

Understanding the Office of Foreign Assets Control (OFAC) Process

What is OFAC?

The Office of Foreign Assets Control (OFAC), an office of the Department of Treasury in Washington, DC, administers and enforces criminal penalties and economic sanctions, which are used by the U.S. government to prevent targeted countries, entities, and individuals from, among other things, accessing our financial system for purposes that are contrary to U.S. foreign policy and national security.

Under the sanctions program, OFAC has designated individuals, banks, companies, and other entities such as terrorists and narcotics traffickers who are considered a threat to national security or who participate in activities that are against U.S. foreign policy. Their names are placed on the Specially Designated Nationals and Blocked Persons List (SDN List), the list may be found on OFAC's website (www.treas.gov/ofac). No U.S. person can engage in business with any individual or entity on the list and non-compliance with the OFAC regulations may result in civil monetary or criminal penalties.

OFAC Process at Clarity Services

The OFAC regulations require credit bureaus and agencies to have a process to determine if an applicant is on the SDN List if the bureau or agency is to provide OFAC information on a credit report. Clarity Services' OFAC process returns an OFAC Score and an OFAC flag indicating the probability that an applicant's name and address is similar to matching information on the SDN List. The process for determining a match is as follows:

- Generate a score ranging from 0-100 based on the match on the applicant's name (or known aliases), street address, and city to the data on the SDN List.
- A full name is required to perform a match.
- A perfect match will score 100 (exact match on name, street address, and city)
- A full name match will score 60.
- Clarity returns OFAC flag false on a match score of 60 or lower.
- Clarity returns OFAC flag true on a match score of 61 or higher.
- OFAC flag true does not necessarily mean the applicant is on the SDN List. It means the lender must take due diligent steps to verify the applicant prior to granting credit or a loan.
- The applicant will see the OFAC Score and OFAC flag on their Clarity credit report, when it is requested.
- The OFAC database is updated nightly, 7 days a week.

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