monthly income from a law firm. Hutchinson also pleaded guilty to conspiracy to commit bribery after accepting \$157,000 over two years. The charging documents assert that a co-owner of four separate orthodontic clinics made the payments to Hutchinson to influence Hutchinson to amend the Arkansas Dental Practice Act.

On July 8, 2019, Hutchinson is expected to plead guilty to a separate conspiracy charge in a Missouri federal court where he is accused of accepting thousands of dollars to help make legislative changes to benefit Preferred Family Healthcare Inc., a nonprofit based in Springfield, Missouri. Hutchinson faces up to 13 years in prison for the remaining charges.

### More information

- [The Associated Press](#)
  - [The Hill](#)
  - [The New York Times](#)
- 

### Jury Returns Guilty Verdicts in Haiti Port Scheme

On June 20, 2019, a jury in a federal district court in Massachusetts convicted Joseph Baptiste and Richard Boncy of an alleged improper payment scheme to secure an \$84 million port development project. Baptiste, a former U.S. Army colonel and Maryland-based dentist, was convicted of conspiring to violate the FCPA, several Travel Act violations and conspiracy to commit money laundering. Boncy, a dual U.S.-Haiti citizen was convicted of conspiracy to violate the FCPA and of one Travel Act violation.

Specifically, and as previously covered by [Red Notice](#), Boncy and Baptiste were alleged to have solicited improper payments from undercover FBI agents who were posing as potential investors for the project. The agents recorded a meeting in Boston where Boncy and Baptiste told agents that they would launder money to Haitian government officials through Baptiste's Maryland-based nonprofit, the National Organization for the Advancement of Haitians. These payments, according to Baptiste and Boncy, would include monetary payments as well as job offers, including to Haiti's then-prime minister

once his term ended, in exchange for approval of the port project by Haitian officials. Baptiste and Boncy are scheduled to be sentenced on September 12, 2019.

#### **More information**

- [DOJ press release](#)
  - [DOJ Indictment](#)
  - [Law360](#)
  - [The FCPA Blog](#)
- 

### **Former INTERPOL President Admits Accepting Improper Payments**

On June 20, 2019, Meng Hongwei, a Chinese citizen who was until September 2018 the head of the International Criminal Police Organization (INTERPOL), admitted in a court in Tianjin, China that he had accepted over \$2 million in improper payments in exchange for helping companies to “make illegal gains.” These payments are alleged to have taken place from 2005-2017, while Meng served in various law enforcement capacities in China. Meng became president of INTERPOL in September 2016, becoming the first Chinese national to hold the position. He had served two years of a four year term when he was arrested during a visit to China in September 2018 and placed under investigation. The Tianjin court indicated that Meng would be sentenced at an unspecified later date.

#### **More information**

- [The Wall Street Journal](#)
  - [The FCPA Blog](#)
- 

### **SEC Ends FCPA Investigation into N.Y.-based Medical Device Maker**

On June 18, 2019, the Securities and Exchange Commission (SEC) informed Misonix, a New York-based medical device maker, that it does not intend to recommend an enforcement action against the company. In 2016, Misonix self-disclosed to the SEC and DOJ that an independent Chinese distributor of its products may have violated the FCPA. DOJ did not publicize a formal declination, consistent with Deputy Attorney General Mathew Miner’s remarks on declinations this month (above).

#### **More information**

- [Misonix Press Release](#)
  - [Misonix Form 8-K](#)
  - [The Wall Street Journal](#)
  - [The FCPA Blog \(2016\)](#)
- 

### **DOJ and SEC Close Corruption Probe of Airport Security System Company**

On June 5, 2019, DOJ and SEC closed their investigations of California-based OSI Systems Inc. (OSI or “OSI Systems”), an airport security inspection system company, related to possible FCPA violations. According to OSI, U.S. regulators agencies initiated investigations after a 2017 report authored by short seller, Muddy Waters LLC, alleged that OSI Systems had secured a cargo-scanning contract in Albania by making improper payments. DOJ did not publicize a formal declination, consistent with Deputy Attorney General Mathew Miner’s remarks on declinations this month (above).

