

U.S. DEPARTMENT OF THE TREASURY

Resource Center



OFAC FAQs: General Questions

OFAC FAQ Index	General Questions	Sanctions Compliance	Sanctions Lists and Files	Iran Sanctions	Other Sanctions Programs
--------------------------------	-----------------------------------	--------------------------------------	---	--------------------------------	--

Search OFAC FAQs Using Treasury Recommendations:

Skip to the Following Topics:

- [Basic Information on OFAC and Sanctions](#)
- [OFAC Licenses](#)
- [How to Receive Notifications About OFAC Updates](#)
- [OFAC Information on a Credit Report](#)
- [Entities Owned by Persons Whose Property and Interest in Property are Blocked \(50% Rule\)](#)
- [Cross-Programmatic Compliance Services Guidance](#)
- [Contact OFAC](#)

Basic Information on OFAC and Sanctions

[Print this topic](#)

1. What is OFAC and what does it do?

The Office of Foreign Assets Control administers and enforces economic sanctions programs primarily against countries and groups of individuals, such as terrorists and narcotics traffickers. The sanctions can be either comprehensive or selective, using the blocking of assets and trade restrictions to accomplish foreign policy and national security goals. [09-10-02]

2. How long has OFAC been around?

The Treasury Department has a long history of dealing with sanctions. Dating back prior to the War of 1812, Secretary of the Treasury Gallatin administered sanctions imposed against Great Britain for the harassment of American sailors. During the Civil War, Congress approved a law which prohibited transactions with the Confederacy, called for the forfeiture of goods involved in such transactions, and provided a licensing regime under rules and regulations administered by Treasury.

OFAC is the successor to the Office of Foreign Funds Control (the "FFC"), which was established at the advent of World War II following the German invasion of Norway in 1940. The FFC program was administered by the Secretary of the Treasury throughout the war. The FFC's initial purpose was to prevent Nazi use of the occupied countries' holdings of foreign exchange and securities and to prevent forced repatriation of funds belonging to nationals of those countries. These controls were later extended to protect assets of other invaded countries. After the United States formally entered World War II, the FFC played a leading role in economic warfare against the Axis powers by blocking enemy assets and prohibiting foreign trade and financial transactions.

OFAC itself was formally created in December 1950, following the entry of China into the Korean War, when President Truman declared a national emergency and blocked all Chinese and North Korean assets subject to U.S. jurisdiction. [05-02-06]

3. What does one mean by the term "prohibited transactions"?

Prohibited transactions are trade or financial transactions and other dealings in which U.S. persons may not engage unless authorized by OFAC or expressly exempted by statute. Because each program is based on different foreign policy and national

security goals, prohibitions may vary between programs. [06-16-06]

4. Are there exceptions to the prohibitions?

Yes. OFAC regulations often provide general licenses authorizing the performance of certain categories of transactions. OFAC also issues specific licenses on a case-by-case basis under certain limited situations and conditions. Guidance on how to request a specific license is found below and at 31 C.F.R. 501.801.

To apply for a specific license, please go to our [License Application Page](#). [06-16-06]

6. Where can I find the specific details about the embargoes?

A summary description of each particular embargo or sanctions program may be found in the [Sanctions Programs and Country Information](#) area and in the [Guidance and Information for Industry Groups](#) area on OFAC's website. The text of Legal documents may be found in the [Legal Documents](#) area of OFAC's website which contains the text of 31 C.F.R. Chapter V and appropriate amendments to that Chapter which have appeared in the Federal Register. [05-21-18]

7. Can I get permission from OFAC to transact or trade with an embargoed country?

OFAC usually has the authority by means of a specific license to permit a person or entity to engage in a transaction which otherwise would be prohibited. In some cases, however, legislation may restrict that authority.

To apply for a specific license, please go to our [License Application Page](#). [09-10-02]

8. What must I do to get permission to trade with an embargoed country?

In some situations, authority to engage in certain transactions is provided by means of a general license. In instances where a general license does not exist, a written request for a specific license must be filed with OFAC. The request must conform to the procedures set out in the regulations pertaining to the particular sanctions program. Generally, application guidelines and requirements must be strictly followed, and all necessary information must be included in the application in order for OFAC to consider an application. For an explanation about the difference between a general and a specific license as well as answers to other licensing questions, see the [licensing questions](#) section.

To apply for a specific license, please go to our [License Application Page](#). [09-10-02]

9. What do you mean by "blocking?"

Another word for it is "freezing." It is simply a way of controlling targeted property. Title to the blocked property remains with the target, but the exercise of powers and privileges normally associated with ownership is prohibited without authorization from OFAC. Blocking immediately imposes an across-the-board prohibition against transfers or dealings of any kind with regard to the property. [09-10-02]

