



International Trade & Regulatory ADVISORY ■

AUGUST 1, 2016

OFAC's New Civil Monetary Penalties Catch Up with Inflation

Effective August 1, 2016, the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) will amend its regulations to raise the statutory maximum civil monetary penalty that can be assessed for a violation of an economic sanctions program administered by OFAC. OFAC is taking this action to comply with the mandates of the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015 (FCPIA).

Using a formula promulgated by the FCPIA, the statutory maximum civil monetary penalties of the Trading with the Enemy Act (TWEA), International Emergency Economic Powers Act (IEEPA) and Foreign Narcotics Kingpin Designation Act (the "Kingpin Act"), among others, are being revised to account for inflation since the year each of the current maximum penalties were either established or last adjusted. This initial change of the monetary maximums is considered a "catch-up" adjustment, which will be followed by an annual inflation adjustment going forward.

Violations occurring on or before November 2, 2015, will be subject to the statutory maximum penalty amounts existing in the regulations prior to the "catch-up" adjustment.

Under TWEA, the new statutory maximum civil monetary penalty is \$83,864.

Under IEEPA, the new statutory maximum civil monetary penalty is the greater of \$284,582 or twice the value of the underlying transaction.

Under the Kingpin Act, the new statutory maximum civil monetary penalty is \$1,414,020.

The *Federal Register* notice implementing this change, applying the statutory formula to the various sanctions programs and updating the "penalty matrix" in OFAC's Enforcement Guidelines may be viewed here: [Implementation of the Federal Civil Penalties Inflation Adjustment Act](#).

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