



OFAC Compliance



Office of Foreign Assets Control

- Who are they?
- What is the purpose?
- How does it relate to the Bank Secrecy Act?
- What is our credit union's role?



Office of Foreign Assets Control



- ...enforces federal laws that prohibit **all U.S. persons** from doing business with known terrorists, organizations, and countries the U.S. has imposed economic and trade sanctions against.

OFAC Program Components

- Risk-based approach
- Assessment
- Internal controls
- Independent testing
- Training
- OFAC compliance officer
- Reporting



SDN List & Screening

- Specially Designated Nationals and Blocked Persons List
- Screening—
 - Initial check
 - Ongoing (Membership list)
 - Transaction (One-name-at-a-time)

Valid hit or false positive?

Other sanctions lists

What to Monitor

Transactions

- New accounts
- Wire transfers
- ACH transactions*
- On-us checks
- Teller/cashier's checks
- Loan proceeds
- EFT

Parties

- Members
- Joint account owners
- Co-signers/Guarantors
- Collateral owners
- Account beneficiaries
- Check payees
- Parties to wire transfer

Possible Action on Hits

- Blocking assets
- Rejecting transaction
- Contact OFAC hotline
800.540.6322
- Reporting
 - 10 business days
 - September 30 if blocked property



Fines for Violation

- Willful violations
- Civil penalties
- Reputation risk

- Credit unions too!





Common Questions

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