#### **More information**

- [OSI Press Release](#)
- [OSI Form 8-K](#)
- [The Wall Street Journal](#)

---

## SFO Fines F.H. Bertling \$1 Million for Angola Corruption Scheme

On June 3, 2019, the U.K.'s Serious Fraud Office (SFO) announced that it has fined the shipping and logistics company F.H. Bertling Ltd. approximately \$1.1 million (£850,000). The now-defunct U.K.-based arm of the Hamburg-based Bertling Group is alleged to have made \$350,000 in corrupt payments to an Angolan state oil company employee to secure \$20 million in shipping contracts. As previously covered in [Red Notice](#), the SFO's investigation has now resulted in the conviction of nine former executives.

### More information

- [SFO Press Release](#)
  - [The Wall Street Journal](#)
  - [The FCPA Blog](#)
- 

## Former USC Soccer Coach Pleads Guilty in College Admissions Scandal

On June 1, 2019, Ali Khosroshahin, former University of Southern California ("USC") head women's soccer coach, pleaded guilty to one count of conspiracy to commit racketeering in connection with the ongoing college admissions cheating scandal. Khosroshahin, who was the head women's soccer coach until November 2013, is alleged to have accepted payments from William "Rick" Singer in exchange for naming students as USC athletic recruits to help secure the students' admission to the school. As has been previously covered in [Red Notice](#), Khosroshahin's guilty plea – the 22<sup>nd</sup> such plea – is just the latest in a massive investigation of Singer's college admissions corruption scheme.

### More information

- [DOJ Press Release](#)
  - [The Wall Street Journal](#)
- 

## Miami Business Executive Pleads Guilty to FCPA Violations

On May 29, 2019, dual U.S.-Venezuelan citizen Jose Manuel Gonzalez, a Miami business executive, pleaded guilty to one count of conspiracy to violate the FCPA in federal court in the Southern District of Texas. As previously covered in [Red Notice](#), Gonzalez's guilty plea is the latest in connection with DOJ's investigation of Venezuela's state-owned energy company, Petroleos de Venezuela S.A. (PDVSA). Specifically, DOJ alleged that Gonzalez, who controlled U.S. and international companies that sold goods and services to PDVSA, began making improper payments to officials of Bariven, PDVSA's procurement subsidiary, and two other PDVSA subsidiaries, including Texas-based Citgo, in exchange for inside information about PDVSA's procurement process and secure contracts from PDVSA. Gonzalez is scheduled to be sentenced on August 28, 2019.

### More information

- [DOJ press release](#)
- [The Wall Street Journal](#)
- [Reuters](#)
- [The FCPA Blog](#)

ANTICORRUPTION SPOTLIGHT: WHISTLEBLOWER AWARDS

## Dodd-Frank Whistleblower Awards

Whistleblower awards – provided for under the Dodd-Frank Act – can range from 10 to 30 percent of the money collected from monetary sanctions in an eligible enforcement action

exceeding \$1 million. Notices of Covered Actions – enforcement actions with sanctions greater than \$1 million – are posted on the [SEC](#) and [FTC](#) websites, and claims must be submitted within 90 days of such posting.

The SEC has made 64 whistleblower awards totaling approximately \$384 million since it first began the practice in 2012. Similarly, since issuing its first award in 2015, the CFTC has awarded more than \$90 million to whistleblowers.

---

### CFTC Whistleblower Awarded \$2.5 Million

On June 24, 2019, the Commodities Futures Trading Commission (CFTC) announced that it was issuing a whistleblower award of \$2.5 million to a whistleblower who assisted “at every step” of a CFTC investigation and enforcement action. However, the CFTC reduced the award amount because the whistleblower failed to report the violation in a timely manner.

#### More information

- [June 24, 2019 CFTC Award Order](#)
  - [The FCPA Blog](#)
- 

### SEC Whistleblowers Awarded \$3 Million

On June 3, 2019, the SEC announced that it was issuing a whistleblower award of \$3 million to joint whistleblowers whose tip launched a successful SEC investigation and enforcement action. The whistleblowers will share the award amount.