10. What countries do I need to worry about in terms of U.S. sanctions?

OFAC administers a number of U.S. economic sanctions and embargoes that target geographic regions and governments. Some programs are comprehensive in nature and block the government and include broad-based trade restrictions, while others target specific individuals and entities. (Please see the "[Sanctions Programs and Country Information](#)" page for information on specific programs.) It is important to note that in non-comprehensive programs, there may be broad prohibitions on dealings with countries, and also against specific named individuals and entities. The names are incorporated into OFAC's list of Specially Designated Nationals and Blocked Persons ("SDN list") which includes approximately 6,400 names of companies and individuals who are connected with the sanctions targets. In addition, OFAC maintains [other sanctions lists](#) that may have different prohibitions associated with them. A number of the named individuals and entities are known to move from country to country and may end up in locations where they would be least expected. U.S. persons are prohibited from dealing with SDNs wherever they are located and all SDN assets are blocked. Entities that a person on the SDN List owns (defined as a direct or indirect ownership interest of 50% or more) are also blocked, regardless of whether that entity is separately named on the SDN List. Because OFAC's programs are dynamic, it is very important to check OFAC's website on a regular basis to ensure that your sanctions lists are current and you have complete information regarding the latest restrictions affecting countries and parties with which you plan to do business. [05-21-18]

11. Who must comply with OFAC regulations?

U.S. persons must comply with OFAC regulations, including all U.S. citizens and permanent resident aliens regardless of where they are located, all persons and entities within the United States, all U.S. incorporated entities and their foreign branches. In the cases of certain programs, foreign subsidiaries owned or controlled by U.S. companies also must comply. Certain programs also require foreign persons in possession of U.S.-origin goods to comply. [01-15-15]

12. How much are the fines for violating these regulations?

The fines for violations can be substantial. In many cases, civil and criminal penalties can exceed several million dollars. Civil penalties vary by sanctions program, and the Federal Civil Penalties Inflation Adjustment Act of 1990, as amended by the Federal Civil Penalty Inflation Adjustment Act Improvements Act of 2015, requires OFAC to adjust civil monetary penalty amounts annually. For current penalty amounts, see section V.B.2.a of Appendix A to OFAC's Economic Sanctions Enforcement Guidelines at [31 C.F.R Part 501](#). [03-08-17]

13. Is there a mechanism for a company to report its past undetected violations of OFAC regulations for completed transactions? Is any type of "amnesty" available for inadvertent failure to comply prior to the company becoming aware of the OFAC regulations?

Yes, a company can and is encouraged to voluntarily disclose a past violation. Self-disclosure is considered a mitigating factor by OFAC in Civil Penalty proceedings. A self-disclosure should be in the form of a detailed letter, with any supporting documentation, to Compliance and Enforcement Division, Director, Office of Foreign Assets Control, U.S. Department of the Treasury, 1500 Pennsylvania Ave., N.W., Washington, DC 20220. OFAC does not have an "amnesty" program. The ramifications of non-compliance, inadvertent or otherwise, can jeopardize critical foreign policy and national security goals. OFAC does, however, review the totality of the circumstances surrounding any violation, including the quality of a company's OFAC compliance program. [11-16-07]

14. Can I regard previously issued and published opinion letters, regulatory interpretations, or other statements as guidance for my transactions?

Great care should be taken when placing reliance on such materials to ensure that the transactions in question fully conform to the letter and spirit of the published materials and that the materials have not been superseded. [09-10-02]

15. Can OFAC change its previously stated, non-published interpretation or opinion without first giving public notice?

Yes. OFAC, therefore, strongly encourages parties to exercise due diligence when their business activities may touch on an [OFAC-administered program](#) and to [contact OFAC](#) if they have any questions about their transactions. [09-10-02]

468. How do I verify an OFAC document? For example, how do I know that an OFAC license or a Specially Designated Nationals (SDN) List removal letter is authentic?

If you have questions about the authenticity of an OFAC document that is not publically posted on the OFAC website, you can contact OFAC and reference the specific case ID or FAC number that is included on the document.

- To verify a specific license, please contact the OFAC Licensing Division at 1-202-622-2480.
- To verify an SDN removal letter, please email ofac.reconsideration@treasury.gov.
- To verify another OFAC document, please contact the OFAC Compliance Division at 1-202-622-2490.

[04-21-2016]

469. Does OFAC issue certificates of non-inclusion to help prove that a name is not on one of OFAC's sanctions lists?

No, OFAC does not issue non-inclusion certificates. [04-21-2016]

91. I am looking for the terrorist list on your web site so I can bring my company in compliance with U.S. law. Where can I find this list?

OFAC's regulations are broader than the specific laws that deal with the terrorists and persons who support them. All individuals and entities that fall under U.S. jurisdiction should use OFAC's list of Specially Designated Nationals and Blocked Persons ("SDN List"). This list includes designated terrorists and is available on [OFAC's website](#). In addition, OFAC maintains [other sanctions lists](#) that may have different prohibitions associated with them. It is important to note that some OFAC sanctions, such as those pertaining to Iran, Sudan, and Cuba, apply to persons acting on behalf of those targeted governments even if those persons do not appear on the SDN list. It is also important to note that OFAC's Cuba sanctions prohibit most

transactions with Cuban nationals, wherever located. U.S. persons are expected to exercise due diligence in determining whether any such persons are involved in a proposed transaction. [01-15-15]

126. I tried to ship a package and it was returned to me "due to OFAC sanctions." Why?

There may have been one or more reasons the package was rejected. For example, was it destined for Iran, Sudan or Cuba and lacking a description of the contents? Was it an unlicensed commercial shipment destined for Iran, Sudan or Cuba? Was it a personal gift destined for an individual in Iran or Sudan, with a stated value exceeding \$100? These are legitimate reasons for shipping companies to refuse to process such packages. Not only could you be liable for attempting to send such packages, but the shipping companies also could be liable for their role in processing them. See OFAC's country brochures and [program webpages](#) for more information on the restrictions on shipping goods to Iran, Sudan and Cuba:

- [Overview of Iran sanctions](#)
- [Overview of Sudan sanctions](#)
- [Overview of Cuba sanctions](#)

[02-07-2011]

127. I tried to ship a package and it was "blocked" by the shipping company "due to OFAC sanctions." Why? And how can I get the package unblocked?

