



FREQUENTLY ASKED QUESTIONS ABOUT OFAC

What is OFAC and what does it do?

The Office of Foreign Assets Control administers and enforces economic sanctions programs primarily against countries and groups of individuals, such as terrorists and narcotics traffickers. The sanctions can be either comprehensive or selective, using the blocking of assets and trade restrictions to accomplish foreign policy and national security goals. [09-10-02]

What does one mean by the term "prohibited transactions" ?

Prohibited transactions are trade or financial transactions and other dealings in which U.S. persons may not engage unless authorized by OFAC or expressly exempted by statute. Because each program is based on different foreign policy and national security goals, prohibitions may vary between programs.[06-16-06]

Are there exceptions to the prohibitions?

Yes. OFAC regulations often provide general licenses authorizing the performance of certain categories of transactions. OFAC also issues specific licenses on a case-by-case basis under certain limited situations and conditions. Guidance on how to request a specific license is found below and at 31 C.F.R. 501.801. [06-16-06]

When should I call OFAC's compliance "hotline"?

Only after you've taken the following "due diligence" steps.

If you are calling about a wire transfer or other "live" transaction:

1. Is the "hit" or "match" against OFAC's SDN list or targeted countries, or is it "hitting" for some other reason (i.e., "Control List" or "PEP," "CIA," "Non-Cooperative Countries and Territories," "Canadian Consolidated List (OSFI)," "World Bank Debarred Parties," "Blocked Officials File," or "government official of a designated country"), or can you not tell what the "hit" is?

- If it's hitting against OFAC's SDN list or targeted countries, continue to 2 below.
- If it's hitting for some other reason, you should contact the "keeper" of whichever other list the match is hitting against. For questions about:
 - The Denied Persons List and the Entities List, please contact the Bureau of Industry and Security at the U.S. Department of Commerce at 202-482-4811.
 - The FBI's Most Wanted List or any other FBI-issued watch list, please contact the Federal Bureau of Investigation (<http://www.fbi.gov/contact/fo/fo.htm>).
 - The Debarred Parties list, please contact the Office of Defense Trade Controls at the U.S. Department of State, 202-663-2700.
 - The Bank Secrecy Act and the USA PATRIOT Act, please contact the Financial Crimes Enforcement Network (FinCEN), 1-800-949-2732.
- If you are unsure whom to contact, please contact your interdict software provider which told you there was a "hit."
- If you can't tell what the "hit" is, you should contact your interdict software provider which told you there was a "hit."

2. Now that you've established that the hit is against OFAC's SDN list or targeted countries, you must evaluate the quality of the hit. Compare the name in your transactions with the name on the SDN list. Is the name in your transaction an individual while the name on the SDN list is a vessel, organization or company (or vice-versa)?

- If yes, you do not have a valid match.*
- If no, please continue to 3 below.

3. How much of the SDN's name is matching against the name in your transaction? Is just one of two or more names matching (i.e., just the last name)?

- If yes, you do not have a valid match.*
- If no, please continue to 4 below.

4. Compare the complete SDN entry with all of the information you have on the matching name in your transaction. An SDN entry often will have, for example, a full name, address, nationality, passport, tax ID or cedula number, place of birth, date of birth, former names and aliases. Are you missing a lot of this information for the name in your transaction?

- If yes, go back and get more information and then compare your complete information against the SDN entry.
- If no, please continue to 5 below.

5. Are there a number of similarities or exact matches?

- If yes, please call the hotline at 1-800-540-6322.
- If no, you do not have a valid match.*

If you are calling about an account:

1. Is the "hit" or "match" against OFAC's SDN list or targeted countries, or is it "hitting" for some other reason (i.e., "Control List" or "PEP," "CIA," "Non-Cooperative Countries and Territories," "Canadian Consolidated List (OSFI)," "World Bank Debarred Parties," or "government official of a designated country"), or can you not tell what the "hit" is?