In making this award determination, the SEC opted to depart from the preliminary recommendation made by Claims Review Staff and to waive the “voluntary” requirement for the whistleblowers in this case. The SEC found that although the whistleblowers provided original information, they did so only after another agency had made a request for information to the whistleblowers’ employer. Nonetheless, the SEC found it would be “appropriate in the public interest” to waive the requirement because the whistleblowers provided their information to the SEC months before they became aware of the request for information made by the other agency.

#### More information

- [June 3, 2019 SEC Press Release](#)
  - [June 3, 2019 SEC Order](#)
- 

### World Bank Announces Debarments

On June 12, 2019, the World Bank debarred a Chinese electrical engineering company for improper practices during a contract bidding process. The company, Dongfang Electronics Co. Ltd., is alleged to have “falsified” two letters submitted during the bidding process that purported to authorize the company to install equipment. The project, called “Liberia Accelerated Electricity Expansion Project Additional Financing,” aimed to increase access to electricity in Liberia. Dongfang Electronics Co. Ltd. did not win the bid and, as a result of the bar, will be unable to “participate in World Bank financed projects” for 15 months. The bar was reduced due to the company’s “cooperation and voluntary remedial actions.”

On June 5, 2019, the World Bank announced the nine month debarment of China Railway Construction Corporation Ltd. (CRCC), a Chinese state-owned engineering and construction company, for fraudulent practices during the procurement process for a Georgia highway construction contract. The debarment is part of a settlement agreement with CRCC and extends to its two subsidiaries, China Railway 23rd Bureau Group Co. (CR23) and CRCC International. The debarment also extends to CRCC’s 730 controlled affiliates. During the procurement process for the highway construction contract, the three companies prepared and submitted information that misrepresented the personnel and equipment of CRCC’s subsidiary CR23 as CRCC’s. The settlement provides for a reduced



period of debarment in light of the named companies' acknowledgement of responsibility, voluntary remedial and corrective actions, cooperation with INT and other mitigating factors.

Both debarments qualifies for cross-debarment by other Multilateral Development Banks under [the Agreement of Mutual Recognition of Debarments](#) that was signed on April 9, 2010. The list of all World Bank debarred entities and individuals is available [here](#).

### More information

- [CRCC World Bank Press Release](#)
- [The FCPA Blog - CRCC](#)
- [Shenzhen World Bank Press Release](#)
- [The FCPA Blog - Shenzhen](#)
- [World Bank Group Integrity Compliance Guidelines](#)

## FCPA RESOURCES

For a complete record of all FCPA-related enforcement actions, please visit the following websites maintained by U.S. Regulators:

- [DOJ Enforcement Actions \(2019\)](#)
- [DOJ Declinations](#)
- [SEC Enforcement Actions](#)

## EXPORTS, SANCTIONS AND CUSTOMS ENFORCEMENTS

### OFAC Announces Three Settlements for Apparent Violations of the CACR for Cuba-Related Travel Services and Transactions

On June 13, 2019, the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) announced three separate settlements with Expedia Group Inc. ("Expedia"), Hotelbeds USA, Inc. ("Hotelbeds") and Cubasphere Inc. ("Cubasphere") regarding apparent violations of the Cuban Assets Control Regulations (CACR) for providing Cuba-related travel services. Expedia, Hotelbeds and Cubasphere agreed to pay \$325,406, \$222,705 and \$40,320, respectively.

Between April 22, 2011 and October 16, 2014, Expedia, headquartered in Bellevue, Washington, assisted 2,221 persons with travel or travel-related services for travel within Cuba or between Cuba and locations outside the U.S. According to OFAC's web notice, among other issues, Expedia failed to notify one of its foreign subsidiaries that it was subject to U.S. law until approximately 15 months after that subsidiary was acquired, leading to electronically booked travel that violated U.S. sanctions. OFAC considered aggravating factors to include that: (i) Expedia's failure to exercise a minimal degree of caution appears to have resulted from a pattern or practice of conduct; (ii) the apparent violations harmed the CACR's objectives; and (iii) Expedia is a sophisticated international travel service provider. Mitigating factors included that: (i) Expedia had not received a Penalty Notice or Finding of Violation from OFAC in the five preceding years; (ii) Expedia implemented significant remedial measures to strengthen its sanctions compliance program, including for domestic and foreign subsidiaries; and (iii) Expedia cooperated with OFAC's investigation by submitting data analytics associated with the apparent violation, responding to requests for additional information, and entering into multiple tolling agreements. Expedia voluntarily self-disclosed the apparent violations.

