



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

FAC No: GEN-594137

Priscilla C. Holland, AAP, CCM
Senior Director
National Automated Clearing House Association
13450 Sunrise Valley Drive, Suite 100
Herndon, VA 20171

Dear Ms. Holland:

This letter is in response to your email of June 11, 2012 where you solicited the Office of Foreign Assets Control's (OFAC's) thoughts on the practice of some financial institutions which credit a beneficiary with the proceeds of an International ACH Transaction (IAT), prior to performing OFAC screening.

It is OFAC's position that a financial institution that performs its OFAC screening after having credited a beneficiary's account increases its OFAC risk substantially.

When a financial institution credits a beneficiary's account with the proceeds of a transaction that is in violation of OFAC regulations, it has committed a violation by processing the transaction forward. The consequences of the violation can be mitigated if the institution is able to prevent the beneficiary's access to the funds until the OFAC screening is completed, or is otherwise able to recover the funds prior to their being used by the beneficiary.

Sincerely,

Alexandre B. Manfull
Chief, Blocked Assets Administration and Analysis
Office of Foreign Assets Control