

**MEMORANDUM OF UNDERSTANDING  
BY AND BETWEEN**

**OFFICE OF FOREIGN ASSETS CONTROLS  
U.S. DEPARTMENT OF TREASURY  
Washington, D.C.**

**and**

**OHIO DIVISION OF FINANCIAL INSTITUTIONS  
Columbus, Ohio**

**I. Background**

**A. Purpose**

This Memorandum of Understanding (“MOU”) entered into by and between the Office of Foreign Assets Control (“OFAC”), an office within the U.S. Department of the Treasury and the Ohio Division of Financial Institutions (the “Division”, and together with OFAC, the “Agencies”) sets forth procedures to allow the Agencies to exchange certain specified information in furtherance of the purposes specified in this MOU.

The Division as the supervisory and regulatory authority of Ohio chartered banks, savings and loan associations and savings banks as set forth in Title XI of the Ohio Revised Code, as well as credit unions and money transmitters as set forth in Chapters 1733 and 1315 of the Ohio Revised Code (each a “Financial Institution”, and collectively “Financial Institutions”), is charged with ensuring the safety and soundness of the Financial Institutions and their compliance with the laws and regulations of the State.

Under delegated authority from the Secretary of the Treasury, OFAC furthers U.S. foreign policy and national security goals by administering and enforcing economic and trade sanctions against targeted foreign countries, groups, and persons subject to 31 C.F.R. Ch. V, Office of Foreign Assets Control Regulations.<sup>1</sup>

Information to be shared under this MOU includes information about OFAC’s administration and enforcement of economic sanctions, information about compliance with OFAC requirements by Financial Institutions supervised by the Division, and to the extent permitted by law, including the Right to Financial Privacy Act (12 U.S.C. 3401, *et seq.*), information about possible violations of OFAC sanctions by Financial Institutions supervised by the Division.

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<sup>1</sup> See 31 C.F.R. Part 500 *et. seq.*

The sharing of information under this MOU is intended to help OFAC in fulfilling its role as administrator and enforcer of economic and trade sanctions and to assist the Division in fulfilling its roles as regulator of Financial Institutions.

**B. Assessment of MOU Operation**

The Agencies shall meet as necessary to discuss the operation of the MOU and to identify any issues or adjustments that may be required from time to time. The Agencies will also evaluate the effectiveness of the information sharing in meeting the goals outlined above. During such meetings, OFAC will provide an update on how the information provided by the Division under this MOU has been used or applied by OFAC.

**C. OFAC Availability**

OFAC maintains a toll-free telephone hotline to address issues relating to interdicted items and general compliance questions and will make that resource available to the Division examiners as well as to the Financial Institutions that the Division regulates.

**II. Provision of Information to OFAC by the Division**

**A. Unreported Violations**

The Division will notify OFAC within a reasonable time after discovery of any apparent, unreported violations of 31 C.F.R. Part 500 et. seq. (“OFAC Regulations”) discovered in the course of an examination to the extent permitted by law, including but not limited to the Right to Financial Privacy Act. The Division will direct Financial Institutions it supervises to provide information directly to OFAC as required by OFAC regulations.

**B. Other Examination Findings**

- 1) When the Division discovers significant deficiencies in a Financial Institution’s policies, procedures, and processes for ensuring compliance with OFAC Regulations, the Division will notify OFAC within a reasonable time after discovery of such deficiencies to the extent permitted by law, including but not limited to the Right to Financial Privacy Act. For purposes of this MOU, a significant deficiency means: a systemic or pervasive compliance deficiency or reporting and recordkeeping violation, including a situation where a Financial Institution fails to address supervisory warnings concerning OFAC compliance deficiencies or systemic violations.
- 2) In cases where OFAC has initiated a review of a Financial Institution based on deficiencies identified in section II.B.1., or other evidence within OFAC’s investigative purview, the Division will provide to OFAC, upon OFAC’s written request, information relating to the Division’s examination or supervisory findings regarding a banking organization’s policies, procedures,

and processes for ensuring compliance with OFAC Regulations, to the extent permitted by law, including the Right to Financial Privacy Act. Upon written request, OFAC may obtain further or additional supervisory information (if available) relating to the above information.

### **III. Provision of Information to the Division by OFAC**

- A.** OFAC will notify the Division in writing within a reasonable time after discovery of any apparent violations of OFAC Regulations it becomes aware of by a Financial Institution that is supervised by the Division. OFAC will promptly provide the Division with information about any apparent violation of OFAC Regulations, including a copy of any correspondence between OFAC and the Financial Institution relating to apparent violation, or any pending or possible enforcement action against the Financial Institution.
- B.** OFAC will, in addition to information in section III.A., provide to the Division notice of and appropriate documentation relating to the following:
  - 1) Notice that a Financial Institution is undergoing an OFAC evaluation, investigation or audit;
  - 2) Prior notice of any on-site investigation or audit of a Financial Institution and the results of such investigation or audit in form of an investigation or audit report, as soon as practicable after completion of the investigation or audit;
  - 3) OFAC's evaluation of an apparent violation by a Financial Institution;
  - 4) OFAC's enforcement determinations, including any decision to close an investigation without taking enforcement action, the issuance of a pre-penalty notice, or the issuance of a penalty notice;
  - 5) Prior notice of the making public any enforcement action; and
  - 6) Upon written request, the Division may obtain any further or additional information (if available) relating to or stemming from an OFAC evaluation, investigation or audit.