Between December 2011 and June 2014, Hotelbeds, a Florida company and subsidiary of Hotelbeds Group of Spain, provided 703 non-U.S. persons with Cuba-related travel services. According to OFAC's web notice, Hotelbeds employees and supervisors had actual knowledge of the conduct that led to the violations, which occurred in part because of a misunderstanding of the CACR. Namely, Hotelbeds employees believed they could engage in Cuba-related transactions if the bookings involved only non-U.S. clients and

payments were made to non-U.S. bank accounts. Accordingly, Hotelbeds gave its clients specific instructions to direct their payments for the Cuba-related transactions to a Spanish account, from which Hotelbeds was subsequently reimbursed. OFAC considered aggravating factors to include that: (i) various Hotelbeds managers and staff were aware of the conduct that led to the violations; (ii) Hotelbeds' actions harmed the CACR's objectives; (iii) Hotelbeds is a large and commercially sophisticated company; and (iv) Hotelbeds only had an informal and inadequate compliance program. Mitigating factors included that: (i) Cuba-related transactions represented less than 1% of all Hotelbeds' business over the relevant time period; (ii) Hotelbeds had not been received a Penalty Notice or Finding of Violation in the preceding five years; (iii) Hotelbeds took significant remedial action, including implementing a third-party sanctions screening tool, dedicating additional resources to sanctions compliance, and hiring additional compliance personnel; and (iv) Hotelbeds cooperated with OFAC. Hotelbeds did not voluntarily self-disclose the apparent violations.

Between December 30, 2013 and February 22, 2014, Cubasphere and the president of that company (the "Individual") engaged in apparent CACR violations by assisting 104 persons on four separate Cuba-related trips. According to OFAC's web notice, the Individual and Cubasphere received direct payments for acting as a full-service tour operator and obtained Cuban visas and cover letters for travelers from U.S. religious organizations citing the general license under § 515.566 of the CACR. However, the actual itineraries offered to Cubasphere customers did not match the humanitarian or religious activities cited in the visas and cover letters, focusing instead on tourism and sightseeing. The Individual and Cubasphere had prior notice from OFAC that their conduct likely violated the CACR but continued their Cuba-related activity for more than one year. In addition, Cubasphere encouraged clients to conceal their travel to Cuba, including routinely suggesting in writing that clients minimize interactions with U.S. government officials upon return, dispose of receipts or schedules and give false answers if asked about their activities in Cuba. OFAC considered aggravating factors to include that: (i) the Individual acted willfully and with knowledge that the transactions violated the CACR; (ii) the Individual knowingly facilitated unauthorized travel to Cuba; (iii) the apparent violations resulted in significant harm to the CACR given the seriousness and publicity of the apparent violations; (iv) Cubasphere did not maintain adequate sanctions compliance procedures; and (v) neither the Individual nor Cubasphere took remedial action. Mitigating factors included that: (i) neither the Individual nor Cubasphere had prior sanctions history with OFAC; (ii) the Individual is a natural person and Cubasphere is a small company with few employees; and (iii) the Individual cooperated with OFAC during post-investigation proceedings. Cubasphere did not voluntarily self-disclose the apparent violations.