Shipping companies are required to "block" packages in which a Specially Designated National ("SDN") or other blocked person has an interest. When a package is required to be "blocked," the shipper must retain the package rather than reject and return it to the sender. Blocking is not required if a general or specific license from OFAC authorizes the shipper to reject or process the package, or if the transaction is otherwise exempted from the prohibitions based on the type or content of the package. To request a license for the package's release, [apply online](#) or send a letter with a detailed description of the package's contents and an explanation of the parties involved in the transaction, along with a copy of the package's air waybill or Customs Declaration and Dispatch form, to:

U.S. Department of the Treasury
Office of Foreign Assets Control
Licensing Division
1500 Pennsylvania Avenue, NW
Washington, DC 20220

[02-07-2011]

OFAC Licenses

[Print this topic](#)

[General Questions Regarding OFAC Licenses and Licensing Procedures \(Print\)](#)

74. What is a license?

A license is an authorization from OFAC to engage in a transaction that otherwise would be prohibited. There are two types of licenses: general licenses and specific licenses.

A general license authorizes a particular type of transaction for a class of persons without the need to apply for a license.

A specific license is a written document issued by OFAC to a particular person or entity, authorizing a particular transaction in response to a written license application.

Persons engaging in transactions pursuant to general or specific licenses must make sure that all conditions of the licenses are strictly observed.

OFAC's regulations may contain statements of OFAC's specific licensing policy with respect to particular types of transactions. [06-16-06]

75. Do I have to fill out a particular form to get a license to engage in a transaction?

Most license applications do not have to be submitted on a particular form. However, it is essential to include in the request all necessary information as required in the application guidelines or the regulations pertaining to the particular embargo program. When applying for a license, provide a detailed description of the proposed transaction, including the names and addresses of any individuals/companies involved. The mailing address for license applications is:

Office of Foreign Assets Control
U.S. Department of the Treasury
Treasury Annex
1500 Pennsylvania Avenue, NW
Washington, DC 20220
Attn: Licensing Division

In order to apply for a specific license to release blocked funds, you are encouraged to file an electronic application to have blocked funds released by visiting the following link: <http://www.treasury.gov/resource-center/sanctions/Pages/licensing.aspx>

You may also submit an [application for the release of blocked funds](#)  which is available on OFAC's website under "Forms." You should print this form, complete the required information, attach payment instructions, and mail it to the address listed above.

Depending upon the transaction, there may be specific guidance available on OFAC's website under relevant "Guidance on Licensing policy" on OFAC's various [sanctions program web pages](#). [10-08-13]

76. Can I appeal a denial of my license application?

A denial by OFAC of a license application constitutes final agency action. The regulations do not provide for a formal process of appeal. However, OFAC will reconsider its determinations for good cause, for example, where the applicant can demonstrate changed circumstances or submit additional relevant information not previously made available to OFAC. [09-10-02]

77. How can I find out the status of my pending license application?

OFAC will notify applicants in writing as soon as a determination has been made on their application. The length of time for determinations to be reached will vary depending on the complexity of the transactions under consideration, the scope and detail of interagency coordination, and the volume of similar applications awaiting consideration. Applicants are encouraged to wait at least two weeks before telephonically contacting the Licensing Division at (202) 622-2480 to inquire about the status of their application. Callers can use OFAC's automated license application status hotline (accessible through the 202-622-2480 number) to check on the status of their application. [10-08-13]

78. What agencies other than Treasury review OFAC license applications and what are the roles of these other agencies?

Many of OFAC's licensing determinations are guided by U.S. foreign policy and national security concerns. Numerous issues often must be coordinated with the U.S. Department of State and other government agencies, such as the U.S. Department of Commerce. Please note that the need to comply with other provisions of 31 C.F.R. chapter V, and with other applicable provisions of law, including any aviation, financial, or trade requirements of agencies other than the Department of Treasury's Office of Foreign Assets Control. Such requirements include the Export Administration Regulations, 15 C.F.R. Parts 730 et seq., administered by the Department of Commerce, and the International Traffic in Arms Regulations, 22 C.F.R. Parts 120-130, administered by the Department of State. [06-16-06]

51. How do I apply for a license to get my money unblocked?

With respect to blocked funds transfers, you are encouraged to file an electronic application to have blocked funds released by visiting the following link: <http://www.treasury.gov/resource-center/sanctions/Pages/licensing.aspx>

You may also submit an [application for the release of blocked funds](#)  which is available on OFAC's website under "Forms." You should print this form, complete the required information, attach payment instructions, and mail it to:

Office of Foreign Assets Control
U.S. Department of the Treasury
Treasury Annex
1500 Pennsylvania Avenue, NW
Washington, DC 20220
Attn: Licensing Division

It is extremely important that the underlying transaction be described in detail and copies of supporting documentation be included in the package. [10-08-13]

