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Finally – An OFAC hit

by Gil Van Over

I have written a handful of articles about a dealer's requirement to check its potential customers against the government's OFAC list of suspected terrorists, drug dealers, money launderers and those engaged in activities related to the proliferation of weapons of mass destruction. Some dealers respond with "When was the last time anybody had an actual OFAC hit?" I normally respond that the chance is unlikely that someone on the list would be out buying a car, but the potential penalties of jail time, fines and forfeiture of assets were too great to ignore. Now, however, there is news of an OFAC hit.

Direct from the web on YahooSports.com.

"As interest has grown in the NBA over signing 7-foot-2 Iranian Olympian Hamed Ehadadi, the league office has sent a letter to its 30 teams instructing that they are forbidden to even discuss a contract with Ehadadi, Yahoo! Sports has learned.

In the letter, which was sent Friday, NBA legal counsel wrote: "It has come to our attention that representatives of Hamed Ehadadi, an Iranian basketball player, may be contacting NBA teams to discuss the possibility of signing Mr. Ehadadi to an NBA player contract.

"We have been advised that a federal statute prohibits a person or organization in the United States from engaging in business dealings with Iranian nationals."

The NBA is applying to the U.S. Office of Foreign Assets Control for a license that, "if granted," the league said, would allow teams to negotiate with the 23-year-old Ehadadi. Until then, no franchise is allowed to do so."

I know...it is not someone on the list buying a car, but the list is active, the risk still applies.

As a refresher, direct from OFAC, "All U.S. persons (including auto dealers) are subject to the regulations administered by the Office of Foreign Assets Control (OFAC). What this means in practical terms is that U.S. persons must not deal (any kind of transactions, including selling automobiles, servicing automobiles and selling automobile parts) with Specially Designated Nationals (SDNs; see the SDN List on our website at www.treas.gov/ofac), and must adhere to the specific sanctions against various countries (also listed on the website, along with brochures summarizing each sanctions program)."

Essentially, you must have a process in place to check the list and verify there is a cleared message.

If there is a potential hit, your Sales or F&I Manager must take a closer look at the information provided in the hit and compare it to your customer's information. The first check is the name. If it is not an exact name match between the two names, you do not have a match and do not have to do anything further other than document that you looked.

If you do have an exact name match, your manager needs to review the demographic information provided by OFAC to the information you have on your customer. If they do not match, document and move on.

If you have a match, and believe the person in your dealership is on the OFAC list, call the OFAC Hotline (1-800-540-6322) and follow the instructions you receive.

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