- If it's hitting against OFAC's SDN list or targeted countries, continue to 2 below.
- If it's hitting for some other reason, you should contact the "keeper" of whichever other list the match is hitting against. For questions about:
 - The Denied Persons List and the Entities List, please contact the Bureau of Industry and Security at the U.S. Department of Commerce at 202-482-4811.
 - The FBI's Most Wanted List or any other FBI-issued watch list, please contact the Federal Bureau of Investigation (<http://www.fbi.gov/contact/fo/fo.htm>).
 - The Debarred Parties list, please contact the Office of Defense Trade Controls at the U.S. Department of State, 202-663-2700.
 - The Bank Secrecy Act and the USA PATRIOT Act, please contact the Financial Crimes Enforcement Network (FinCEN), 1-800-949-2732.
- If you are unsure whom to contact, you should contact your interdict software provider which told you there was a "hit."
- If you can't tell what the "hit" is, you should contact your interdict software provider which told you there was a "hit."

2. Now that you've established that the hit is against OFAC's SDN list or targeted countries, you must evaluate the quality of the hit. Compare the name of your accountholder with the name on the SDN list. Is the name of your accountholder an individual while the name on the SDN list is a vessel, organization or company (or vice-versa)?

- If yes, you do not have a valid match.*
- If no, please continue to 3 below.

3. How much of the SDN's name is matching against the name of your accountholder? Is just one of two or more names matching (i.e., just the last name)?

- If yes, you do not have a valid match.*
- If no, please continue to 4 below.

4. Compare the complete SDN entry with all of the information you have on the matching name of your accountholder. An SDN entry often will have, for example, a full name, address, nationality, passport, tax ID or cedula number, place of birth, date of birth, former names and aliases. Are you missing a lot of this information for the name of your accountholder?

- If yes, go back and get more information and then compare your complete information against the SDN entry.
- If no, please continue to 5 below.

5. Are there a number of similarities or exact matches?

- If yes, please call the hotline at 1-800-540-6322.
- If no, you do not have a valid match.*

* If you have reason to know or believe that processing this transfer or operating this account would violate any of the Regulations, you must call the hotline and explain this knowledge or belief. [02-12-03]

Where can I find the specific details about the embargoes?

A summary description of each particular embargo or sanctions program may be found in the [Sanctions Program and Country Summaries](#) area and in the [Regulations by Industry](#) area on OFAC's website. The text of Legal documents may be found in the [Legal Documents](#) area of OFAC's website which contains the text of 31 C.F.R. Chapter V and appropriate amendments to that Chapter which have appeared in the Federal Register. [09-10-02]

Can I get permission from OFAC to transact or trade with an embargoed country?

OFAC usually has the authority by means of a specific license to permit a person or entity to engage in a transaction which otherwise would be prohibited. In some cases, however, legislation may restrict that authority. [09-10-02]

What must I do to get permission to trade with an embargoed country?

In some situations, authority to engage in certain transactions is provided by means of a general license. In instances where a general license does not exist, a written request for a specific license must be filed with OFAC. The request must conform to the procedures set out in the regulations pertaining to the particular sanctions program. Generally, application guidelines and requirements must be strictly followed, and all necessary information must be included in the application in order for OFAC to consider an application.

What do you mean by "blocking?"

Another word for it is "freezing." It is simply a way of controlling targeted property. Title to the blocked property remains with the target, but the exercise of powers and privileges normally associated with ownership is prohibited without authorization from OFAC. Blocking immediately imposes an across-the-board prohibition against transfers or dealings of any kind with regard to the property. [09-10-02]

What countries do I need to worry about in terms of U.S. sanctions?