### **More information**

- [OFAC Recent Actions Notice](#)
- [OFAC Web Notice – Expedia Group, Inc.](#)
- [OFAC Web Notice – Hotelbeds USA, Inc.](#)
- [OFAC Web Notice – Cubasphere, Inc. and Individual](#)

---

### **Western Union Financial Services, Inc. Settles Apparent GTSR Violations with OFAC for \$401,697**

On June 7, 2019, OFAC announced a \$401,697 settlement with Western Union Financial Services, Inc. ("Western Union"), a money services business headquartered in Denver, Colorado, related to apparent violations of the Global Terrorism Sanctions Regulations (GTSR). According to OFAC's web notice, Western Union processed 4,977 transactions, totaling approximately \$1.275 million, with a bank in The Gambia between December 2010 and March 2015. During that time, the bank had a sub-agent relationship with the Karaiba Shopping Center ("KSC"), an entity designated on OFAC's Specially Designated National (SDN) List pursuant to the GTSR. Western Union allegedly processed transactions involving KSC for more than four years after its designation. Western Digital did not correctly identify KSC as a sub-agent in its system and, consequently, its screening process did not flag the transactions involving KSC. Even after becoming aware in February 2015 KSC was a potential sub-agent, Western Digital failed to deactivate KSC's

access to the Western Union network, mistakenly believing that KSC's location was inactive. Upon discovering a second, active KSC location in March 2015, Western Union immediately suspended its relationship and deactivated KSC's access to its network. OFAC determined that Western Union voluntarily self-disclosed the apparent violations, and that the apparent violations constitute a non-egregious case.

OFAC considered aggravating and mitigating factors when evaluating the settlement of this case. Aggravating factors included that: (i) Western Union acted with reckless disregard for U.S. sanctions by failing to identify both KSC locations after discovering that the sub-agent was an SDN; (ii) Western Union engaged in a pattern of conduct for more than four years after KSC was designated by OFAC; (iii) Western Union had reason to know KSC was on the SDN List; (iv) by allowing KSC to operate as its sub-agent, Western Union caused substantial harm to GTSR program objectives; and (v) Western Union is a large and commercially sophisticated international financial institution. Mitigating factors included that Western Union: (i) had not received a Penalty Notice or Finding of Violation from OFAC in the preceding five years; (ii) had a global sanctions policy in place that seemed to be effective except in this instance; (iii) implemented a corrective action plan to close a gap in its internal controls relating to sub-agent due diligence and screening before the apparent violations; (iv) took remedial actions after discovering the apparent violations and did not find any other sub-agents on the SDN List; and (v) cooperated with OFAC's investigation by voluntarily self-disclosing and executing and extending multiple times a statute of limitations tolling agreement.

#### **More information**

- [OFAC Recent Actions Notice](#)
  - [OFAC Web Notice](#)
- 

### **Children's Apparel Company CEO Charged in Customs Fraud Suit**

On June 6, 2019, the Department of Justice (DOJ), in cooperation with the Department of Homeland Security (DHS) and Customs and Border Protection (CBP), announced criminal and civil charges against Joseph Bailey ("Bailey"), CEO of children's clothing companies Stargate Apparel and Rivstar Apparel, for a years-long scheme of falsifying import documentation provided to CBP.

According to the complaint, from at least 2007 to 2015, Bailey submitted fraudulent invoices to CBP that undervalued goods his companies imported to avoid paying the full amount of customs duties owed. Bailey and his co-conspirators undervalued the imports in two ways: (i) through "double invoicing," which involved producing two sets of invoices per order, requesting payment on the higher-priced invoice and submitting the lower-priced invoice to CBP; and (ii) through "sample invoicing," which involved producing two sets of invoices per order, one "commercial invoice" that was presented to CBP and one "sample" invoice that was not presented to CBP but was a means to collect additional, undisclosed payment. The two invoicing schemes allegedly resulted in the loss of over \$1 million in duty revenue otherwise owed to the U.S. government.

Bailey is charged with one count of conspiracy to commit wire fraud, one count of wire fraud and one count of falsely effecting the entry of goods into the United States. This case stems from a whistleblower complaint under the False Claims Act, and Bailey and his companies are also charged with civil claims under the False Claims Act.

