SecurePoint USA

Whitepaper



Sanctions screening for schools and universities

Who to screen, when, and what records to keep

OFAC · Section 117

A guide for school and university business officers, counsel and compliance staff to sanctions screening after OFAC's February 2026 settlement with IMG Academy. It covers what OFAC found and advised, who to screen and when, how to review a possible match and handle a confirmed one, which records to keep, the 2026 suspension of Iran general licenses for academic activity, and how Section 117 foreign gift reporting differs from sanctions screening.

Written for
CFOs, business officers, general counsel, compliance officers

Last reviewed
November 7, 2026

First published
March 12, 2026

Read online
securepointusa.com/resources/whitepapers/education-compliance-2026

Informational only. Not legal, regulatory, export-control, or compliance advice. Not a substitute for review by qualified counsel or the compliance professionals who know your obligations.

Contents

1.	Executive summary	3
2.	What the IMG Academy settlement shows	3
3.	What a sanctions program at a school includes	4
4.	Who to screen, and when	5
5.	Reviewing a possible match	7
6.	Records to keep	8
7.	A payment processor’s screening is not the school’s record	9
8.	Changes to Iran licenses for academic activity	9
9.	Section 117 is a separate obligation	10
10.	A suggested first 90 days	11
	Sources and revision history	12
	About SecurePoint USA	14

Key takeaways

- OFAC’s prohibitions apply to schools and universities as to any U.S. person. In February 2026 it advised screening students, counterparties to tuition agreements and payors.
- Screen before an agreement is signed. Six of IMG Academy’s 89 apparent violations were the tuition enrollment agreements themselves.
- If a payor or parent is on the SDN List, do not refund the money. Hold it, report it to OFAC within 10 business days, and involve counsel.
- On August 24, 2026 OFAC suspended the Iran general license for academic exchanges and educational services. Activity that relied on it needs review.
- Section 117 is a disclosure law for colleges and universities with federal aid. It is separate from sanctions screening and does not apply to K-12 schools.

Last reviewed November 7, 2026 against the sources listed at the end of this paper and against SecurePoint's product as it stood that day.

1. Executive summary

The Office of Foreign Assets Control (OFAC), part of the U.S. Department of the Treasury, administers U.S. economic sanctions. Its prohibitions apply to all U.S. persons, including schools, colleges and universities. OFAC can impose civil penalties on a strict liability basis, so a dealing with a sanctioned person can be a violation even when nobody at the school knew.

In February 2026 OFAC announced a $1,720,000 settlement with IMG Academy, a Florida school and athletic training facility, over tuition agreements with two parents on the SDN List and the payments made under them. OFAC's release said that, as a starting point, it may be advisable for academic institutions to screen students, counterparties to tuition agreements, and payors.

OFAC does not prescribe a screening program for schools. Its guidance is risk-based, and its Economic Sanctions Enforcement Guidelines weigh the existence, nature and adequacy of an organization's compliance program when OFAC decides how to respond to an apparent violation. This paper covers what the IMG Academy case shows, what a school's program includes, who to screen and when, how to review a possible match and what to do with a confirmed one, which records to keep, the 2026 changes to Iran licenses for academic activity, and how Section 117 foreign gift reporting differs from sanctions screening.

2. What the IMG Academy settlement shows

On February 12, 2026, IMG Academy, a school and athletic training facility in Bradenton, Florida, agreed to pay $1,720,000 to settle its potential civil liability for 89 apparent violations of the Foreign Narcotics Kingpin Sanctions Regulations (31 CFR 598.202). Between 2018 and 2022 it signed yearly tuition enrollment agreements with two parents of student-athletes, both designated under the Kingpin Act for supporting a Mexican drug trafficking organization. OFAC counted six of those agreements, and 83 payments made under them, as the apparent violations.

The parents paid mostly through wire transfers from other people and companies, primarily in Mexico, and through credit cards they kept on file. IMG also carried credit balances from one school year into the next agreement. The parents' full names, given at application, at enrollment and on each agreement, matched their SDN List entries. OFAC treated the case as non-egregious and not voluntarily self-disclosed: IMG told OFAC as soon as it learned of the apparent violations, but OFAC had already opened an investigation.

