

# MEYER SOUND

## OFAC Compliance Protocols

The U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC") administers and oversees a series of laws, regulations, and executive orders ("U.S. Export Control Laws") that impose economic sanctions against hostile targets to further U.S. foreign policy and national security objectives. OFAC is charged with investigating suspected violations of U.S. Export Control Laws and can impose penalties when they are found to occur. The penalties can be severe and can be imposed not only against the company, but also against individuals who participate in the violations.

Due to the importance of complying with U.S. Export Control Laws, Meyer Sound has adopted a comprehensive OFAC Compliance Policy, a copy of which has been made available to all Meyer Sound employees involved in the marketing, sales and servicing of Meyer Sound products and services. The compliance protocols provided below are an adjunct to that policy.

### **Overview**

First, it is important to understand that the sanctions enforced by OFAC affect not only where Meyer Sound can sell its products and services but also to whom the products and services can be sold.

As to the "where," sanctions have been imposed on a number of countries around the world, and care must be taken to avoid transacting any sale where the equipment or services are destined for the sanctioned country. Sales to sanctioned countries cannot be made without management and legal clearance.

As to the "who," sanctions have been imposed on a number of entities, groups and individuals, typically identified as having been involved in terrorist and other types of activities. Care must be taken to avoid transacting any sale where the ultimate customer is a sanctioned entity or individual or group of individuals. Determining who might be sanctioned requires a search of OFAC's Specially Designated Nationals List (SDN) described in the company's OFAC Compliance Policy. This list can be searched at <http://sdnsearch.ofac.treas.gov/>.

It must be kept in mind that a sale which is made indirectly to a sanctioned country, entity or individual constitutes a violation of the law. An example would be a sale made to a Meyer Sound dealer or distributor in a non-sanctioned country for a project in a sanctioned country.

### **Compliance Protocols**

To avoid transacting a sale in violation of U.S. sanctions and OFAC regulations the following protocols should be followed in regards to all sales, services and support. A reference in these protocols to "flagged" means the sale must be stopped unless and until management and legal clearance is obtained for the sale.

#### **Sales to Established Customers Outside the United States**

Purchase orders for finished goods (09. part numbers) must indicate both the country of final

destination and the name of the end user, unless it is a stocking order. If it is a stocking order, that should be noted on the purchase order.

A purchase order where the country of final destination is in any one of the following countries must be flagged and referred to the company's CFO: **Cuba, North Korea, Iran, Sudan or Syria**.

The Meyer Sound sales order person entering the order must conduct an SDN search for the name of the end user indicated on a purchase order (see SDN search link above). The name of the end user should be entered in the name field and the country of the end user should be entered in the country field and the threshold slider bar should be set to 80%.

If the SDN search reveals no results indicating the end user is subject to U.S. sanctions, the Meyer Sound sales order person should note that fact on the purchase order next to the name of the end user. If there are "hits" indicating possible sanctions, the purchase order should be flagged and referred to the company's CFO.

If a purchase order for finished goods that is not a stocking order is missing either the country of final destination or the name of end user, a revised purchase order should be requested which includes the missing information. Alternatively, the missing information can be obtained via email. The email containing the missing information should be attached the purchase order.

### **Sales to New Customers Outside the United States**

If a potentially new customer is located in **Cuba, Iran, Sudan or Syria**, or has a parent company or subsidiary company in any one of these countries, the customer should be flagged and the customer information referred to the company's CFO.

When setting up a new customer in GrowthPower, the Meyer Sound sales order person setting up the customer must run an SDN check on the customer. The name of the customer should be entered in the name field and the country of the customer should be entered in the country field and the threshold slider bar should be set to 80%.

If the SDN search reveals no results indicating the customer is subject to U.S. sanctions, this should be noted in the customer file by the Meyer Sound sales order person. If a result is found, the setting up of the new customer needs to be approved by the CFO and noted in the customer file. If there are "hits" indicating possible sanctions, the customer should be flagged and the customer information referred to the company's CFO.

All purchase orders, including initial purchase orders, from a new customer shall be subject to the requirements set forth above for existing customers.

### **Sales, Marketing, Design Services, Technical Support and Service**

No quotes, literature or support of any kind shall be provided to or for the benefit of any entity, person or project located in **Cuba, Iran, Sudan or Syria**.