#### **More information**

- [DOJ Press Release](#)
  - [Complaint](#)
- 

### **Iranian Citizen Charged with Violating U.S. Export Laws and Sanctions Against Iran**

On June 4, 2019, the DOJ unsealed two separate indictments, dated April 22, 2015 ("the



2015 Indictment”) and October 6, 2016 (“the 2016 Indictment”), charging Peyman Amiri Larijani (“Larijani”), a citizen of Iran and former resident of Turkey, for violating U.S. export control laws and sanctions against Iran. Larijani is the Operations Manager for Turkey-based Kral Havacilik IC VE DIS Ticaret Sirketi (“Kral Aviation”). Kral Aviation is listed on the Department of Commerce, Bureau of Industry and Security’s (BIS) Entity List. If convicted, Larijani faces a maximum of 20 years imprisonment.

The 2015 Indictment included 34 counts charging Larijani and Kral Aviation with conspiracy to acquire U.S.-origin aircraft parts and goods for Iranian aviation business end-users, conspiracy to conceal that the goods were destined for such end-users, conspiracy to make financial profits off of the illicit transactions and conspiracy to evade U.S. laws and regulations including International Emergency Economic Powers Act (IEEPA), the Iranian Transactions and Sanctions Regulations (ITSR) and the Export Administration Regulations (EAR). According to the 2015 Indictment, from approximately December 2010 to July 2012, Larijani and his co-conspirators purchased aircraft parts from U.S. sellers, wired money to U.S. banks while concealing the ultimate end use and end users of the parts and caused the parts to be exported to Turkey before shipping the parts to Iranian airline companies including Mahan Air, Sahand Air and Kish Air. Mahan Air is designated on OFAC’s SDN List for providing financial, material and technological support to the Iranian Revolutionary Guard-Qods Force (IRGC-QF) and was listed on the BIS Denied Parties List as of 2008. Sahand Air and Kish Air were added to the BIS Entity List in August 2011.

The 2016 Indictment included 4 counts charging Larijani, Kral Aviation, as well as three other Kral Aviation managers and two management employees of Mahan Air, with conspiracy to sell U.S.-origin commercial aircraft engines to Iran and provide services to an SDN, unlawful exports and attempted exports to embargoed country and provision of services to an SDN, willful violation of a denial order and conspiracy to commit money laundering. According to the indictment, from approximately April to September 2012, Larijani and his co-conspirators attempted to obtain U.S.-origin commercial aircraft engines for Mahan Air in Iran without obtaining a U.S. license or authorization. The indictment also alleges that Larijani and his co-conspirators caused the export of aircraft engines to Turkey with the express purpose of reexporting them to Iran for Mahan Air.

#### **More information**

- [DOJ Press Release](#)
- [2015 Indictment](#)
- [2016 Indictment](#)

## EXPORTS, SANCTIONS AND CUSTOMS DEVELOPMENTS

### **President Trump Issues New Executive Order Imposing Sanctions on Iran’s Supreme Leader and the Supreme Leader’s Office**

On June 24, 2019, President Trump issued an Executive Order (“E.O.”) imposing further sanctions on Iran. The new sanctions target the Supreme Leader of Iran and the Supreme Leader’s Office (SLO) and block all property and interests in property of the Supreme Leader, SLO and others designated pursuant to the order that are in the United States, come within the United States or are within the possession of control of any United States person. The E.O. also authorizes the imposition of sanctions on officials appointed by the Supreme Leader, any individual who conducts significant transactions with the Supreme Leader or SLO and anyone who provides material support to the SLO. Additionally, the E.O. authorizes the imposition of sanctions on any foreign financial institution that OFAC determines knowingly conducted or facilitated any significant transaction for a person blocked pursuant to the order.

Also on June 24, 2019, OFAC designated eight senior commanders of the IRGC’s Navy, Aerospace and Ground Forces, as well as the commanders of the IRGC Navy’s five naval districts for acting for or on behalf of the IRGC. As a result of these designations, any property or interests in property of these individuals within or transiting U.S. jurisdiction is blocked. Additionally, U.S. persons are generally prohibited from engaging in transactions

with these blocked persons, including entities that they control.

