



# A Periodic OFAC Check-Up Helps to Avert Problems

## POWERFUL INSIGHTS

Since September 11, 2001, there has been significant focus on the nation's efforts to address national security objectives. The Office of Foreign Assets Control (OFAC) administers a series of laws that impose economic sanctions against targets, including jurisdictions, entities and individuals whose interests are at odds with the United States and often with the international community at large. These laws apply to all U.S. persons and businesses regardless of industry. Failure to comply with the OFAC requirements can subject an offender to adverse publicity and civil and criminal penalties.

### Issue

Consider, for example, some of the issues currently being experienced by various industries:

- Many companies have never dealt with OFAC nor considered it a component of a robust compliance program.
- Compliance managers are expected to address significant new and revised laws and regulations, often with fewer resources as a result of staff reductions.
- Regulatory agencies are increasing their scrutiny of nonfinancial institutions.
- Regulatory agencies increasingly expect organizations of all sizes to have sophisticated, well-designed programs to identify and address compliance risks proactively, rather than simply addressing violations as they are identified by examiners.
- Enforcement actions are being levied against nonfinancial institutions for transacting business with sanctioned countries.

Major increases in the value of available civil penalties as well as the rapid escalation of actual civil penalties imposed on companies for violations of economic regulations administered by OFAC have highlighted the need to strengthen and enhance corporate compliance programs.

### Challenges and Opportunities

Companies outside of the financial services world have long overlooked OFAC in their compliance programs. These companies have focused their compliance efforts mainly around other governmental requirements specific to their respective industries. The new emphasis on OFAC requirements for these companies creates numerous challenges, including developing and adhering to multiple sets of regulations. Programmatic enhancements, while costly, are required to maintain compliance with OFAC rules and regulations.

### Our Point of View

We believe that the keys to an effective and efficient OFAC compliance function are:

- A periodic review of the existing compliance program to identify potential gaps
- Ensuring that all applicable personnel are trained appropriately and on a regular basis
- Continual validation of the effectiveness of technologies used to support the compliance effort ➤

## PROVEN DELIVERY

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### How We Help Companies Succeed

Our Regulatory Consulting practice helps organizations solve these challenges using proven, creative and cost-effective solutions. Our professionals are former regulators and industry executives with practical, first-hand experience in designing, managing and evaluating the effectiveness of world-class compliance programs. In addition, our experts assist clients with responding to regulatory inquiries, addressing regulatory enforcement actions, conducting regulatory reviews and audits, and conducting regulatory training.

### Example

A major domestic registered agent decided to develop an OFAC compliance program, including OFAC screening technology. Protiviti was engaged during the system selection process to assist the company in determining whether the technology had been installed and was being deployed appropriately. Protiviti also designed OFAC policy and procedures tailored specifically to the exposure of a registered agent.

Our review disclosed the fact that the initial installation had failed to remove problematic entries that triggered a significant amount of potential matches. As a result of our assistance, the company was able to correct this problem before the system went live and averted significant time spent clearing potential matches that should have been ruled out automatically by the system.

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### About Protiviti

Protiviti ([www.protiviti.com](http://www.protiviti.com)) is a global business consulting and internal audit firm composed of experts specializing in risk, advisory and transaction services. The firm helps solve problems in finance and transactions, operations, technology, litigation, governance, risk, and compliance. Protiviti's highly trained, results-oriented professionals provide a unique perspective on a wide range of critical business issues for clients in the Americas, Asia-Pacific, Europe and the Middle East.

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