58. What are the chances that my application will be approved?

Each application is reviewed on a case-by-case basis and often requires interagency consultation. Although we cannot predict how long this review might take, following existing application guidelines will help to expedite your determination. [09-10-02]

59. Do I need a registration number or license to donate goods?

Most OFAC sanctions programs provide exemptions to their prohibitions for certain donated goods, such as articles to relieve human suffering. This is not the case for all programs, however. You should refer to the [legal section of OFAC's website](#) for the regulations applicable to the specific target or target country of your donation. [09-10-02]

Questions Regarding Licenses Authorizing Exports of Agricultural Commodities, Medicine, and Medical Devices to Iran and Sudan Pursuant to the Trade Sanctions Reform and Export Enhancement Act of 2000 (TSRA) ([Print](#))

97. What format options are permitted for submitting license applications pursuant to the Trade Sanctions Reform and Export Enhancement Act of 2000 (TSRA)?

OFAC permits two format options for submitting TSRA license applications: [online](#) or hard-copy. Applications submitted via mail must be accompanied by a cover letter that includes some essential information: the purpose of the application and the applicant's full contact information. If either the cover letter or the pertinent information is missing, the application is considered incomplete and risks delay or rejection. Effective January 17, 2017, a specific license is not required to export or reexport agricultural commodities, medicines, or medical devices to Sudan, as such transactions are generally licensed pursuant to 31 C.F.R. § 538.540. [01-13-2017]

98. How should I present my TSRA license application?

Applicants should clearly enumerate in a table format all pertinent information related to their proposed transactions, including: a) Full names and addresses of all parties involved in the transactions and their roles, including financial institutions and any Iranian broker (identify company principals), purchasing agent (identify company principals), end-user(s) (full contact name), or other participants involved in the purchase of the proposed export items; and b) If applicable, the commodity classification numbers that are associated with the proposed export items. Effective January 17, 2017, a specific license is not required to export or reexport agricultural commodities, medicines, or medical devices to Sudan, as such transactions are generally licensed pursuant to 31 C.F.R. § 538.540. [01-13-2017]

100. If I am submitting multiple TSRA license applications at the same time, should I send them under a single cover letter?

OFAC requires applicants to submit each individual application separately; regardless of if you are completing the online application or sending in a hard copy application through the mail. If an applicant is submitting a hard copy, each application should be in a separate envelope, accompanied by a separate cover letter. Applicants should not submit multiple applications in a single envelope with a single cover letter. If you submit applications in that manner, you may encounter some delay in the processing of your applications. Therefore, in order to prevent such delay, submit one application with one cover letter per envelope. [03-16-2015]

101. Should I send a sample of the proposed export product as an attachment to my TSRA license application?

No. OFAC does not require samples of proposed export products to be sent as attachments to any application. OFAC does not need to examine samples of the actual product in making its final determination. Therefore, please do not include any samples with your application. [06-14-2007]

Specific to Iran

117. I hold a specific license to sell agricultural goods, medicine, or medical devices to Iran. The general license at section 560.532(a)(4) of the Iranian Transactions and Sanctions Regulations (ITSR) authorizes me to accept a letter of credit issued by an Iranian financial institution whose property and interests in property are blocked solely pursuant to the ITSR (i.e., an Iranian financial institution that is not listed on OFAC's List of Specially Designated Nationals and Blocked Persons (SDN List)). The general license, however, also states that a U.S. financial institution may not advise,

confirm, or otherwise deal in that credit. How am I supposed to know if/when a letter of credit has been issued for my sale and how do I get paid? My bank accounts are all at U.S. financial institutions.

This language is in the general license at section 560.532(a)(4) of the ITSR because it is contrary to U.S. foreign policy to allow U.S. financial institutions to maintain active correspondent relationships with Iranian banks. The language, however, does not preclude a U.S. financial institution or an entity owned or controlled by a United States Person and established or maintained outside the United States (“U.S.-owned or -controlled foreign entity”) from being a second advising bank (i.e. receiving and passing forward advice from a third-country bank that the credit has been issued), nor does it preclude the U.S. financial institution or a U.S.-owned or -controlled foreign entity from receiving funds in payment for the licensed export from a third-country bank. You should also note that the Iranian Transactions and Sanctions Regulations authorize U.S. financial institutions and U.S.-owned or -controlled foreign entities to directly advise or confirm letters of credit issued by third-country banks for authorized shipments. The third-country bank may not be an overseas branch of a U.S. financial institution, a U.S.-owned or -controlled foreign entity, an Iranian financial institution, or the Government of Iran, unless otherwise authorized by OFAC. In none of these circumstances, however, may there be any direct or indirect involvement of entities the property and interests in property of which have been blocked under any of the programs administered by OFAC, except for persons whose property and interests in property are blocked solely pursuant to Executive Order 13599 and the Iranian Transactions and Sanctions Regulations. [01-13-2017]

Specific to Sudan

500. I am an exporter of agricultural commodities, medicine, or medical devices to Sudan and have previously obtained specific licenses from OFAC for such exports. Do I still need to apply for a specific license from OFAC for exports or reexports of such items to Sudan or renew my existing specific licenses?