Table 1. What OFAC weighed in the IMG Academy settlement

Factor	What OFAC found	Weighed as
Screening	IMG did not screen its counterparties. Minimal due diligence at any point would have shown the parents were sanctioned.	Aggravating: reckless disregard
Knowledge	IMG signed the agreements with the parents, invoiced them by name and handled their payments, credits and refunds.	Aggravating

Factor	What OFAC found	Weighed as
Harm	Sanctioned individuals gained access to U.S. commerce and the U.S. financial system.	Aggravating
History	No recent OFAC penalty notice or finding of violation before the transactions.	Mitigating
Remediation	After a June 2023 ownership change, a new chief legal officer ran a comprehensive lookback and put a risk-based sanctions compliance program in place.	Mitigating
Cooperation	Timely, substantive answers to OFAC, and agreement to toll the statute of limitations.	Mitigating

> *Academic institutions face some unique risks given the variety of parties who may satisfy financial obligations for a student. As a starting point, it may be advisable to screen students, counterparties to tuition agreements, and payors against OFAC's SDN List, in addition to using available information to understand whether any associated parties are located in a comprehensively sanctioned jurisdiction or otherwise have ties to a sanctioned person or entity.*
>
> OFAC enforcement release, IMG Academy, LLC, February 12, 2026

The agreement was an apparent violation before any payment arrived

Six of the 89 apparent violations were the tuition enrollment agreements themselves. A school that checks only when money arrives, or relies on the screening its payment processor runs, reaches the payment but not the agreement.

3. What a sanctions program at a school includes

OFAC does not prescribe lists, tools or match thresholds. Its Framework for OFAC Compliance Commitments, published on May 2, 2019, describes five components of a risk-based sanctions compliance program. The IMG Academy release calls strong management commitment and a comprehensive risk assessment the logical first steps for academic institutions, and says they may also wish to test their controls independently and train the staff involved.

Management commitment The head of school, president or board approves the program, funds it, and gives a named officer the authority to stop an enrollment, a payment or a gift while a possible match is reviewed.

Risk assessment	A written view of where exposure sits: the countries students and payors come from, who pays tuition, sponsors and agents abroad, gifts, programs and campuses overseas, research collaborations and vendors. It decides who is screened, against what, and when.
Internal controls	Written procedures for who is screened and when, how a possible match is reviewed and escalated, what happens to a confirmed match, and which records are kept.
Testing and auditing	Periodic, independent checks that the controls work: sample cases traced from application to decision, and a review of the screening tool's lists and settings.
Training	Role-based training for admissions, student accounts, advancement, international student services and research administration, with a record of who was trained and when.

> **Export controls are a separate program**
>
> Research universities also work under export controls. Releasing controlled technology or technical data to a foreign person in the United States can be a deemed export that needs a license under the Export Administration Regulations or the ITAR. That analysis belongs to the export control office and is outside this paper.

4. Who to screen, and when

OFAC's advice names students, counterparties to tuition agreements, and payors. A school's risk assessment decides how far beyond them to go. The table lists the parties schools commonly screen and the points where a check is most useful.

Table 2. Parties to screen and when to screen them

Party	Why	When to screen
Students and applicants	OFAC's advice names students.	Before an offer or enrollment, and on a schedule while enrolled
Parents and guardians who sign agreements	In the IMG Academy case, the parents who signed the tuition agreements were on the SDN List.	Before each enrollment or tuition agreement is signed or renewed
Tuition payors	OFAC's advice names payors. Money often comes from relatives, companies or senders the school has not screened.	When a payor is set up, and when money arrives from a new source

Party	Why	When to screen
Sponsors and scholarship funders	A company or government body paying for a student is a counterparty, and a company can be blocked through its owners.	Before the sponsorship agreement, and at renewal
Donors and foundations	Accepting a gift is a transaction.	Before a gift or pledge is accepted
Recruiting agents	Agents act for the school abroad and are paid by it.	Before contracting, and at renewal
Visiting faculty, researchers and partner institutions	OFAC's release names visiting faculty, exchange programs and collaborations with foreign institutions as sources of risk.	Before an appointment, exchange or agreement
Vendors and refund recipients	Paying a blocked person is prohibited, and a refund is a payment.	Before onboarding, and before a refund or a payment abroad

Companies and the 50 Percent Rule

Under OFAC's 50 Percent Rule, an entity owned 50 percent or more, directly or indirectly, individually or in the aggregate, by one or more blocked persons is itself blocked, whether or not it is named on any list. A family company that pays tuition, or a corporate sponsor, can be blocked without appearing on the SDN List. Name screening does not find it; asking who owns the company does.

