



OFAC

A late 2018 civil settlement between the US Treasury and JPMorgan Chase & Co. exceeds 5 million dollars for self-identified and reported OFAC violations. The violations included 87 violations of the Cuban Assets Control Regulations, the Iranian Transactions and Sanctions Regulations, and the Weapons of Mass Destruction Proliferators Sanctions Regulations. The transactions included net settlement payments with a very small portion being provided to the interests of airlines that were on OFAC's List of Specially Designated Nationals and Blocked Persons (SDN List), entities blocked pursuant to OFAC sanctions, or located in countries subject to OFAC sanctions.

On a separate issue, OFAC issued a Finding of Violation to JPMC for violations of the Foreign Narcotics Kingpin Sanctions Regulations and the Syrian Sanctions Regulations. Between 2011 and 2014 JPMC held accounts on behalf of six customers who were listed on the SDN list. They also processed 85 transactions worth \$46,127.04 through 8 accounts. According to a web notice on the U.S. Treasury site, "From approximately 2007 to October 2013, JPMC used a vendor screening system that failed to identify these six customers as potential matches to the SDN List. The system's screening logic capabilities failed to identify customer names with hyphens, initials, or additional middle or last names as potential matches to similar or identical names on the SDN List. Despite strong similarities between the accountholder's names, addresses, and dates of birth in JPMC account documentation and on the SDN List, JPMC maintained accounts for, and/or processed transactions on behalf of, these six customers." In 2013, a new screening tool was implemented and after rescreening all their customers using the new tool, the transactions and accounts were identified, and the OFAC violations reported.

The NewSolutions integrated OFAC screening tool, strips out all of the punctuation from both names before being searched. This eliminates problems with hyphens, initials, etc. As a reminder, the following products and services are subject to OFAC screening requirements:

- Deposit accounts, any type
- Checking/share draft accounts
- Money Orders, teller/official checks, travelers checks or other monetary instruments
- Wire Transfers
- ACH transactions
- Loans-including consumer, mortgage or business loans
- VISA accounts
- Trust accounts
- Sales of repossessed vehicles
- Safe deposit boxes
- Vendors

Failing to check these transactions against the OFAC list can put your credit union at risk of doing business with blocked entities or individuals and the fines can be costly, even if they are self-reported. Since the SDN list can be changed at any time, member records should be screened periodically to make sure current member have not been added to the list. More information on the JPMorgan Chase & Co. settlement can be found [here](#).