No. The general license authorizing transactions involving Sudan, [31 C.F.R. § 538.540](#) (the “2017 Sudan Rule”), authorizes all transactions prohibited by the Sudanese Sanctions Regulations, 31 C.F.R. part 538, and, therefore, effective January 17, 2017, U.S. persons are not required to renew or obtain a new specific license from OFAC to export or reexport agricultural commodities, medicine, or medical devices to Sudan. Further, pursuant to 31 C.F.R. § 501.801, it is the policy of OFAC not to grant applications for specific licenses authorizing transactions to which the provisions of an outstanding general license are applicable.

However, pursuant to the 2017 Sudan Rule, which implements certain requirements of the Trade Sanctions Reform and Export Enhancement Act of 2000 (22 U.S.C. §§ 7201 – 7211), as amended, any exports or reexports of agricultural commodities, medicine, or medical devices to the Government of Sudan, to any individual or entity in Sudan, or to any person in a third country purchasing specifically for resale to any of the foregoing, must be shipped within 12 months of the date of the signing of the contract for the relevant export or reexport of such items to Sudan. [01-13-2017]

How to Receive Notifications About OFAC Updates

[Print this topic](#)

86. Does OFAC have an email service that will notify me when there are updates to any of its sanctions lists?

Yes. OFAC has multiple e-mail subscription services available. Please visit the following link to sign up for these services:

https://service.govdelivery.com/service/multi_subscribe.html?code=USTREAS

OFAC also maintains a Really Simple Syndication ([RSS](#)) feed . This feed is updated whenever the OFAC site is updated. [11-18-10]

92. I'm a subscriber to OFAC's e-mail notification services. For some reason I have stopped receiving the broadcast messages when OFAC updates its website. Why is this?

Check to see if the messages are in your SPAM folder. Mostly likely, it is your SPAM filter or your network configuration that is preventing you from receiving the OFAC broadcast messages. If you believe that may be the case, please discuss the matter with your IT department or network administrator. You may need to have your IT personnel allow e-mails from the following domain to come through the SPAM filter, “subscriptions.treas.gov;” in some cases allowing the domain, “treas.gov” through the filter will also work. If you believe that you have been removed from the subscription list in error you may contact OFAC at O_F_A_C@do.treas.gov or re subscribe [here](#). [04-21-15]

93. I recently attempted to subscribe to one of OFAC's e-mail list services and I have not yet received my confirmation e-mail. Why is this?

Failure to receive a confirmation e-mail is typically (though not always) the result of a configuration problem on the user's end. The user should follow these steps to ensure that he or she is using the system properly.

1. Be patient. For a variety of reasons e-mail sometimes take a little longer than expected to reach a user. If you do not receive a confirmation e-mail within a day of subscribing, proceed to step 2.
 2. Confirm that you have entered the correct e-mail address and address punctuation. A surprising number of errors have been the result of users accidentally using commas instead of periods.
 3. Check to see if you have a SPAM filter in place. SPAM filters have a variety of configurations. Some of these filters have been known to erroneously block e-mails originating from OFAC's list servers. OFAC cannot provide technical support for local configuration issues. If you believe a SPAM filter is preventing you from receiving OFAC e-mails, please discuss the matter with your IT department or network administrator. You will need to have your IT personnel allow e-mails from the following domain to come through the SPAM filter "subscriptions.treas.gov". Once this is done you may proceed to step 4. If you can confirm that you do not have a SPAM filter in place or any other local configuration problem, please skip step 4 and proceed to step 5.
 4. If your network or e-mail client's configuration is preventing you from receiving your subscription confirmation e-mail, it is likely that you will not be able to receive e-mail from OFAC's list servers even if OFAC manually adds you to our listserv. These configuration issues must be resolved with your IT department or network administrator before you can proceed.
 5. If, after you have exhausted all of the above options, you still fail to receive OFAC's broadcast notifications, please call our support hotline at 1-800-540-6322. [12-19-07]
-

OFAC Information on a Credit Report

[Print this topic](#)

70. What Is This OFAC Information On My Credit Report?

Credit bureaus and agencies in particular have adopted new measures to ensure compliance with OFAC regulations. Before issuing a credit report, they use screening software to determine if a credit applicant is on OFAC's Specially Designated Nationals (SDN) list or one of OFAC's other sanctions lists. This software matches the credit applicant's name and other information to the names on OFAC's sanctions lists. If there is a potential match, the credit bureaus may place a "red flag" or alert on the report. This does not necessarily mean that someone is illegally using your social security number or that you have bad credit. It is merely a reminder to the person checking your credit that he or she should verify whether you are the individual on one of OFAC's sanctions lists by comparing your information to the OFAC information. If you are not the individual on the sanctions list, the person checking your credit should disregard the OFAC alert, and there is no need to contact OFAC. However, if the person checking your credit believes you are the person on one of OFAC's sanctions lists, then he or she should call the OFAC Hotline to verify and report it. [01-30-15]

71. How Can I Get The OFAC Alert Off My Credit Report?

A consumer has the right under the Fair Credit Reporting Act (FCRA), 15 U.S.C. 1681 et seq., to request the removal of incorrect information on his/her credit report. To accomplish this, consumers should contact the credit reporting agency or bureau that issued the credit report. For more information on consumers' rights under the FCRA, visit the Federal Trade Commission's website at <http://www.ftc.gov/os/statutes/fcrajump.shtm> or the Consumer Financial Protection Bureau at 855-411-2372. [01-30-2015]