Screening again

A clean result is current only as of the moment it ran. OFAC adds and removes names regularly, and a payor who was clear at admission can be designated later. Re-screen continuing relationships on a schedule your risk assessment sets, and screen again before a decision that matters, such as a new agreement, a refund or a gift.

What SecurePoint Education screens

SecurePoint Education screens students, parents and guardians, tuition payors, sponsors, donors, agents, faculty, researchers and vendors, whether a person or an organization, against OFAC's SDN List and the other lists enabled for the account. Schools import rosters from CSV, XLS or XLSX files, and SecurePoint re-screens each active party every 30 or 90 days, 30 by default.

It matches names. It does not trace who owns a company, so the 50 Percent Rule question for a corporate payor or sponsor stays with your reviewer.

5. Reviewing a possible match

A name match nominates a candidate. The identifiers on the list entry, such as date of birth, nationality, addresses and identification numbers, decide whether it is the same person, and a person should make that call.

1. **Identify the list**
   Confirm which list and sanctions program the candidate comes from. A match on another agency's list follows that agency's rules.
2. **Compare the full entry**
   Compare the entry's date of birth, nationality, addresses, identification numbers and aliases with what the school holds. If the details rule the candidate out, record why and continue.
3. **Escalate a likely match**
   If several details agree, or the candidate cannot be ruled out, hold the enrollment, agreement, payment or gift and escalate to the compliance officer and counsel.
4. **Record the decision**
   Record who decided, when, and why, including for a candidate that was ruled out.

> **How SecurePoint Education handles a possible match**
>
> A name match on a person is cleared automatically only when the person's date of birth or nationality clearly rules out the listed record. A match on a record of the same nationality is never cleared this way, records tied to Cuba, Iran, North Korea or Syria need stronger evidence, and matches on organizations always go to a reviewer. The rule and its reason are kept with the screening record.
>
> Every other possible match opens a case. A reviewer with compliance permission sees the matched list record and decides to clear, block, escalate or monitor; a block or an escalation needs a written note. At re-screening, a decision a reviewer already made on the same list record carries forward.

If a match is confirmed

1. **Stop**
   Do not sign, renew, enroll or process anything further with the party until counsel has reviewed it.
2. **Do not refund or return the money**
   Funds in which a blocked person has an interest are blocked property. Returning them is itself a prohibited transfer unless OFAC authorizes it. Hold them as counsel directs.
3. **Report to OFAC within 10 business days**
   Report blocked property within 10 business days of the date it became blocked (31 CFR 501.603), and file an annual report of blocked property held on June 30 by September 30. A rejected transaction is also reported within 10 business days (31 CFR 501.604).

4 **Look back**
Check whether the party, or anyone else paying for the same student, dealt with the school before. IMG Academy's remediation began with a comprehensive lookback.

5 **Decide on disclosure with counsel**
If past dealings may have violated sanctions, counsel decides whether to disclose them to OFAC. A voluntary self-disclosure can substantially reduce a penalty under the Enforcement Guidelines, but IMG Academy's disclosure did not count as voluntary because OFAC had already opened an investigation.

6. Records to keep

Every person engaging in a transaction subject to OFAC's regulations must keep a full and accurate record of it, available for examination for at least ten years after the transaction (31 CFR 501.601). OFAC extended the period from five years, effective March 12, 2025.

The rule covers transactions, not screening logs. Keeping screening results and decisions for the same ten years lets a school show, years later, why it accepted a student, a payor or a gift.

