

WHITEPAPER

OFAC Sanctions Screening Best Practices

Multi-List, Multi-Algorithm Screening for Compliance Programs

Why single-list screening is no longer sufficient — and how multi-list, multi-algorithm screening programs catch what basic systems miss.

OFAC SDN

BIS Entity List

EU FSF

UK OFSI

19+

Lists Screened

6

Match Algorithms

50%

Ownership Rule

<1s

Per Entity

SecurePoint USA

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01 Executive Summary

OFAC administers and enforces economic sanctions against targeted foreign countries, regimes, terrorists, narcotics traffickers, and proliferators of weapons of mass destruction. Compliance obligations are not limited to financial institutions — they apply broadly to U.S. persons and entities.

Many organizations screen against a single list and treat that as compliance. That approach can miss restricted parties on the BIS Entity List, EU sanctions targets, UK OFSI designations, DDTC Debarred Parties, and other restricted-party lists.

Basic exact-match screening also tends to miss name variations, transliterations, and aliases. OFAC generally applies strict liability — a negligent miss can carry the same penalty as an intentional one. Penalty ceilings are inflation-adjusted; consult the current OFAC enforcement notices and qualified sanctions counsel.

This whitepaper examines limits of single-list screening, describes the multi-list landscape, walks through composite fuzzy matching, summarizes the OFAC 50% ownership rule, and outlines adjudication workflows that scale.

02 Why Single-List Screening Fails

Organizations that screen only against the OFAC SDN list operate with significant blind spots.

- **BIS Entity List Gap**

An entity can be on the BIS list requiring export licenses without appearing on the SDN list. SDN-only screening would clear them.

- **EU/UK Divergence**

Post-Brexit, EU and UK maintain independent sanctions regimes. Entities sanctioned by the EU may not appear on OFAC lists, and vice versa.

- **Name Variation Gap**

"Mohammed" has 30+ English transliterations. Russian Cyrillic names have multiple romanization standards. Exact-match catches none of these.

- **Ownership Gap**

Under the 50% Rule, an entity owned by SDN-listed persons is blocked even though it appears on no list. Only ownership analysis can identify these.

OFAC expects screening programs commensurate with risk profile. For organizations hosting foreign nationals, that means multi-list, multi-algorithm screening.

03 The 19+ List Landscape

A comprehensive sanctions screening program covers multiple government sources across jurisdictions.

OFAC SDN (US Treasury)
Specially Designated Nationals — 18,000+ entries

OFAC SSI (US Treasury)
Sectoral Sanctions Identifications

BIS Entity List (Commerce Dept)

Export license requirements under EAR

BIS Denied Persons (Commerce Dept)
Denied export privileges

DDTC Debarred (State Dept)
ITAR debarments

UK Sanctions (OFSI) (HM Treasury)
UK consolidated sanctions list

EU FSF (European Union)
EU Financial Sanctions Facility

UN Consolidated (UN Security Council)
Foundation for national programs

FBI Most Wanted (FBI)
Terrorism, kidnappings, fugitives

INTERPOL Red Notices (INTERPOL)
International wanted persons

SAM Exclusions (GSA)
Government contractor exclusions

LEIE (HHS OIG)
Healthcare program exclusions

Additional lists include UFLPA, World Bank Debarment, IADB Sanctions, French DGT, Federal Reserve Enforcement, Singapore MAS, and BIS Unverified List.

04 Fuzzy Matching: The Science of Name Resolution

Exact-match screening catches a meaningful portion of true matches but tends to miss transliterations, misspellings, aliases, name reordering, and abbreviated/expanded forms. Fuzzy matching algorithms address those gaps. Specific recall figures depend heavily on data quality and configuration; SecurePoint USA does not represent any single benchmark as universal.

- **Exact Match (30%)**
Character-for-character comparison after normalization.
- **Normalized Exact (15%)**
Matches after removing company suffixes (Inc., Ltd., GmbH, LLC).
- **Jaro-Winkler (25%)**
Optimized for name-length strings. Catches transpositions and missing characters. Early-exit at 0.95+.
- **Levenshtein (10%)**
Edit distance. Catches typos by measuring minimum single-character edits.
- **Double Metaphone (10%)**
Phonetic matching. Catches transliterations across alphabets — Arabic, Cyrillic, CJK romanizations.
- **Trigram (10%)**
3-character substring overlap. Effective for partial matches and name reordering.

Composite threshold of 0.80 balances sensitivity and specificity. Scores ≥ 0.90 are HIGH confidence. Scores

0.80-0.89 are MEDIUM and require human review.

05 The OFAC 50% Ownership Rule

Per OFAC guidance (FAQ #401), entities owned 50% or more — in the aggregate, directly or indirectly — by one or more SDN-listed persons are themselves treated as blocked, even if the entity itself does not appear on any sanctions list. Name-based screening alone is unlikely to surface these entities; ownership analysis is generally required.