Entities Owned by Persons Whose Property and Interest in Property are Blocked (50% Rule)

[Print this topic](#)

These Frequently Asked Questions (FAQs) respond to inquiries received by the Department of the Treasury's Office of Foreign Assets Control (OFAC) relating to the status of entities owned by individuals or entities whose property and interests in property are blocked under Executive orders and regulations administered by OFAC (blocked persons). These FAQs provide additional clarity regarding revised guidance that OFAC issued on August 13, 2014, which can be found on OFAC's website [here](#) , amending earlier guidance that had been issued on February 14, 2008 (OFAC's 50 Percent Rule). The revised guidance states that the property and interests in property of entities directly or indirectly owned 50 percent or more in the aggregate by one or more blocked persons are considered blocked regardless of whether such entities appear on OFAC's Specially Designated Nationals and Blocked Persons List (SDN List) or the annex to an Executive order. The revised guidance expands upon the earlier guidance by addressing entities owned 50 percent or more in the aggregate by more than one blocked person.*

For the purposes of clarification, see specific FAQs below. If you require additional guidance with respect to the application of OFAC's 50 Percent Rule, you may contact OFAC and submit information pertaining to the specific facts and circumstances. [10-31-2017]

**OFAC also applies a 50 percent rule to entities on the [Sectoral Sanctions Identifications List \(SSI List\)](#) created in July 2014 in the Ukraine-/Russia-related sanctions context. The property and interests in property of persons on the SSI List (and entities owned 50 percent or more in the aggregate by one or more persons subject to the SSI List restrictions) are not required to be blocked; instead a more limited set of transaction restrictions applies to them. In the context of the SSI List restrictions, therefore, these FAQs can be used to identify which subordinate entities are subject to the SSI List restrictions only and are not meant to suggest that any additional actions (such as blocking) apply to those entities. The references to "33 percent or greater ownership" and "ownership of a majority of the voting interests" in Directive 4, as amended on October 31, 2017, do not change the applicability of OFAC's 50 percent rule in the Directive 4 context. For additional information, see FAQs [373](#), [537](#), and [538](#).*

398. Does OFAC consider entities over which one or more blocked persons exercise control, but do not own 50 percent or more of, to be blocked pursuant to OFAC's 50 Percent Rule?

No. OFAC's [50 Percent Rule](#)  speaks only to ownership and not to control. An entity that is controlled (but not owned 50 percent or more) by one or more blocked persons is not considered automatically blocked pursuant to OFAC's 50 Percent Rule. OFAC may, however, designate the entity and add it to the SDN List pursuant to a statute or Executive order that provides the authority for OFAC to designate entities over which a blocked person exercises control. OFAC urges caution when considering a transaction with an entity that is not a blocked person (a non-blocked entity) in which one or more blocked persons have a significant ownership interest that is less than 50 percent or which one or more blocked persons may control by means other than a majority ownership interest. Such non-blocked entities may become the subject of future designations or enforcement actions by OFAC. In addition, persons should be cautious in dealings with such a non-blocked entity to ensure that they are not, for example, dealing with a blocked person representing the non-blocked entity, such as entering into a contract that is signed by a blocked person. Please also note that some sanctions programs (such as Cuba and Sudan) block persons without an OFAC designation; these blockings are based on criteria separate from OFAC's 50 Percent Rule. [08-13-2014]

399. Does OFAC aggregate ownership stakes of all blocked persons when determining whether an entity is blocked pursuant to OFAC's 50 Percent Rule?

Yes. On August 13, 2014, OFAC indicated in its revised [50 Percent Rule](#)  guidance that OFAC's 50 Percent Rule applies to entities owned 50 percent or more in the aggregate by one or more blocked persons. Accordingly, if Blocked Person X owns 25 percent of Entity A, and Blocked Person Y owns another 25 percent of Entity A, Entity A is considered to be blocked. This is so because Entity A is owned 50 percent or more in the aggregate by one or more blocked persons. For the purpose of calculating aggregate ownership, the ownership interests of persons blocked under different OFAC sanctions programs are aggregated. [08-13-2014]

400. As explained in [FAQ 398](#), OFAC's [50 Percent Rule](#)  does not apply if one or more individuals who are blocked persons (blocked individuals) control, but do not own 50 percent or more of, an entity. Can persons engage in negotiations, enter into contracts, or process transactions involving a blocked individual when that blocked individual is acting on behalf of the non-blocked entity that he or she controls (e.g., a blocked individual is an executive of a non-blocked entity and is signing a contract on behalf of the non-blocked entity)?

No. OFAC sanctions generally prohibit transactions involving, directly or indirectly, a blocked person, absent authorization from OFAC, even if the blocked person is acting on behalf of a non-blocked entity. Therefore, U.S. persons should be careful when conducting business with non-blocked entities in which blocked individuals are involved; U.S. persons may not, for example, enter into contracts that are signed by a blocked individual. [08-13-2014]

401. OFAC's 50 Percent Rule states that the property and interests in property of entities directly or indirectly owned 50 percent or more in the aggregate by one or more blocked persons are considered blocked. How does OFAC interpret indirect ownership as it relates to certain complex ownership structures?