OFAC administers a number of U.S. economic sanctions and embargoes that target geographic regions and governments (such as Cuba, Cote d'Ivoire, Iran, Iraq, Libya, North Korea, Sudan, Liberia, Zimbabwe, Sierra Leone, the UNITA faction in Angola, Syria and Burma [Myanmar]) as well as other programs targeting individuals or entities that could be anywhere, currently, programs relating to foreign narcotics traffickers, foreign terrorists, WMD proliferators, persons in the Western Balkans (included within these are, e.g., Foreign Terrorist Organizations, designated foreign persons who have engaged in activities related to the proliferation of weapons of mass destruction, and designated foreign persons associated with Slobodan Milosevic or who threaten international stabilization efforts in the Western Balkans). In addition to targeted countries, it is very important to note that OFAC publishes a list of Specially Designated Nationals and Blocked Persons ("SDN list") which includes over 3,500 names of companies and individuals who are connected with the sanctions targets and are located throughout the world (with addresses listed in 112 countries as of 09/2002). A number of the named individuals and entities are known to move from country to country and may end up in locations where they would be least expected. U.S. persons are prohibited from dealing with SDNs wherever they are located and all SDN assets are blocked. Because OFAC's programs are dynamic and constantly changing, it is very important to check OFAC's website on a regular basis to ensure that your SDN list is current and you have complete information regarding current restrictions affecting countries and parties with which you plan to do business. [02-10-06]

Who must comply with OFAC regulations?

All U.S. persons must comply with OFAC regulations, including all U.S. citizens and permanent resident aliens regardless of where they are located, all persons and entities within the United States, all U.S. incorporated entities and their foreign branches. In the cases of certain programs, such as those regarding Cuba and North Korea, all foreign subsidiaries owned or controlled by U.S. companies also must comply. Certain programs also require foreign persons in possession of U.S. origin goods to comply. [09-10-02]

How much are the fines for violating these regulations?

The fines for violations can be substantial. Depending on the program, criminal penalties can include fines ranging from \$50,000 to \$10,000,000 and imprisonment ranging from 10 to 30 years for willful violations. Depending on the program, civil penalties range from \$11,000 to \$1,000,000 for each violation. [09-10-02]

Is there a mechanism for a company to report its past undetected violations of OFAC regulations for completed transactions? Is any type of "amnesty" available for inadvertent failure to comply prior to the company becoming aware of the OFAC regulations?

Yes, a company can and is encouraged to voluntarily disclose a past violation. Self-disclosure is considered a mitigating factor by OFAC in Civil Penalty proceedings. A self-disclosure should be in the form of a detailed letter, with any supporting documentation, to Robert W. Werner, Director, Office of Foreign Assets Control, U.S. Department of the Treasury, 1500 Pennsylvania Ave., N.W., Washington, DC 20220. OFAC does not have an "amnesty" program. The ramifications of non-compliance, inadvertent or otherwise, can jeopardize critical foreign policy and national security goals. OFAC does, however, review the totality of the circumstances surrounding any violation, including the quality of a company's OFAC compliance program. [09-10-02]

Can OFAC change its previously stated, non-published interpretation or opinion without first giving public notice?

Yes. OFAC, therefore, strongly encourages parties to exercise due diligence when their business activities may touch on an OFAC-administered program and to contact OFAC if they have any questions about their transactions. [09-10-02]

QUESTIONS ABOUT SPECIALLY DESIGNATED NATIONALS (SDNS)

What is an SDN?

As part of its enforcement efforts, OFAC publishes a list of individuals and companies owned or controlled by, or acting for or on behalf of, targeted countries. It also lists individuals, groups, and entities, such as terrorists and narcotics traffickers designated under programs that are not country-specific. Collectively, such individuals and companies are called "Specially Designated Nationals" or "SDNs." Their assets are blocked and U.S. persons are generally prohibited from dealing with them. [09-10-02]

How often is the SDN list updated?

The SDN list is frequently updated. There is no predetermined timetable, but rather names are added or removed as necessary and appropriate. [09-10-02]

Does OFAC maintain or can it create a country-by-country list of SDNs?

OFAC has long maintained such a list. The file is available for downloading by clicking on the [DOS](#) or [Windows Delimited](#) SDN List links on OFAC's Website. The file is contained within those self-extracting archives and is called `ctry_list.txt`. It is important to understand that many SDN individuals and entities may operate in countries other than those in which they are based. The relevant regulations prohibit transactions with and/or block the property of SDNs wherever they are located. [09-10-02]

What do I do if I have a match to the SDN list?