What to be able to show

- Who was screened, against which lists, and when.
- The result, including candidates that were ruled out and why.
- Who decided each possible match, when, and the reason they recorded.
- The enrollment and tuition agreements, payments, gifts and refunds involved.
- Any license, report to OFAC, or correspondence with OFAC.

> **What SecurePoint Education keeps and exports**
>
> Each resolved case exports as an evidence pack: the party, the matched list records, the decision, who made it and why, and an integrity hash. A full audit report covers the parties, cases and decisions in a date range you choose, and the audit log exports separately as a CSV file.
>
> Screening and review events are written to an append-only, hash-chained audit log that application users cannot edit or delete, with a verifier that checks the chain. Screening records, cases and evidence packs are kept for ten years by default.

7. A payment processor’s screening is not the school’s record

Payment platforms that process tuition can screen the payers they process. Flywire, for example, tells its clients that, as a U.S.-domiciled and globally licensed payment company, it screens clients when it onboards them and on an ongoing basis, and screens their payers’ transactions in real time at the time of payment, stopping them for review when needed.

That screening covers the payer on that payment, for the processor’s own obligations. It does not cover the student or the parent who signs the enrollment agreement, it happens after the agreement is signed, and unless the processor shares its results, the school has no record of it. In the IMG Academy case, six of the 89 apparent violations were the agreements themselves.

Questions to ask a payment platform

- Which parties do you screen: the payer only, or the student and the account holder too?
- When do you screen, and against which lists?
- Will you tell us when you stop or reject a payment for one of our students, and why?
- What records of your screening can we receive?

Flywire is a trademark of Flywire Corporation. SecurePoint is not affiliated with Flywire.

8. Changes to Iran licenses for academic activity

Iran is subject to comprehensive U.S. sanctions, and general licenses had authorized several kinds of academic and personal activity. On August 24, 2026, OFAC suspended Iran General Licenses F and G, and a rule published at 91 FR 54957 stayed three general licenses in the Iranian Transactions and Sanctions Regulations indefinitely.

Table 3. Iran general licenses suspended or stayed on August 24, 2026

License	What it authorized	Status
General License G	Academic exchanges and the exportation or importation of certain educational services	Suspended
General License F	Certain services in support of professional and amateur sports activities and exchanges	Suspended
31 CFR 560.544	Certain educational activities by U.S. persons in third countries	Stayed indefinitely
31 CFR 560.550	Certain noncommercial, personal remittances to or from Iran	Stayed indefinitely

License	What it authorized	Status
31 CFR 560.554	Services related to conferences in the United States or third countries	Stayed indefinitely

> *OFAC is considering Iran-related specific license applications with a presumption of denial.*
>
> OFAC Recent Actions, Licensing Policy Update, September 10, 2026

Any enrollment, online course, exchange, conference invitation or tuition payment that relied on these licenses needs counsel's review. A stay can be lifted or changed by a later OFAC action, so check OFAC's Recent Actions page before relying on a status.

License assessment in SecurePoint Education

On the Plus plan, SecurePoint Education's license assessment helps a school work out whether an activity may need an OFAC general or specific license, and tracks the school's own work on it. Its Iran guidance reflects the August 2026 suspensions. It is assessment only: SecurePoint does not file with OFAC, and the decision and any application stay with the school and its counsel.

9. Section 117 is a separate obligation

Section 117 of the Higher Education Act (20 U.S.C. 1011f) is a disclosure law, separate from sanctions. It requires degree-granting colleges and universities that receive federal financial assistance to report gifts from, and contracts with, a foreign source worth $250,000 or more in a calendar year, and any foreign ownership or control, by January 31 or July 31, whichever is sooner. It does not prohibit foreign gifts, and it does not apply to K-12 schools.

On February 11, 2026, the Department of Education released 2025 data: more than 8,300 reported transactions worth over $5.2 billion in foreign gifts and contracts, from reports filed through December 16, 2025. Executive Order 14282 of April 23, 2025 directed stronger enforcement, and institutions now file through the Department's portal at ForeignFundingHigherEd.gov, which also publishes the data.

In July 2026 the Department said it would publish the names of 92 foreign entities that appear on its list of foreign entities on U.S. government lists, and tie their transactions to specific universities. It also announced that it would publish the names of all foreign sources from earlier reporting cycles, and delayed that publication several times, most recently to October 2, 2026. Check the Department's announcements for the current status.