"Indirectly," as used in OFAC's [50 Percent Rule](#) , refers to one or more blocked persons' ownership of shares of an entity through another entity or entities that are 50 percent or more owned in the aggregate by the blocked person(s). OFAC urges persons considering a potential transaction to conduct appropriate due diligence on entities that are party to or involved with the transaction or with which account relationships are maintained in order to determine relevant ownership stakes. Please see [FAQ 116](#) for additional guidance on due diligence standards for intermediary parties to wire transfers. Please refer to the examples below for further guidance on determining whether an entity is blocked pursuant to OFAC's 50 Percent Rule.

Example 1: Blocked Person X owns 50 percent of Entity A, and Entity A owns 50 percent of Entity B. Entity B is considered to be blocked. This is so because Blocked Person X owns, indirectly, 50% of Entity B. In addition, Blocked Person X's 50 percent ownership of Entity A makes Entity A a blocked person. Entity A's 50 percent ownership of Entity B in turn makes Entity B a blocked person.

Example 2: Blocked Person X owns 50 percent of Entity A and 50 percent of Entity B. Entities A and B each own 25 percent of Entity C. Entity C is considered to be blocked. This is so because, through its 50 percent ownership of Entity A, Blocked Person X is considered to indirectly own 25 percent of Entity C; and through its 50 percent ownership of Entity B, Blocked Person X is considered to indirectly own another 25 percent of Entity C. When Blocked Person X's indirect ownership of Entity C through Entity A and Entity B is totaled, it equals 50 percent. Entity C is also considered to be blocked due to the 50 percent aggregate ownership by Entities A and B, which are themselves blocked entities due to Blocked Person X's 50 percent ownership of each.

Example 3: Blocked Person X owns 50 percent of Entity A and 10 percent of Entity B. Entity A also owns 40 percent of Entity B. Entity B is considered to be blocked. This is so because, through its 50 percent ownership of Entity A, Blocked Person X is considered to indirectly own 40 percent of Entity B. When added to Blocked Person X's direct 10 percent ownership of Entity B, Blocked Person X's total ownership (direct and indirect) of Entity B is 50 percent. Entity B is also blocked due to the 50 percent aggregate ownership by Blocked Person X and Entity A, which are themselves both blocked persons.

Example 4: Blocked Person X owns 50 percent of Entity A and 25 percent of Entity B. Entities A and B each own 25 percent of Entity C. Entity C is not considered to be blocked. This is so because, even though Blocked Person X is considered to indirectly own 25 percent of Entity C through its 50 percent ownership of Entity A, Entity B is not 50 percent or more owned by Blocked Person X, and therefore Blocked Person X is not considered to indirectly own any of Entity C through its part ownership of Entity B. Blocked Person X's total ownership (direct and indirect) of Entity C therefore does not equal or exceed 50 percent. Entity A is itself a blocked person, but its ownership of Entity C also does not equal or exceed 50 percent.

Example 5: Blocked Person X owns 25 percent of Entity A and 25 percent of Entity B. Entities A and B each own 50 percent of Entity C. Entity C is not considered to be blocked. This is so because Blocked Person X's 25 percent ownership of each of Entity A and Entity B falls short of 50 percent. Accordingly, neither Entity A nor Entity B is blocked and Blocked Person X is not considered to indirectly own any of Entity C through its part ownership of Entities A or B. [08-13-2014]

402. How does OFAC's 50 Percent Rule apply to situations in which one or more blocked persons owned 50 percent or more of an entity, but subsequent to their designations one or more blocked persons divest their ownership stakes in the entity in a transaction that occurs entirely outside of U.S. jurisdiction such that the resulting combined ownership of the entity by blocked persons is less than 50 percent? How should a person treat property or interests in property of such an entity (1) in future transactions (post-divestment) and (2) that was properly blocked while the entity was owned 50 percent or more by one or more blocked persons?

According to OFAC's [50 Percent Rule](#), entities are considered blocked if they are owned 50 percent or more (directly or indirectly) in the aggregate by one or more blocked persons. If one or more blocked persons divest their ownership stake such that the resulting combined ownership by blocked persons is less than 50 percent, the entity is no longer considered automatically to be a blocked entity. Any such divestment transactions must occur entirely outside of U.S. jurisdiction and must not involve U.S. persons, as any blocked property or interests in property that come into the possession or control of a U.S. person must be blocked and reported to OFAC, and OFAC does not recognize any subsequent unlicensed transfers, through changes in ownership or otherwise, of such property.

Entities in which the aggregate of one or more blocked persons' ownership stakes has fallen below 50 percent are not considered blocked pursuant to OFAC's 50 Percent Rule, and therefore property of such entities that comes into the United States or the possession or control of a U.S. person while the aggregate of one or more blocked persons' ownership stakes is below 50 percent is not considered blocked by OFAC's 50 Percent Rule. OFAC urges caution when dealing with or processing transactions involving such entities, as those entities may become the subject of future designations or enforcement actions by OFAC. Sufficient due diligence should be conducted to determine that any purported divestment in fact occurred and that the transfer of ownership interests was not merely a sham transaction.

