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**SANCTIONS UPDATE:  
U.S. OFAC ENFORCEMENT – ADANI ENTERPRISE LIMITED**



## U.S. OFAC Enforcement – Adani Enterprise Limited

### INTRODUCTION

In a notable enforcement action, the U.S. Department of the Treasury's Office of Foreign Assets Control (**OFAC**) announced that Adani Enterprises Limited (**AEL**) has agreed to pay settlement fees of USD 275 million (over INR 2,600 crore) along with extensive compliance commitments in relation to apparent violations of U.S. sanctions targeting Iran.

The settlement arises from the OFAC's investigation of AEL's importation of liquefied petroleum gas (**LPG**) that was ultimately determined to be of Iranian origin, and the consequent involvement of U.S. financial institutions in processing U.S. dollar-denominated payments for such transactions.

### KEY FINDINGS FROM OFAC'S INVESTIGATION

OFAC noted that:

- AEL sourced multiple LPG cargoes from a Dubai-based supplier and affiliated entities. While AEL carried out standard KYC screening against OFAC's SDN List and did not identify any listed parties, OFAC noted that its sanctions compliance processes did not adequately address broader sanctions-related risks associated with the transactions, described below.
- There were multiple red flags which, in OFAC's view, should have prompted AEL to undertake enhanced due diligence and further investigation into the true origin of the LPG cargoes supplied by the Dubai-based supplier and its affiliates. The red flags included:
  - **Compliance concerns:** Third-party allegations and inquiries suggesting that certain LPG cargoes supplied by the Dubai-based supplier, or transported on vessels associated with it, may have originated in Iran;
  - Apparent inconsistencies in shipping and transaction documentation, including questionable certificates of origin, delayed issuance of post-shipment documents, use of outdated templates, and discrepancies concerning the purported loading ports and export infrastructure;
  - **Commercial and logistical concerns:** Suspicious maritime practices by vessels carrying the cargoes, including Automatic Identification System (**AIS**) manipulation or unexplained "dark" periods, commercially illogical voyage patterns and port calls, and frequent changes in vessel name, ownership, and flag state;
  - Pricing that was significantly below prevailing market rates and commercially difficult to justify given the claimed cargo origin, freight costs, and associated logistics;
  - Payment-related anomalies, including instances where banks reportedly halted or scrutinized payments due to concerns regarding the cargo's origin and required alternate banking arrangements; and
  - The use of multiple affiliated entities by the Dubai-based supplier for substantially similar transactions without any apparent commercial rationale.
- OFAC noted that, despite the presence of multiple sanctions-related red flags, AEL primarily relied on shipping documentation and assurances from the Dubai-based supplier that the LPG was not of Iranian origin. OFAC stated that AEL "does not appear to have taken sufficient action" beyond documentary review, notwithstanding concerns relating to suspicious vessel activity, commercially implausible pricing, documentary inconsistencies, and third-party allegations suggesting a potential Iranian nexus.

## AGGRAVATING VERSUS MITIGATING FACTORS

While OFAC highlighted certain mitigating factors, it recorded certain aggravating factors and determined that AEL's conduct resulted in 32 apparent violations of the Iranian Transactions and Sanctions Regulations by causing U.S. financial institutions to facilitate certain trade-related transactions involving goods of Iranian origin. Subsequently, AEL agreed to pay a civil penalty of USD 275 million.

In addition to the monetary settlement, AEL *inter alia* undertook commitments to establish and maintain a sanctions compliance program along with associated measures for at least **five years** to minimize the risk of recurrence of similar conduct.

Specifically, the compliance commitments include requiring a detailed assessment both from a policy mandate within the organization as well as from the standard operating policy which encapsulates all the operational, audit, compliance including risk assurances to be factored in conducting day to day operations in line with the frequent changes of the regulation as well as the impact of the same in the stakeholders involved in the supply chain both in procurement as well as sales including banking, insurance and shipping.

### Mitigating factors

- No prior OFAC penalty or finding of violation in the preceding five years
- LPG business represented a relatively small portion of AEL's overall revenue
- AEL cooperated extensively with OFAC's investigation, including conducting an internal investigation and providing information/documents
- AEL undertook remedial actions to respond to apparent violations including suspending LPG imports into India, enhancing and implementing certain compliance commitments

### Aggravating factors

- AEL acted recklessly and had reason to know of the Apparent Violations due to the presence of red flags pointing to potential links to Iran
- AEL caused substantial harm to sanctions program objectives by contributing to Iran's ability to derive revenue from its energy sector
- AEL is a large and sophisticated international company with multiple business lines, including in the energy and infrastructure sectors

## CONCLUSION

The settlement reflects OFAC's expectation that non-U.S. companies accessing the U.S. financial system maintain robust and risk-based sanctions compliance frameworks capable of identifying and responding to potential sanctions evasion indicators.

The action also demonstrates that reliance solely on facially compliant documentation and counterparty assurances may be insufficient where objective red flags warrant enhanced scrutiny and further investigation.

For Indian companies engaged in cross-border trade, particularly in sectors such as energy, shipping, and commodities trading, the settlement highlights the need for continuous sanctions risk reassessment, transaction-specific compliance controls, and effective escalation and investigative mechanisms for addressing red flags.

A strategic and preventive compliance posture not only reduces enforcement risk but also preserves commercial credibility in global markets that are increasingly shaped by geopolitical regulation.

Economic Laws Practice (ELP) has been assessing sanctions laws and regulations in several jurisdictions and regularly advising clients of any potential exposure to such regulations on account of their potential business engagements. ELP also has a global reach through its extensive network of foreign lawyers and consultants, who in turn work closely with regulators and government authorities in their respective jurisdictions.

*We trust you will find this an interesting read. For any queries or comments on this update, please feel free to contact us at [insights@elp-in.com](mailto:insights@elp-in.com) or write to our authors:*

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