

# Office of Foreign Assets Control

## SPECIALLY DESIGNATED NATIONALS LIST INFORMATION SHARING

### SYNOPSIS

As part of the ongoing efforts being made by the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) to integrate NIEM into its enterprise, the Specially Designated Nationals (SDN) list data is being converted to a format that uses NIEM data elements. OFAC's completion of its NIEM-SDN pilot project has revealed the utility of a scalable, universal exchange format, and the hope is that future exchange relationships with other agencies will consume fewer resources and will be completed in shorter periods of time. OFAC is already seeing a benefit from its use of NIEM and its introduction of NIEM-centered data rules. All new SDN-related data elements introduced into OFAC systems are required to be NIEM-compliant. This has eliminated the discussion and debate that often surrounds every new data element and is already saving OFAC time and money.

### AGENCY OVERVIEW

The U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) administers and enforces economic and trade sanctions based on U.S. foreign policy and national security goals against targeted foreign countries and regimes, terrorists, international narcotics traffickers, those engaged in activities related to the proliferation of weapons of mass destruction, and other threats to the national security, foreign policy, or the economy of the United States. OFAC acts under Presidential national emergency powers, as well as authority granted by specific legislation, to impose controls on transactions and freeze assets under U.S. jurisdiction. Many of the sanctions are based on the United Nations, and other international mandates are multilateral in scope and involve close cooperation with allied governments.

### EXECUTIVE SUMMARY

**CHALLENGE:** The Office of Foreign Assets Control (OFAC) is responsible for administering and enforcing U.S. economic sanctions policy. As part of this mission, OFAC maintains a list of Specially Designated Nationals (SDN). This list needs to be made available to a number of communities—specifically, the trade, financial, and government sectors—in a useful data format, but to date, OFAC has not been able to find a single format that can be used by these different communities without custom modifications of that format.

**SOLUTION:** OFAC had been looking for a universal data standard for some time but was unable to locate a standard mature enough to meet the needs of many federal agencies. NIEM was the first standard that met OFAC's requirements in this regard.

**RESULTS:** The ultimate results of the OFAC to NIEM conversion effort are still playing out. However, the most immediate benefit has been the introduction of the NIEM data element library internally. OFAC no longer has to guess the nomenclature and data types of new data elements that are added to its systems; it simply uses the appropriate NIEM elements.

## CHALLENGE

The Office of Foreign Assets Control (OFAC) is responsible for administering and enforcing U.S. economic sanctions policy. As part of this mission, OFAC maintains a list of Specially Designated Nationals (SDN). All U.S. persons are prohibited from dealing with the individuals and entities on this list, which can include other government agencies as well as individuals. Many other agencies at the federal, state, and local levels have expressed interest in ensuring that they are compliant with sanctions policy. To implement an effective compliance policy, these agencies must institute screening regimes where OFAC data is integrated into other agency databases. The challenge here is that OFAC data products are often not immediately compatible with other agencies' systems. This is particularly apparent when dealing with legacy systems. To date, OFAC has been forced to spend resources developing custom data offerings to meet the needs of other agencies. Conversely, other agencies may have to consume resources adapting OFAC data formats to meet their needs. OFAC's SDN information could typically be classified as screening data. It often contains information that a watch list would contain. However, the OFAC SDN list is one of the few screening lists available that have statutory underpinnings and require immediate action when a true match is found.

For approximately 15 years, the predominant users of the SDN list were members of the U.S. financial community. As such, OFAC's primary data offerings were originally designed to be compatible with many systems found in the financial world, including mainframe systems. After the events of September 11, 2001, however, OFAC became a major player in the financial war on terrorism. OFAC's increased exposure resulted in a number of major federal agencies becoming aware of their legal obligations vis-à-vis economic sanctions. Consequently, there have been many requests by federal agencies for assistance in integrating OFAC SDN information into their enterprises. Each integration effort has traditionally required the development of a custom exchange format to support the adoption of the SDN list in each agency environment. To date, OFAC has engaged in custom integration work of some type with the following federal agencies:

- U.S. Department of the Treasury, Internal Revenue Service
- U.S. Department of Homeland Security, Transportation and Safety Administration
- U.S. Department of Homeland Security, Customs and Border Protection
- General Services Administration
- U.S. Department of Defense, Defense Logistics Agency
- Terrorist Screening Center
- U.S. Department of State, USAID
- U.S. Department of State, Consular Affairs
- U.S. Department of Justice, Federal Bureau of Investigation
- U.S. Department of Commerce, Bureau of Industry and Security
- U.S. Federal Reserve
- Various members of the intelligence community

## SOLUTION

OFAC began considering the NIEM paradigm when the office was approached by the U.S. Department of the Treasury's representatives on the Information Sharing Council (ISC) and invited to a NIEM briefing at the U.S. Department of Justice. Upon reviewing the NIEM framework and the infrastructure supporting it, OFAC realized that the exchange model was much more mature than it originally thought. To support the efforts of the Treasury Department through the ISC and to derive benefit from that support, OFAC decided to begin a pilot project to convert its SDN list data into a format that used NIEM data elements.

OFAC began using the NIEM mapping tools on the NIEM website in 2007. Over a period of approximately one year, the office converted its SDN list standard into a UML model that could be used with the NIEM mapping tools. Once it was determined that the majority of NIEM data elements could be substituted for current OFAC SDN data elements, OFAC began constructing its IEPD and exchange model. This effort was completed at the beginning of 2008, and as a final proof of concept, OFAC manually converted all of its SDN data elements to the appropriate NIEM data elements using its newly constructed exchange map. Upon completing this conversion, OFAC began work on a series of scripts that would process existing SDN data into a NIEM-compatible format. OFAC has completed this effort and has updated its IEPD on the IEPD Clearinghouse. The final step for OFAC will be to formally release the NIEM version of the SDN list on its website. It is estimated that this release will occur in the middle of fiscal year 2009. OFAC will then institute a general policy that all new interagency list exchanges must use the NIEM format (when possible).

## RESULTS

OFAC's completion of its NIEM-SDN pilot project has revealed the utility of a scalable, universal exchange format. It is OFAC's hope that future exchange relationships with other agencies will consume fewer resources and be completed in shorter periods of time. OFAC is already seeing a benefit from its use of NIEM and its introduction of NIEM-centered data rules. All new SDN-related data elements introduced into OFAC systems are required to be NIEM-compliant. This has eliminated the discussion and debate that often surrounds every new data element and is already saving OFAC time and money. When OFAC deploys the final NIEM-formatted SDN list, the office plans to observe and record the results of that effort.