

WEBINAR

OFAC compliance half a loaf?

a Q&A with sanctions and risk specialist

Eric A. Sohn Director of Business Product, Dow Jones Risk & Compliance

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Housekeeping



Introduction and Agenda

Housekeeping

Introduction to Speakers

Half a Loaf? Presentation

Interview with Eric Sohn

Audience Q&A

Today's Speakers



Eric Sohn

Director of Business Product
Dow Jones Risk & Compliance



Nick Ford

Head of Partnerships
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DOW JONES

Half a Loaf?

Eric A. Sohn, CAMS
Director of Business Product

THERE ARE MANY US SANCTIONS LISTS



US Sanctions Lists

- Asset Freezing Lists:
 - Specially-Designated Nationals (SDN), Executive Order 13599 List
 - Some listings have secondary sanctions attached*
- Consolidated Sanctions List – 5 sublists
 - Includes **Sectoral Sanctions Identification List (SSI)**
- State Department:
 - Cuba Restricted List, **CAATSA Part 231 List**

Even if no regulatory issues, there are customer satisfaction issues

THE OFAC AND EU 50 PERCENT RULES



OFAC 50 Percent Rule

- Combined ownership by sanctioned parties $\geq 50\%$ makes company sanctioned
- For names on OFAC's asset freezing lists & the SSI List
- Also state-owned companies of blocked governments
 - Cuba, Iran, North Korea, Syria & Crimea
- OFAC also recommends caution for large stakes $< 50\%$



EU 50 Percent Rule

- Majority ownership by a single sanctioned party > 50% makes company sanctioned
- For all EU sanctions programs

WHY?

SANCTIONS OWNERSHIP RESEARCH



Sanctions Ownership Research

- Companies with 10% or more ownership by sanctioned subjects
- State-owned companies of blocked governments
- Companies with sanctioned party in senior management or on board of directors
- Includes 2 levels of subsidiaries



Sanctions Ownership Research

- For all OFAC and EU sanctions programs
- Denotes if majority threshold is reached
- Notes contains details of owners and percentages
 - Prior ownership stakes as well

OFAC Only	EU Only	Both OFAC & EU	Sanctioned Govts
5618	261	5559	2679

BUT...
*I DON'T DO BUSINESS IN THOSE
COUNTRIES*


SANCTIONS OWNERSHIP PROFILES: *172 COUNTRIES*

DO I HAVE TO?

BARCLAYS (\$2.5 MILLION FINE IN 2016) &
TD BANK (\$516,000 FINE IN 2017)
THINK SO

INTERVIEW

OFAC compliance
half a loaf?

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How many active companies are 40 - 50% sanctioned?

Should the 50% threshold be lowered?





How many levels of ownership should companies investigate?



What databases are available to monitor sanctions?



How can technology help improve sanctions monitoring?

any questions?

thank you!



Additional Resources



**DowJones Sanctions Ownership
Research Information**



**Beyond the List Blog - Eric Sohn
encompasscorporation.com**



**Mr Watchlist.com
Sanctions News Blog - Eric Sohn**