If you have checked a name manually or by using software and find a match, you should do a little more research. Is it an exact name match, or very close? Is your customer located in the same general area as the SDN? If not, it may be a "false hit." If there are many similarities, contact OFAC's "hotline" at 1-800-540-6322 for verification. If your "hit" concerns an in-process wire transfer, you may prefer to [e-mail your question](#) to OFAC. Unless a transaction involves an exact match, it is recommended that you contact OFAC Compliance before actually blocking assets. [09-10-02]

What is the Control list? Who do I call about the Control list? What is the difference between the Control list and OFAC's SDN list?

The Control List was developed by the law enforcement community in response to the events of September 11. It is separate from the OFAC's SDN list and is not disseminated by OFAC. If you have received a copy of this list, you should follow the instructions received with it. [09-10-02]

CONSUMER CREDIT REPORT

What Is This OFAC Information On My Credit Report?

Credit bureaus and agencies in particular have adopted new measures to ensure compliance with OFAC regulations. Before issuing a credit report, they use special "interdiction" software developed by the private sector to determine if a credit applicant is on the SDN list. This software matches the credit applicant's name and other information to the individuals on the SDN list. If there is a

potential match, the credit bureaus are placing a "red flag" or alert on the report. This does not necessarily mean that someone is illegally using your social security number or that you have bad credit. It is merely a reminder to the person checking your credit that he or she should verify whether you are the individual on the SDN list by comparing your information to the OFAC information. If you are not the individual on the SDN list, the person checking your credit should disregard the OFAC alert, and there is no need to contact OFAC. However, if the person checking your credit believes you are the person on the SDN list, then he or she should call the OFAC Hotline to verify and report it.

How Can I Get The OFAC Alert Off My Credit Report?

A consumer has the right under the Fair Credit Reporting Act (FCRA), 15 U.S.C. 1681 et seq., to request the removal of incorrect information on his/her credit report. To accomplish this, consumers should contact the credit reporting agency or bureau that issued the credit report. For more information on consumers' rights under the FCRA, visit the Federal Trade Commission's website at <http://www.ftc.gov/bcp/online/edcams/fcra/>.

ONLINE COMPLIANCE

Can I send money to a sanctioned country using a third-country company's website? Can I buy gifts for someone in a sanctioned country over the internet? The websites tell me that it's o.k. because they themselves are not sanctioned parties.

You cannot do something indirectly that you would not be able to do directly. Therefore, these sites can be used to facilitate authorized transactions, but you cannot use them to perform a transaction which would be in violation of U.S. law. For example, the Cuban Assets Control Regulations authorize any U.S. person to send \$300/quarter to any individual in Cuba. The U.S. remitter can use a third-country provider to send these funds to Cuba. If the person attempts to send more than \$300/quarter to any one individual, however, he or she is in violation of U.S. law and subject to penalties. Another example is booking tourist travel to Cuba using an internet travel service provider in a third country. Spending money on tourism is prohibited by the CACR, regardless of how the travel is booked or how it is paid for. Ultimately some of these funds will end up in Cuba in violation of U.S. law. The fact that the trip was booked through a third-country company, either in person or over the internet, is irrelevant. [04-13-04]

My company provides money remittance and account services via the Internet. Does OFAC have any compliance guidance for this type of business?

Complying with United States sanctions policy presents unique challenges to institutions that operate exclusively on the Internet. The Internet has often been thought of as an "anonymous venue" in that e-commerce transactions can be conducted in relative privacy with little or no face-to-face contact among the parties in a transaction. This anonymity creates a significant challenge for Internet businesses that wish to satisfy their due diligence requirements.

In order to be compliant with OFAC-governed sanctions regulations, US jurisdiction entities must ensure that they are not:

- A. Engaging in trade or transaction activities that violate the regulations behind OFAC's country-based sanctions programs, and;
- B. Engaging in trade or transaction activities with sanctions targets named on OFAC's list of [Specially Designated Nationals and Blocked Persons](#) (SDNs).