> **Where the two meet**
>
> A gift or contract from a party on the SDN List is a question under both laws. Section 117 decides what a college reports; OFAC's rules decide whether it may accept the gift or enter the contract at all.

10. A suggested first 90 days

A sequence for a school starting or rebuilding its program. Adjust it to your risk assessment.

Table 4. A suggested sequence for the first 90 days

Days	Work
1 to 15	Name the officer who owns the program and can stop an enrollment, a payment or a gift. Decide who calls counsel and who reports to OFAC when a match is confirmed. Map who pays tuition, who sponsors students and who gives money.
16 to 30	Screen current students, the parents who signed agreements, payors and sponsors, and look back over recent payments and refunds. Write a short screening policy: who is screened, when, how a match is reviewed, and what is kept.
31 to 60	Screen new applicants, agreements, payors, gifts and refunds as they arrive. Set the re-screening schedule. Train admissions, student accounts, advancement and international student staff.
61 to 90	Test the process with sample cases traced from application to decision. Review the records it produced. Report the program's status to senior leadership or the board.

Sources and revision history

First published March 2026. Last reviewed November 7, 2026 against the sources below and against SecurePoint's product as it stood that day. The sources are listed for traceability, not as endorsements. Confirm current text with the issuing agency before relying on a citation.

[1] **OFAC Enforcement Release: IMG Academy, LLC (February 12, 2026)**
https://ofac.treasury.gov/recent-actions/20260212
$1,720,000 settlement of 89 apparent violations of the Foreign Narcotics Kingpin Sanctions Regulations (31 CFR 598.202): six tuition enrollment agreements and 83 payments. Source for the factors OFAC weighed and its starting-point advice on whom to screen.

[2] **OFAC: A Framework for OFAC Compliance Commitments (May 2019)**
https://ofac.treasury.gov/media/16331/download
The five components of a sanctions compliance program.

[3] **31 CFR § 501.601: Records and recordkeeping requirements**
https://www.ecfr.gov/current/title-31/section-501.601
Records of each transaction subject to OFAC's regulations, kept for at least ten years, effective March 12, 2025.

[4] **31 CFR §§ 501.603 and 501.604: Reports of blocked property and rejected transactions**
https://www.ecfr.gov/current/title-31/section-501.603
Blocked property reported within 10 business days and annually by September 30; rejected transactions within 10 business days.

[5] **31 CFR Parts 500-599: OFAC sanctions regulations**
https://www.ecfr.gov/current/title-31/subtitle-B/chapter-V
Primary regulatory framework, including Part 501 (reporting, recordkeeping and, in Appendix A, the Economic Sanctions Enforcement Guidelines), Part 560 (Iran) and Part 598 (Kingpin Act).

[6] **91 FR 54957: Iranian Transactions and Sanctions Regulations, stay of effectiveness (August 26, 2026)**
https://www.federalregister.gov/d/2026-17426
Stays 31 CFR 560.544, 560.550 and 560.554 indefinitely, effective August 24, 2026.

[7] **OFAC Recent Actions: Suspension of Iran General Licenses F and G (August 24, 2026)**
https://ofac.treasury.gov/recent-actions/20260824
General License G (academic exchanges and certain educational services) and General License F (sports exchanges) suspended as of August 24, 2026.

[8] **OFAC Recent Actions: Licensing Policy Update (September 10, 2026)**
https://ofac.treasury.gov/recent-actions/20260910
OFAC is considering Iran-related specific license applications with a presumption of denial.

[9] **U.S. Department of Education: Latest foreign funding disclosures (February 11, 2026)**
https://www.ed.gov/about/news/press-release/us-department-of-education-releases-latest-foreign-funding-disclosures-federally-funded-american-universities
Source for the 2025 totals: more than 8,300 transactions and over $5.2 billion in foreign gifts and contracts, from reports filed through December 16, 2025.

