



DEPARTMENT OF THE TREASURY
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The regulations of Treasury's Office of Foreign Assets Control (OFAC) generally define "property" as being anything of value and "property interests" as being direct, indirect, present, future, or contingent. OFAC has long been concerned about the possibility that incoming cross-border ACH debits might involve property or property interests of sanctions targets. In order to assure the smooth functioning of the ACH network, OFAC is authorizing institutions in the United States when they are acting as Originating Depository Financial Institutions/Gateway Operators (ODFI/GOs) for inbound International ACH debit Transactions (IAT debits) to reject transactions that appear to involve blockable property or property interests. The procedure will prevent funds from being transferred to sanctioned parties, provide OFAC with valuable information for analytical and enforcement purposes about targets and about those who may be engaging with them, assure that U.S. persons not facilitate transactions in which there is a blockable interest, and assist NACHA participants to comply with U.S. law.

To the extent that an ODFI/GO screens inbound IAT debits for possible OFAC violations prior to execution and in the course of such screening discovers a potential OFAC violation, the suspect transaction is to be removed from the batch for further investigation. If, at the conclusion of the investigation, the ODFI/GO determines that the transaction does appear to violate OFAC regulations, the ODFI/GO should refuse to process the transfer. The procedure will apply to transactions that would normally be blocked as well as to transactions that would normally be rejected for OFAC purposes based on the information in the payment.

ODFI/GOs must report rejected IAT debits to OFAC within ten days pursuant to OFAC's *Reporting, Procedures and Penalties Regulations* (31 CFR Part 501 Section 603). OFAC offers a voluntary form for the reporting of rejected transactions on its website (http://www.treas.gov/offices/enforcement/ofac/legal/forms/e_rejectreport1.pdf)

OFAC requests that ODFI/GOs contact relevant personnel at Receiving Depository Financial Institutions (RDFIs) to make them aware of rejected transactions and provide them with copies of rejected transactions. Providing such notices to RDFIs will assist them in conducting due diligence on their customer accounts.

If an ODFI/GO mistakenly processes forward an IAT debit to an RDFI, and the RDFI becomes aware of a potential OFAC violation, the RDFI should contact OFAC's hotline (1-800-540-6322 or 202-622-2490) in order to resolve the issue on a case-by-case basis.


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