When the property of an entity owned 50 percent or more by a single blocked person comes within the United States or within the possession or control of a U.S. person and is blocked, the property remains blocked unless and until (1) OFAC authorizes the unblocking of or other dealings in the property or (2) OFAC removes the blocked person from the SDN List. The property remains blocked even if the blocked person's ownership of the entity subsequently falls below 50 percent. This is so because the blocked person is considered to have an interest in the blocked property, and OFAC does not recognize the unlicensed transfer of the blocked person's interest after the property becomes blocked in the United States or in the possession or control of a U.S. person. Persons holding such property may request authorization from OFAC's Licensing Division to transfer or otherwise deal in that property (the electronic application can be found on OFAC's website [here](#)), and OFAC will evaluate such requests on a case-by-case basis.

Similarly, when the property of an entity owned 50 percent or more in the aggregate by more than one blocked person comes within the United States or in the possession or control of a U.S. person and is blocked, the property remains blocked unless and until (1) OFAC authorizes the unblocking of or other dealings in the property or (2) OFAC removes from the SDN List one or more of the blocked persons such that the aggregate ownership by blocked persons falls below 50 percent. If the aggregate ownership of the entity by blocked persons falls below 50 percent not due to SDN List removal actions by OFAC but instead due to actions by one or more of the blocked persons, including the entity itself, the property remains blocked. This is so because the group of blocked persons is considered to have an interest in the blocked property, and OFAC does not recognize the unlicensed transfer of any of the blocked persons' interests after the property becomes blocked in the United States or in the possession or control of a U.S. person. Persons holding such property may request authorization from OFAC's Licensing Division to transfer or otherwise deal in that property (the electronic application can be found on OFAC's website [here](#)), and OFAC will evaluate such requests on a case-by-case basis. [08-13-2014]

Cross-Programmatic Compliance Services Guidance

[Print this topic](#)

495. Why did OFAC issue the Guidance on the Provision of Certain Services Relating to the Requirements of U.S. Sanctions Laws (the “Compliance Services Guidance”)?

OFAC has received numerous inquiries, many from foreign companies at outreach events, regarding whether U.S. persons may provide, and whether U.S. persons have been able to provide in the past, certain types of legal and compliance services to covered persons. The [Compliance Services Guidance](#)  provides clarity in response to those inquiries. For purposes of the Compliance Services Guidance, “covered persons” means U.S. persons and foreign persons other than any person (i) whose property and interests in property are blocked pursuant to any part of 31 C.F.R. chapter V, including persons listed on OFAC's List of Specially Designated Nationals and Blocked Persons (SDN List), or (ii) to whom a U.S. person is prohibited from exporting services or from whom a U.S. person is prohibited from importing services pursuant to any part of 31 C.F.R. chapter V. The Compliance Services Guidance does not describe every allowable service relating to the requirements of U.S. sanctions laws. [01-12-2017]

496. Does the Compliance Services Guidance represent a change in OFAC's policy with respect to the provision of legal and compliance services?

No. The [Compliance Services Guidance](#)  does not reflect a change in OFAC's policy with respect to the provision of these types of legal and compliance services. OFAC is issuing the Compliance Services Guidance in response to numerous inquiries to ensure that both U.S. and foreign individuals and entities understand that U.S. persons may provide services consistent with the Compliance Services Guidance. [01-12-2017]

497. In providing services consistent with the [Compliance Services Guidance](#) to a foreign covered person, can a U.S. person opine on the legality of a transaction under U.S. sanctions laws, including by providing a legal opinion, certification, or other clearance as to the legality of such transaction, where it would be prohibited for a U.S. person to engage in such transaction?

Yes. In providing services to a foreign covered person, a U.S. person may opine on the legality of a transaction under U.S. sanctions laws, including by providing a legal opinion, certification, or other clearance as to the legality of such transaction, where it would be prohibited for a U.S. person to engage in the transaction. U.S. persons may not provide such services to persons who are subject to certain restrictions under OFAC's regulations, such as persons listed on OFAC's [SDN List](#).

U.S. persons, wherever located, may not otherwise approve, finance, facilitate, or guarantee any transaction by a foreign person, including one that meets the definition of a covered person, as defined in [FAQ #495](#), where the transaction by that foreign person would be prohibited by 31 C.F.R. chapter V if performed by a U.S. person or within the United States. For example, U.S. persons could not vote on a transaction (e.g., as a board member), or execute transaction documents (other than as to the legality of the transaction, as specified above), where the transaction would be prohibited if performed by a U.S. person or within the United States. [01-12-2017]

498. The [Compliance Services Guidance](#) states that a U.S. person may solicit information from covered persons and conduct research to make a determination as to the legality of transactions under U.S. sanctions laws. What are examples of research that would be allowable under the Compliance Services Guidance?

U.S. persons may conduct research using the internet, including searches of commercial databases, as well as published reference materials for the purpose of determining the legality of transactions under U.S. sanctions laws. In addition, U.S. persons may solicit information regarding a transaction from covered persons, such as, for example, the currency involved; any involvement of U.S. persons, directly or indirectly; and the identity of the covered person's counterparty. [01-12-2017]

499. What type of research exceeds the scope of the [Compliance Services Guidance](#) ?

A U.S. person may not conduct research that otherwise involves the importation or exportation of services where such transactions are prohibited by any part of 31 C.F.R. chapter V, unless such transactions are authorized by OFAC. [01-12-2017]

[Return to the OFAC FAQ Index](#)