

# Dealer



F&I

## How Fighting Terrorism Impacts You

*What you need to know about the OFAC initiative*

*By Gil Van Over*

The federal government's new Office of Foreign Assets Control (OFAC) initiative is designed to help fight terrorism. Dealers continue to be confused about their responsibility to confirm that a potential customer is not on OFAC's list of suspected terrorists, drug dealers and money launderers. Sometimes, the best way to clear up a confusing issue is to present the facts.

To help you better understand what OFAC means to you and your business procedures, let's review several OFAC FAQs:

- --Do I have to check OFAC because of the USA Patriot Act?

This is probably the most common misconception about OFAC. Just like Coke and Pepsi are both soda (or pop depending on where you live), a Coke is not a Pepsi and a Pepsi is not a Coke. The OFAC regulations and the USA Patriot Act are both designed to help in America's war against those countries and people that aim to harm America, but they are not one and the same.

- --What is the USA Patriot Act?

The United and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (USA Patriot Act) was signed into law only a few weeks after the September 11 terrorist acts. The purpose of the new law is evident by the title -- to establish a number of new programs designed to deter terrorist activities.

Since terrorists may use financial institutions to launder money they use to bankroll their activities, the USA Patriot Act places requirements on financial institutions to:

- Establish money laundering programs (Section 352)
- Share information about suspected money launderers and terrorist activities with federal government law enforcement authorities (Section 314)
- Continue currency transaction reporting requirements for transaction exceeding \$10,000 in cash

Sellers of motor vehicles, airplanes and boats are now considered 'financial institutions' potentially subject to these requirements.

- --Just what is OFAC?

OFAC is an acronym for Office of Foreign Asset Control. It is the department of the United States Treasury responsible for administering and enforcing economic sanctions against suspected terrorists, drug dealers and money launderers under nine basic statutes:

1. Trading With the Enemy Act
2. International Emergency Economic Powers Act
3. Iraqi Sanctions Act
4. United Nations Participation Act
5. International Security and Development Corporation Act

