

Treasury Sanctions Turkish National as Foreign Sanctions Evader Due To Repeated Violations of U.S. Sanctions Against Iran

February 7, 2019

Action marks first time OFAC has named an individual a Foreign Sanctions Evader in relation to a civil enforcement action

WASHINGTON – Today, the U.S. Department of the Treasury’s Office of Foreign Assets Control (OFAC) took unprecedented action to concurrently designate a foreign sanctions evader and announce a directly related settlement with a U.S. company. OFAC sanctioned a Turkey-based individual, **Evren Kayakiran**, who directed a foreign subsidiary of a U.S. company to violate U.S. sanctions against Iran and then attempted to conceal those violations.

“Treasury is sanctioning Kayakiran not just for his willful violation of U.S. sanctions on Iran, but also for directing staff to commit and cover up these illegal acts. This is the first time that OFAC has designated an individual as a Foreign Sanctions Evader while resolving an enforcement matter, and is a marked change to how we will counter these acts of deception,” said Sigal Mandelker, Treasury Under Secretary for Terrorism and Financial Intelligence. “This action is a clear warning that anyone in supervisory or managerial positions who directs staff to provide services, falsify records, commit fraud, or obstruct an investigation into sanctions violations exposes themselves to serious personal risk.”

Kayakiran is being sanctioned as a foreign sanctions evader pursuant to Executive Order 13608, which targets efforts by foreign persons to engage in activities intended to evade U.S. economic and financial sanctions with respect to Iran and Syria. The Foreign Sanctions Evaders list (FSE List) is separate from OFAC’s List of Specially Designated Nationals and Blocked Persons (SDN List), and it identifies foreign individuals and entities that have violated, attempted to violate, conspired to violate, or caused a violation of U.S. sanctions against Iran or Syria. As a result of today’s action, all transactions or dealings, whether direct or indirect, involving Kayakiran, in or related to (i) any goods, services, or technology in or intended for the United States, or (ii) any goods, services, or technology provided by or to U.S. persons, wherever located, are prohibited. U.S. financial institutions must reject payments involving Kayakiran.

The concurrent settlement is in connection with a U.S. company's civil liability for **Kayakiran's conduct**. The settlement highlights the importance of performing heightened due diligence when U.S. persons, directly or indirectly, acquire companies with preexisting relationships with sanctioned persons and jurisdictions. It also identifies compliance measures the U.S. company took pre- and post-acquisition of a foreign company and specific remedial actions.

OFAC sanctioned **Kayakiran**, a Turkish national, for causing six violations of U.S. sanctions against Iran. Between July 2013 and July 2015, **Kayakiran** was the managing director of a Turkish company that imports, distributes, and installs motion control products (the "Turkish Company"). In March 2013, a U.S. company (the "U.S. Company") acquired the Turkish Company, thereby making the latter subject to the Iranian Transactions and Sanctions Regulations, 31 C.F.R. part 560 (ITSR). Specifically, section 560.215 of the ITSR prohibits foreign entities that are owned or controlled by a U.S. person (including entities) and established or maintained outside the United States from knowingly engaging in any transaction with the Government of Iran or any person subject to the jurisdiction of that government that would be prohibited by the ITSR if engaged in by a U.S. person or in the United States.

Before and after the acquisition, the U.S. Company undertook a wide range of proactive compliance measures designed to ensure that the newly acquired Turkish Company complied with U.S. sanctions, including those against Iran.

Despite the U.S. Company's extensive efforts, for two years after the acquisition, **Kayakiran** — in his role as the managing director of the Turkish Company — directed employees to service machinery located in Iran. Employees were threatened with termination if they refused to travel to Iran to provide the services, and upon returning from the trips, employees were directed to falsify corporate records by listing the travel as vacation rather than business. **Kayakiran** also regularly and fraudulently certified to the U.S. Company that no products or services were being sent to Iran. It was only after an employee filed an internal complaint with the U.S. Company via the company's ethics hotline in late October 2015 that the violations and associated conduct came to light. The U.S. Company subsequently investigated the matter.

Upon being notified of the U.S. Company's internal investigation, **Kayakiran** attempted to obstruct the investigation by instructing the Turkish Company's employees to delete references to Iran in company records and misled the U.S. Company's attorneys. Finally, **Kayakiran** attempted to delete emails related to Iran.

The U.S. Company completed its internal investigation despite **Kayakiran's** efforts and fully cooperated with OFAC's investigation, including by filing a thorough voluntary self-disclosure

with OFAC.

[View](#) identifying information on the individual sanctioned today.

[View](#)  information related to OFAC's concurrent enforcement action. This includes an important discussion of sanctions compliance practices for companies engaged in international trade.

####