



What Exactly Is Subject to OFAC

Answer by John Burnett, BOL Guru

[Guru BIOS](#)

Question: Are there formal legal source documents indicating what financial transactions are subject to OFAC filter requirements? Materials we have researched indicate that currency exchanges, depositing or cashing checks, purchase of money orders/Cashier's Checks, loan payments, guarantors, collateral owners, cosigners, receiving/sending parties and beneficiaries are subject to OFAC filter requirements. Depending upon the specific bank's transaction policy, certain activity above is only performed for customers and therefore, filtered indirectly at new accounts or subsequent OFAC list updates. Can you indicate if these are subject to OFAC and if so, the source document requiring it? It would appear to be very burdensome to filter all persons performing activity to deposit and loan accounts, as well as recipients of money orders/Cashier's Checks?

Answer: Virtually every transaction involving property connected to persons listed on the OFAC lists is affected, and creates a risk for the U.S. person (including all banks and other businesses) that handles it. Banks must assess the risk that they might violate the OFAC sanctions, and act accordingly.

There is no one rule that covers everything. Instead, different types of transactions are treated in various ways dependant upon which OFAC sanction program is involved.

Take a look at the [BOL OFAC Page](#) and the [OFAC Matrix](#) we have provided to obtain more information. The Matrix includes links to official OFAC documents providing details.

OFAC and Wire Transfers

Answer by John Burnett, BOL Guru

[Guru BIOS](#)

Question: Is it recommended to do an OFAC check on the sender and receiver for both incoming and outgoing wire transfers?

Answer: OFAC compliance is really risk management. Wire transfers, because of their relatively large dollar amounts and irretrievability, coupled with the ease with which large sums can be moved around the world in the blink of an eye, are prime focus areas for OFAC checking.

It is most definitely recommended that you check both recipient and sender of all incoming and outgoing wires. If you refuse wires at your end for non-customers (in and out), and you have a good OFAC check going on your customer base, you might ease up on checking your end of wire instructions. But definitely check the other end. For outgoing wires, you should check the receiving bank, as well, since there are foreign banks in the OFAC listings.

Frequency of OFAC Scan

Answer by Jim Bedsole, BOL Guru

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Question: Is there a requirement stating how often a thrift must scan its customer base for OFAC matches?

Answer: There is no specified timing requirement for this. It's a risk decision. I can tell you that the industry best practice seems to be to scan all new customers daily, and scan the complete customer base any time the OFAC list changes (which currently is several times a month).

OFAC Screening on Existing Customers

Answer by John Burnett, BOL Guru

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Question: Are we required as a Fed regulated bank to perform an OFAC search on all new accounts every time an account is opened even if the person is already a customer of the bank?

Answer: As we have stated here many times before, there are currently no specific rules relating to how or when a bank must perform OFAC checks. It is strictly a risk-mitigation decision.

A prudent part of a bank's OFAC-risk strategy would be to periodically (defined by the bank) check its existing customer base against the various OFAC lists to ensure that none of its established customers has been added as an OFAC-listed party. If this is done routinely, nothing is really to be gained by checking an existing customer when he/she/it opens a new account.

However, if it is easier and more effective to train your personnel to check on all new account irrespective of existing relationships, that course may be better for you.

OFAC Checking Loan Disbursements

Answer by Andy Zavoina, BOL Guru

[Guru BIOS](#)

Question:

We're having discussions about our responsibility to check OFAC for loan proceeds disbursements. Are we required to check OFAC for the payee on loan proceeds checks? Would that also include those loans where the proceeds are given to a title company or other third party (e.g., attorney or trust company) for final distribution? Some of us think the third party would be responsible for checking OFAC while others believe all parties to the loan should be checked on OFAC.

Answer: A similar question was asked in the threads recently, [and ably answered by our peers.](#)