

Usha Neelakantan Discusses OFAC's Recent Win in Court

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Usha Neelakantan, an associate in the International Trade practice, was quoted in a Bloomberg BNA *International Trade Daily* article, discussing a recent decision by the U.S. District Court for the District of Columbia in *Epsilon Electronics Inc. v. U.S. Department of Treasury*, in which the court held that Epsilon remains liable for a \$4 million civil penalty for exporting goods to Iran. According to the article, the court rejected the company's arguments that the Treasury Department's Office of Foreign Assets Control's (OFAC) fine was excessive or illegal.

Ms. Neelakantan stated that the decision was well-reasoned, but does little to resolve the "inventory exception" issue, which comes from an OFAC guidance document indicating that there may be circumstances under which U.S. persons could export goods to a third country even if those goods may ultimately be shipped to Iran.

Ms. Neelakantan pointed out that companies generally do not challenge OFAC penalties in these type of cases, in part because they would rather quickly and discreetly handle it rather than face the publicity of a sanctions-related challenge. The deference shown to OFAC by the court and its decision will likely further dissuade companies from challenging OFAC's authority in court, she concluded.

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