[10] Federal Student Aid: Reminder, Section 117 reporting deadline (updated September 25, 2026)
https://fsapartners.ed.gov/knowledge-center/library/electronic-announcements/2026-07-06/reminder-reporting-deadline-section-117-higher-education-act-1965-updated-sept-11-2026
The Department's notice that it would publish the names of 92 foreign entities on U.S. government lists and tie their transactions to specific universities, and its delays of publication of all foreign source names, most recently to October 2, 2026.

[11] Foreign Funding in Higher Education (Section 117 data portal)
https://www.foreignfundinghighered.gov/
Where institutions file Section 117 reports and where the Department publishes the data.

[12] 20 U.S.C. § 1011f: Disclosures of foreign gifts
https://www.law.cornell.edu/uscode/text/20/1011f
Degree-granting colleges and universities that receive federal financial assistance report foreign gifts and contracts of $250,000 or more in a calendar year, and foreign ownership or control, by January 31 or July 31. It does not reach K-12 schools.

[13] Executive Order 14282: Transparency Regarding Foreign Influence at American Universities (April 23, 2025)
https://www.federalregister.gov/d/2025-07379
Directs stronger enforcement of Section 117 disclosure (90 FR 17541).

[14] Flywire: Understanding the sanctions screening process
https://assets.flywire.com/documents/Flywire_SanctionsScreeningFAQ.pdf
Flywire's client FAQ: it screens clients at onboarding and on an ongoing basis, and payers' transactions in real time at the time of payment, as a U.S.-domiciled, globally licensed payment company. Checked November 2026.

Revision history

November 7, 2026 Retitled and rewritten so the page and the PDF carry the same text. Removed the claim that screening is no longer optional: OFAC prohibits dealings with sanctioned persons and calls screening advisable as a starting point. Added what to do when a payor or parent is confirmed on the SDN List, OFAC's five compliance components, the 50 Percent Rule for corporate payors and sponsors, the August 2026 suspension of Iran general licenses for academic activity, and the Department of Education's July 2026 notice on publishing foreign source names. Separated Section 117 reporting from sanctions screening and noted it does not apply to K-12 schools. Corrected two product answers: some name matches are cleared by rule on date of birth or nationality, and the audit log exports separately from evidence packs. Replaced the vendor comparison with a description of what a payment processor screens.

October 23, 2026 Re-checked the IMG Academy settlement and the Section 117 figures against OFAC and the Department of Education, and quoted OFAC's starting-point advice on whom to screen. Limited Section 117 to the colleges and universities it covers, corrected the vendor descriptions against Blackbaud's and Flywire's own materials, stated OFAC's ten-year record period, and described re-screening as the 30- or 90-day schedule the product runs.

March 12, 2026 First published as a guide for school and university leaders.

About SecurePoint USA

SecurePoint USA builds visitor management and restricted-party screening software for defense contractors, manufacturers, research facilities and schools. It screens visitors and other parties against government sanctions and restricted-party lists, holds possible matches for a person to decide, issues badges once a site's required evidence is in place, and keeps an append-only, hash-chained audit log that application users cannot edit or delete, with a verifier that checks the chain. SecurePoint does not file with OFAC, BIS or DDTC, and it does not make an organization compliant: it supplies records for the program your organization runs.

See a school screening workflow from start to finish.

Request a demo to see a roster screened, a possible match reviewed, and the evidence pack the decision produces, using demonstration data.

- Request a demo: securepointusa.com/education/request-demo
- Read this paper online: securepointusa.com/resources/whitepapers/education-compliance-2026
- All whitepapers: securepointusa.com/resources/whitepapers

This whitepaper is provided for general informational purposes only and does not constitute legal, regulatory, export-control, or compliance advice.

It is not a substitute for review by qualified counsel, or by the compliance, security, export-control or assessment professionals familiar with your organization, its contracts, facilities and obligations.

Regulatory citations, enforcement examples, and statistics reflect publicly available information believed to be accurate as of the "Last reviewed" date on the cover page. Regulations and enforcement priorities change; consult primary sources before acting on anything in this document.

Statements about SecurePoint USA capabilities describe product behavior as of the "Last reviewed" date, not a contractual commitment. Capability fit for any specific environment must be confirmed during scoping.

© 2026 SecurePoint USA LLC. All rights reserved.