A number of Internet-based financial service companies already developed Internet Protocol (IP) address blocking procedures. These companies use publicly available data to maintain tables of IP addresses based on geographic region. Users attempting to initiate an online transaction or access an account from a sanctioned country are blocked based on their IP address. While this approach is effective, it does not fully address an Internet firm's compliance risks. The fact that international distribution authorities can reassign IP blocks makes the geographic location of an IP potentially dynamic.

The anonymous character of Internet-based transactions often places obstacles in the path of rigorous compliance practices. Firms that facilitate or engage in e-commerce should do their best to know their customers directly. In order to minimize their liabilities, Internet remittance and account service firms should attempt to gather authentic identification information on their customers before a new account is opened or new transaction is initiated. This information will help confirm the customer's identity and help the e-commerce firm ensure it is not conducting business with a sanctions target. Currently many Internet remittance companies use credit card authentication as the primary method of confirming a customer's identity. While this method is technologically expedient, it does not meet the standards of due diligence normally found in the non-Internet-based financial community. A company cannot rely on another firm's compliance program in order to mitigate risk.

It is recommended that e-commerce firms gather and record "purpose of payment" information on each transaction they process. In the non-Internet sector, financial institutions are able to stop in-process transactions and gather more information on them. Due to the level of automation found within the Internet financial sector, this type of in-process information gathering is not always possible. Collecting information on the purpose of payments upfront will allow Internet firms to better screen outgoing and incoming transactions for potential violations. [04-13-04]

LICENSING QUESTIONS

What is a license?

A license is an authorization from OFAC to engage in a transaction that otherwise would be prohibited. There are two types of licenses: general licenses and specific licenses.

A general license authorizes a particular type of transaction for a class of persons without the need to apply for a license.

A specific license is a written document issued by OFAC to a particular person or entity, authorizing a particular transaction in response to a written license application.

Persons engaging in transactions pursuant to general or specific licenses must make sure that all conditions of the licenses are strictly observed.

OFAC's regulations may contain statements of OFAC's specific licensing policy with respect to particular types of transactions. [06-16-06]

Do I have to fill out a particular form to get a license to engage in a transaction?

Most license applications do not have to be submitted on a particular form. However, it is essential to include in the request all necessary information as required in the application guidelines or the regulations pertaining to the particular embargo program. When applying for a license, provide a detailed description of the proposed transaction, including the names and addresses of any individuals/companies involved. The mailing address for license applications is:

Office of Foreign Assets Control
U.S. Department of the Treasury
Treasury Annex
1500 Pennsylvania Avenue, NW
Washington, DC 20220
Attn: Licensing Division

Further contact information can be found under the "[Contacts](#)" section of OFAC's website. Depending upon the transaction, there may be specific guidance available on OFAC's website under relevant "Guidelines and Information" in "[Sanctions and Country Program Summaries](#)." [06-16-06]

Can I appeal a denial of my license application?

A denial by OFAC of a license application constitutes final agency action. The regulations do not provide for a formal process of appeal. However, OFAC will reconsider its determinations for good cause, for example, where the applicant can demonstrate changed circumstances or submit additional relevant information not previously made available to OFAC. [09-10-02]

How can I find out the status of my pending license application?

OFAC will notify applicants in writing as soon as a determination has been made on their application. The length of time for determinations to be reached will vary depending on the complexity of the transactions under consideration, the scope and detail of interagency coordination, and the volume of similar applications awaiting consideration. Applicants are encouraged to wait at least two weeks before telephonically contacting the Licensing Division at (202) 622-2480 or the Compliance Division at (202) 622-2490 to inquire about the status of their application. [06-16-06]

What agencies other than Treasury review OFAC license applications and what are the roles of these other agencies?

