

## Interpreting Aliases More Effectively on the OFAC List

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It's not uncommon for individuals on blocked lists to use aliases that are derivatives of their legal or known names. The Office of Foreign Assets Control (OFAC) list contains these and other possible aliases which may cause a problem for financial institutions diligently conducting OFAC screening. The following is an explanation of how to more effectively interpret aliases.

The Office of Foreign Assets Control within the U.S. Department of the Treasury administers and enforces economic and trade sanctions based upon threats to the national security, foreign policy, or economy of the United States. Institutions conducting business in the United States are legally required to screen their transactions and/or customers against the OFAC list and report any positive matches. The OFAC list consists of individuals and organizations identified by their primary name and any aliases that have been formally identified by OFAC.

A weak alias may be denoted with quotes such as "The Base," which is a translation of Al Qaeda. The terrorist organization may not identify itself as such, but OFAC has determined it to be a potential alias. Some aliases can be problematic to an institution if an individual name on the OFAC list contains just a single word. Typically, the single-word aliases for an individual are an alternate first name. These first names can create a large number of matches against an institution's transactions and customer base simply because of the commonality of the name.

For example, *Miguel Angel Rodriguez Orejuela* has the following aliases:

- |                        |                   |
|------------------------|-------------------|
| - <i>Doctor M.R.O.</i> | - <i>Pat</i>      |
| - <i>Mauro</i>         | - <i>Patty</i>    |
| - <i>Mike</i>          | - <i>Patricio</i> |
| - <i>Manolo</i>        | - <i>Patricia</i> |
| - <i>Manuel</i>        | - <i>El Senor</i> |

Reviewing every transaction or customer with the word Pat is not the purpose of these aliases. Therefore, understanding how the list is structured is important when managing these names. The OFAC list is structured by last name(s) and first name(s) separated by a comma. Aliases are listed separately and the format may be inconsistent between different sanctioned parties. Identifying the part of the name the alias represents is done very basically by common knowledge of the name. For example, Mike is a first name and Doctor M.R.O. is a complete name.

The intention of the single word aliases is to replace the first name, where appropriate, and append the last name. With the example above, the alias list should be expanded to the following:

- *Doctor M.R.O.*
- *Mauro Rodriquez Orejuela*
- *Mike Rodriquez Orejuela*
- *Manolo Rodriquez Orejuela*
- *Manuel Rodriquez Orejuela*
- *Pat Rodriquez Orejuela*
- *Patty Rodriquez Orejuela*
- *Patricio Rodriquez Orejuela*
- *Patricia Rodriquez Orejuela*
- *El Senor Rodriquez Orejuela*

Matching against every Patricia would be counterproductive and is not the objective of the OFAC list. Instead, stopping a transaction due to a match with Rodriquez Orejuela may warrant further investigation.

Due to increased efforts to identify parties involved in a transaction, it is unlikely a payment will be processed if the originator or beneficiary is simply identified by the name Patty. Likewise, with a customer information file, it is unlikely to open an account or have existing accounts if the individual is identified only by a first name. With complete or proper names, it would be acceptable to remove the single-word aliases and replace them with the intended alternate first name and primary last name.

For organizations or non-individuals, an alias can be denoted in the primary name instead (e.g., *MARISCO (OR MARISCOS) DE FARALLON, S.A.*). The intent is to match the following:

- *MARISCO DE FARALLON, S.A.*
- *MARISCOS DE FARALLON, S.A.*

As with any monitoring process the institution implements, the level of risk must be identified and the monitoring process adjusted to that risk accordingly.

Interdicting a problematic single-word alias might be the lowest level of risk the institution can take, but it is not efficient for the business to expend resources reviewing every transaction that contains the name Manuel. Therefore, adjusting the alias names provided by OFAC to create a balance between true matches and reducing false positives will help the institution be more operationally efficient and control the level of risk more effectively.

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