

## MEMORANDUM OF UNDERSTANDING

**Between the  
U.S. Department of the Treasury, Office of Foreign Assets Control  
And the  
State of Alaska,  
Department of Commerce, Community, and Economic Development,  
Division of Banking and Securities**

### **I. Background**

#### **A. Purpose**

This Memorandum of Understanding (“MOU”) sets forth procedures for the exchange of specified information between the Alaska Department of Commerce, Community, and Economic Development, Division of Banking and Securities (“Division”) and the Office of Foreign Assets Control (“OFAC”), an office within the U.S. Department of the Treasury (collectively, the “Agencies”).

The Division has examination and enforcement authority for the financial condition, safe and sound operation, and compliance with laws and regulations of the financial institutions it supervises under Title 6, Title 45 Chapter 55, and Title 10 Chapter 13 of the Alaska Statutes. 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.

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.

The sharing of information under this MOU is intended to help OFAC in fulfilling its role as administrator and enforcer of economic sanctions and to assist the Division in fulfilling its role as a financial institutions supervisor.

## 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. 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. The Agencies will also evaluate the effectiveness of the information sharing in meeting the goals outlined above.

## C. Accessibility

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 institutions that they regulate.

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

### A. Unreported Violations of Sanctions.

The Division will notify OFAC promptly of any apparent, unreported sanctions violations discovered in the course of an examination to the extent permitted by law, including 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 of such deficiencies to the extent permitted by law, including 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 respond to 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 examination or supervisory findings regarding a financial institution'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**

To the extent provided by law, including the Right to Financial Privacy Act:

A. After OFAC becomes aware of an apparent sanctions violation by a financial institution supervised by the Division, OFAC will promptly provide the Division with information about the apparent violation. OFAC will also provide a copy of any correspondence between OFAC and the financial institution relating to apparent sanctions violations by the financial institution or to a pending or possible enforcement action against the financial institution.

B. OFAC will also provide to the Division notice of and appropriate documentation relating to the following:

- 1) Notice prior to any on-site investigation or audit of a financial institution and the results of such investigation or audit, *e.g.*, an investigation or audit report, as soon as practicable after completion of the investigation or audit;
- 2) Notice that a financial institution is undergoing an OFAC evaluation;
- 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 prepenalty notice, or the issuance of a penalty notice;
- 5) Notice prior to making public any enforcement action;
- 6) Upon written request, the Division may obtain further or additional information (if available) relating to the above information.

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

- A. 1) The Division retains ownership of all information provided to OFAC under this MOU. OFAC retains ownership of all information provided to the Division under this MOU. All information the Division provides to OFAC under this MOU shall be deemed confidential supervisory information and is subject to the Division's laws, regulations and agreements governing the disclosure of such information. OFAC will use information provided by the Division under this MOU only in accordance with the restrictions applicable to information shared by the Division under those laws, regulations and agreement.<sup>1</sup> OFAC will rely on the Division to specifically identify any

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<sup>1</sup> "Information in the records of the department obtained through the administration of this title is confidential, is not subject to subpoena, and may be revealed only with the consent of the department." ALASKA STAT. § 06.01.025(a).

disclosures or privacy restrictions applicable to information it shares with OFAC. The information provided by OFAC to the Division is intended for the Division use in the supervision of the institutions that it regulates and is not for further disclosure outside the course of its supervisory activities. Neither OFAC nor the Division will make public use of any confidential information provided by the other under this MOU without the prior written approval of the other.

- 2) 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.
- 3) OFAC will notify the Division in writing of any legally enforceable demand for information provided by the Division under this MOU, prior to complying with the demand. OFAC will assert all such legal exemptions, protections or privileges on the Division behalf as the Division may request. Unless subject to a court order or other compulsory process, OFAC may not grant any demand or request for the information without prior written notice to, and approval of, the Division.
- 4) The Division will notify OFAC in writing of any legally enforceable demand for information provided by OFAC under this MOU, prior to complying with the demand. The Division will assert all such legal exemptions, protections or privileges on OFAC's behalf as OFAC may request. Unless subject to a court order or other compulsory process, the Division may not grant any demand or request for the information without prior written notice to, and approval of, OFAC.
- 5) OFAC and the Division expressly reserve all evidentiary privileges and protections applicable to any information provided to one another under this MOU.

- B. Disclosure to OFAC of 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. Term of MOU**

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 parties.

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

This MOU may be executed in counterparts.

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: Aug. 7, 2007

**ALASKA DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT, DIVISION OF BANKING AND SECURITIES**

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By: Mark R. Davis, Director

Dated: 7/27/07