### **IV. Restrictions on Disclosure and Use of Information**

- A. 1)** All information provided to OFAC under this MOU by the Division shall remain at all times property of the Division. Unless otherwise stated in writing by the Division, all information provided to OFAC under this MOU constitutes information leading to, arising from, or obtained in the course of the examination of a Financial Institution and shall be deemed confidential supervisory information under the Division's laws, regulations and agreements and subject to the full force of the Division's laws, regulations and

agreements governing the disclosure of such information. OFAC will use information provided under this MOU only in accordance with the restrictions applicable to information shared by the Division under the Division's laws, regulations and agreements. OFAC will not release, disseminate or transfer any information by any means to any third party without the express written consent of the Division.

- 2) All information provided to the Division under this MOU by OFAC shall remain at all times property of OFAC. All information OFAC provides to the Division under this MOU shall be deemed confidential supervisory information under the Division's laws, regulations and agreements and is subject to the relevant legal authorities governing the disclosure of such information. The Division will use information provided under this MOU only in accordance with the restrictions applicable to information shared by OFAC under the relevant legal authorities. The Division acknowledges and agrees that its access to information pursuant to this MOU does not waive any privilege or right to confidentiality held by OFAC. The Division will not release, disseminate or transfer any information by any means to any third party without the express written consent of OFAC.
- 3) OFAC and the Division will establish and maintain such safeguards as are necessary and appropriate to protect the confidentiality of the information received under this MOU and information derived therefrom.
- 4) In the event OFAC receives a request, demand or subpoena or order from any third party calling for the release or production of any information covered by this MOU, OFAC will provide immediate written notice to the Division and shall cooperate with the Division in taking steps necessary to preserve the confidentiality of the information and applicable privileges. In all events, OFAC will not release any information without giving the Division ten (10) business days written notice that it is required to make such release and intends to do so. No compulsory disclosure by OFAC pursuant to the order of a court or other tribunal to any third party of confidential, non-public information obtained pursuant to this MOU will be deemed a waiver by the Division or OFAC of any privilege or claim of confidentiality except as explicitly found by such court or tribunal.
- 5) In the event the Division receives a request, demand or subpoena or order from any third party calling for the release or production of any information covered by this MOU, the Division will provide immediate written notice to OFAC and shall cooperate with OFAC in taking steps necessary to preserve the confidentiality of the information and applicable privileges. In all events, the Division will not release any information without giving the Division ten (10) business days written notice that it is required to make such release and intends to do so. No compulsory disclosure by the Division pursuant to the order of a court or other tribunal to any third party of confidential, non-public

information obtained pursuant to this MOU will be deemed a waiver by OFAC or the Division of any privilege or claim of confidentiality except as explicitly found by such court or tribunal.

6) OFAC and the Division each mutually acknowledges and agrees that their access to information pursuant to this MOU does not waive any privilege or right to confidentiality held by each other. OFAC and the Division will take no action to limit, waive or jeopardize any such privilege or claim of confidentiality, including but not limited to, the public release of such information, and will take all actions necessary to preserve each other's privileges and claims of confidentiality, as provided in this MOU.

B. OFAC acknowledges and agrees that access and disclosure to OFAC of any confidential supervisory information that is jointly held by the Division and a Federal Banking Agency ("FBA") shall be subject to the FBA's approval.

#### **V. Civil Enforcement**

No provision of this MOU is intended to affect the respective enforcement authorities of the Division, OFAC, or the FBAs.

#### **VI. Miscellaneous**

A. This MOU is effective upon signature by both the Division and OFAC and will remain in effect until amended or replaced by signed, mutual agreement of both Agencies.

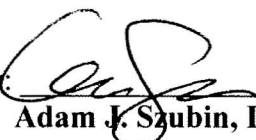
B. This MOU may be terminated by the Division or OFAC upon 30 days written notice.

C. This MOU may be executed in counterparts.

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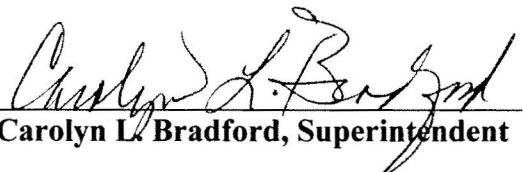
IN WITNESS WHEREOF, each of the parties hereto has caused this MOU to be executed by its duly authorized officer on the date indicated below.

**OFFICE OF FOREIGN ASSETS CONTROL**

By:  \_\_\_\_\_  
Adam J. Szubin, Director

Dated: October 29, 2010

**OHIO DEPARTMENT OF COMMERCE  
DIVISION OF FINANCIAL INSTITUTIONS**

By:  \_\_\_\_\_  
Carolyn L. Bradford, Superintendent

Dated: October 26, 2010