Many of OFAC's licensing determinations are guided by U.S. foreign policy and national security concerns. Numerous issues often must be coordinated with the U.S. Department of State and other government agencies, such as the U.S. Department of Commerce. Please note that the need to comply with other provisions of 31 C.F.R. chapter V, and with other applicable provisions of law, including any aviation, financial, or trade requirements of agencies other than the Department of Treasury's Office of Foreign Assets Control. Such requirements include the Export Administration Regulations, 15 C.F.R. Parts 730 *et seq.*, administered by the Department of Commerce, and the International Traffic in Arms Regulations, 22 C.F.R. Parts 120-130, administered by the Department of State. [06-16-06]

Is a license required to enter into an overflight permit agreement with the Cuban Civil Air Authority, even if there is no cost?

Yes. A permit from the Government of Cuba is property in which the Government of Cuba has an interest. Therefore, a license from OFAC is necessary prior to obtaining the permit, even if no funds are changing hands at this point in the process. Many U.S. companies provide permitting and payment services on behalf of their clients. If such a facilitator holds an OFAC license to obtain the permits and make the payments to the Government of Cuba, there is no need for each individual client to obtain a separate OFAC authorization. [01-06-06]

TECHNOLOGY QUESTIONS

Does OFAC provide its SDN List in a format that can be easily imported into a database?

Yes. OFAC's SDN list is available in both fixed-field and delimited formats that can be imported into a variety of software programs. [09-10-02]

Does OFAC provide its SDN List in an Excel or other spreadsheet format?

OFAC publishes the SDN data in a comma separated values format (CSV). This format is recognized by Excel and other spreadsheet programs and can be imported into spreadsheet format by simply opening the file in your default spreadsheet application [06-14-07]

What is the delimiter in OFAC's delimited files?

The delimiter varies based upon the file type. Files that end in .DEL have an @ (at) symbol as the delimiter. Files that end in .CSV have a comma delimiter. Files that end in .FF have a fixed width delimiter. Files that end in .PIP use the | (pipe) symbol as a delimiter. [06-14-07]

Does OFAC have a web-based SDN search engine?

No. OFAC web site users must search the SDN list manually. Users can search the PDF version of the SDN list using the "find" feature of the Adobe Acrobat Reader. Most word processing programs also have a search function to scan OFAC's ASCII versions of the SDN list. Individuals with specific, technical questions about searching should contact OFAC's Compliance hotline (1-800-540-6322) for assistance. [09-10-02]

How are OFAC's delimited files structured?

All of OFAC's delimited files are described in OFAC's [SDN data file specification](#). [06-14-07]

Does OFAC have an email service that will notify me when there are updates to the SDN list?

Yes. OFAC has two separate subscription services available. These services can be accessed by clicking on the links in the bottom, left corner of OFAC's homepage (www.treas.gov/ofac).

I am a systems administrator looking to design an automated process that will download the SDN list without human intervention. How can I do this given that changes to the SDN list can be sporadic?

While OFAC cannot give specific advice on how to design an automated system for SDN downloads, many institutions solve this problem by setting up a scheduled download of the SDN list. These firms conduct their own risk assessments and decide how often they need to download the list in order to comply with U.S. law. [09-10-02]

I am a database administrator at a financial institution and am responsible for keeping my company's SDN data current. Is the SDN list comprehensive or do I need to download some kind of supplement to the list every time there is an update?

The SDN list is comprehensive. Database administrators can overwrite any old data in their systems with the latest versions of the delimited files, thus ensuring that their database is current. [09-10-02]

I am looking for the terrorist list on your web site so I can bring my company in compliance with U.S. law. Where can I find this list?

OFAC's regulations are broader than the specific laws that deal with the terrorists and persons who support them. All individuals and entities that fall under U.S. jurisdiction should use OFAC's comprehensive list of Specially Designated Nationals. This list includes the designated terrorists and is available on OFAC's web site. It is important to note that some OFAC sanctions, such as those pertaining to Iraq, Libya, Sudan, and Cuba, apply to persons acting on behalf of those targeted governments even if those persons do not appear on the SDN list. It is also important to note that OFAC's Cuba sanctions prohibit transactions with Cuban nationals, wherever located. U.S. persons are expected to exercise due diligence in determining whether any such persons are involved in a proposed transaction. [09-10-02]