### More information

- [Executive Order](#)
  - [White House Press Release](#)
  - [OFAC Web Notice](#)
  - [OFAC Press Release](#)
- 

### OFAC Amends the Reporting, Procedures and Penalties Regulations

On June 21, 2019, OFAC issued a final rule amending the Reporting, Procedures and Penalties Regulations to provide updated instructions and incorporate new requirements for parties filing reports on blocked property, unblocked property or rejected transactions. In an effort to reduce the need for follow-up requests from OFAC and to reduce the reporting burden for submitters, OFAC expanded the information required for initial blocking reports, annual reports of blocked property, reports on property that is unblocked and reports on rejected transactions.

The amendment also revised the licensing procedures to include information on electronic license application procedures and provide additional instructions regarding applications for the release of blocked funds.

### More information

- [OFAC Web Notice](#)
  - [Federal Register Interim Final Rule](#)
- 

### OFAC Adjusts Maximum Civil Monetary Penalties for Inflation

On June 14, 2019, OFAC issued a final rule pursuant to the Federal Civil Penalties Inflation Adjustment Act of 1990, as amended, adjusting the maximum Civil Monetary Penalties (CMP) for violations of statutes that OFAC enforces. The adjusted maximum CMPs are: for violations of the Trading with the Enemy Act (TWEA), \$89,170; for violations of IEEPA, \$302,584; for violations of the Antiterrorism and Effective Death Penalty Act of 1996, the greater of \$79,874 or twice the amount of which a financial institution was required to retain possession or control; for violations of the Foreign Narcotics Kingpin Designation Act, \$1,503,470; and for violations of the Clean Diamond Trade Act, \$13,669.

### More information

- [OFAC Web Notice](#)
- [Federal Register Final Rule](#)

## GLOBAL INVESTIGATIONS RESOURCES

- [New Hampshire Hold ‘Em: Federal Decision Sets Aside Latest DOJ Wire Act Opinion](#)
- [New Cuba Sanctions Measures Prohibit “People to People” Travel to Cuba and Restrict Use of Commercial Aircraft and Recreational and Passenger Vessels](#)
- [Agencies Call for Comments on NDAA 2019 Section 889](#)

## WRITING AND SPEAKING ENGAGEMENTS

If you would like to invite Akin Gump lawyers to speak at your company or to your group about anticorruption law, compliance, cybersecurity, enforcement and policy or other international investigation and compliance topics, please contact Jaime Sheldon at +1 212.407.3026 or [email](#).

[More information](#) for lawyers in the global investigations and compliance practice.

Executive Editors

[Paul W. Butler](#)

[Christian Davis](#)

Anticorruption Developments Editors

[Stanley Woodward](#)

[Melissa Chastang](#)

[Anne Kolker](#)

[Abigail Kohlman](#)

[Michael Fires](#)

[Samantha Block](#)

Export Control, Sanctions and Customs Developments and Enforcement Editors

[Suzanne Kane](#)

[Chris Chamberlain](#)

[Sarah Kirwin](#)

[Jennifer Thunem](#)

Translations of Red Notice into Chinese, Russian, Arabic and Spanish are available on a delayed basis. Please check via the links above or archived editions links below to view past translated editions.

[Archives](#) | [Archives—Arabic](#) | [Archives—Chinese](#) | [Archives—Spanish](#) | [Archives—Russian](#)

[akinqump.com](http://akinqump.com)



© 2019 Akin Gump Strauss Hauer & Feld LLP. All rights reserved. Attorney advertising. This document is distributed for informational use only; it does not constitute legal advice and should not be used as such. Prior results do not guarantee a similar outcome. Akin Gump Strauss Hauer & Feld is the practicing name of Akin Gump LLP, a New York limited liability partnership authorized and regulated by the Solicitors Regulation Authority under number 267321. A list of the partners is available for inspection at Eighth Floor, Ten Bishops Square, London E1 6EG. For more information about Akin Gump LLP, Akin Gump Strauss Hauer & Feld LLP and other associated entities under which the Akin Gump network operates worldwide, please see our [Legal Notices page](#).

[Update your preferences](#) | [Subscribe](#) | [Unsubscribe](#) | [Forward to a friend](#) | [Legal Notices](#) | [Akin Gump Website](#)

This email was sent by: 2001 K Street, N.W., Washington, DC 20006-1037