

OFAC UPDATE FOR CONSUMERS: What is this Information on My Credit Report?

WHAT IS OFAC?

“OFAC” stands for the Office of Foreign Assets Control, an office of the Department of the Treasury located in Washington. OFAC administers and enforces economic sanctions, which are used by the U.S. government to prevent targeted countries, entities, and individuals from, among other things, accessing our financial system for purposes that are contrary to U.S. foreign policy and national security.

As of March 2004, OFAC administered comprehensive sanctions programs involving four countries: Cuba, Iran, Libya, and Sudan. Unless authorized by OFAC, no U.S. person or company can do business with individuals, companies, or government institutions in these countries, or persons or entities acting for or on behalf of these countries. OFAC also administered sanctions involving the following: the Western Balkans, Burma (Myanmar), Iraq, North Korea, Zimbabwe, diamond trading, the proliferation of weapons of mass destruction, narcotics trafficking, and terrorism.

Under the sanctions programs, OFAC has designated individuals, banks, companies, and other entities who are considered a threat to national security or who participate in activities that are against U.S. foreign policy. Their names are placed on the Specially Designated Nationals and Blocked Persons List (SDN list), which can be found on OFAC’s website (www.treas.gov/ofac). No U.S. person can engage in business with any individual or entity on the list. If they do, they may face civil monetary or criminal penalties.

WHY HAVEN’T I HEARD ABOUT OFAC BEFORE?

While sanctions and embargo programs have been in place for many years, following the events of September 11, 2001, and the passage of the USA Patriot Act, special attention has been given by all Americans to ensuring that terrorists are not permitted to use the United States to finance their activities. As a result, many companies implemented software programs and initiated new procedures to screen names and other information to assure that neither their customers nor their affiliates are on the SDN list.

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 special “interdiction” software developed by the private sector to determine if a credit applicant is on the SDN list. This software matches the credit applicant’s name and other information to the individuals on the SDN list. If there is a potential match, the credit bureaus are placing 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 the SDN list by comparing your information to the OFAC information. If you are not the individual on the SDN 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 the SDN list, then he or she should call the OFAC Hotline to verify and report it.

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/bcp/conline/edcams/fcra/>.