How Ownership Calculation Works

- Entity identified during pre-registration and matched against corporate registries
- Ownership chains traced up to 5 levels deep using Companies House, SEC 13D, GLEIF, OpenSanctions
- Aggregate sanctioned ownership calculated — direct and indirect
- Three blocking triggers: OFAC 50% Rule, BIS Affiliate Logic, or Direct Listing Match
- Complete ownership chain documented for audit purposes

Entities blocked under the 50% Rule typically do not appear on any public sanctions list under their own name. Identifying them generally requires ownership-chain analysis using corporate registries (e.g., Companies House, SEC, GLEIF) and beneficial-ownership data; reasonable-inquiry thresholds vary by program and risk profile.

06 Adjudication Workflows That Scale

Screening produces candidate matches; adjudication determines what to do about them. A well-tuned workflow can resolve a large majority of low-confidence matches automatically — exact ratios depend on roster composition, list coverage, and threshold configuration. Internal benchmarks for SecurePoint USA deployments commonly land in the 85–90% auto-resolved range; treat that as a target, not a guarantee.

Automatic Disposition

Low-confidence matches are auto-cleared and very high-confidence matches against active sanctions programs are auto-blocked. The bulk of routine results land in those buckets, freeing compliance teams to focus on genuine ambiguity.

Human-in-the-Loop Review

Ambiguous cases route to compliance officers with full context: screening query, all algorithm scores, matched entries with programs, and AI recommendations. Every decision logged with reasoning.

AI-Assisted Recommendations

AI analyzes match context and generates recommendations. Both the AI recommendation and human decision are logged separately — creating transparency about whether AI influenced the outcome.

Bulk Adjudication

High-volume programs can review similar cases in batch. Common false positive patterns resolved collectively without sacrificing audit quality.

07 Building Defensible Evidence

OFAC investigators ask how you screened — what lists, algorithms, thresholds, and adjudication processes. Defensible evidence documents every step.

What OFAC Expects

- Which sanctions lists were screened and when they were last updated
- What matching algorithms were used and at what thresholds
- Complete screening results — not just pass/fail, but match details
- Who made adjudication decisions and documented reasoning
- Whether AI recommendations were used and whether humans overrode them
- Immutable, tamper-evident audit trail from screening through disposition
- Record retention meeting or exceeding 5-year requirements

08 SecurePoint USA Screening Architecture

19+ Sanctions Sources, Daily Sync

Consolidated sanctions database covering OFAC SDN, OFAC SSI, BIS Entity List, BIS Denied Persons, DDTC Debarred, UK OFSI, EU FSF, UN Consolidated, FBI Most Wanted, INTERPOL Red Notices, SAM Exclusions, LEIE, and 7+ additional sources. Smart-diff sync processes only changed records daily.

6-Algorithm Composite Fuzzy Matching

Each query runs six parallel matching algorithms that produce a weighted composite score. Early-exit optimization is designed to keep typical per-entity latency low; specific latency targets are environment-dependent and not guaranteed in this document. Thresholds are configurable per organizational risk profile.

OFAC 50% Ownership Graph Analysis

Traces beneficial ownership chains up to 5 levels deep using Companies House, SEC 13D, GLEIF, and OpenSanctions data. Entities exceeding 50% sanctioned ownership are auto-blocked with complete chain documentation.

Adverse Media & PEP Screening

Screens against DOJ, SEC, FinCEN, FCA, and AI-powered news aggregation. Auto-disposition for low-confidence results, human escalation for validated findings. Catches entities about to be designated.

Immutable Audit Trail

Every screening result, adjudication decision, AI recommendation, and human override in append-only, cryptographically hashed logs. Evidence packs in PDF, CSV, JSON formats.

SRC Sources & Notes

The references below are the primary sources used in this paper. They are listed for traceability and verification — they are not endorsements, and SecurePoint USA does not represent any source as exhaustive. Confirm current text and guidance with the source itself before relying on any citation.

[1] OFAC — A Framework for OFAC Compliance Commitments (May 2019)

<https://ofac.treasury.gov/media/16331/download>

OFAC's own framework; underpins the "risk-based, well-documented program" expectations described in the paper.

[2] OFAC FAQ #401 — 50 Percent Rule

<https://ofac.treasury.gov/faqs/topic/1631>

Authoritative source for the aggregate-ownership blocking rule.

[3] BIS Entity List, Denied Persons List, and Unverified List

<https://www.bis.doc.gov/index.php/policy-guidance/lists-of-parties-of-concern>

BIS-administered lists referenced in the multi-list discussion.

[4] UK OFSI Consolidated List of Financial Sanctions Targets

<https://www.gov.uk/government/publications/financial-sanctions-consolidated-list-of-targets>

UK sanctions list referenced for jurisdictional divergence after Brexit.

[5] EU Consolidated Financial Sanctions List (CFSP)

<https://webgate.ec.europa.eu/fsd/fsf>

EU sanctions data source.

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Beyond Single-List

Screening Programs

OFAC generally applies strict liability. "We only checked the SDN list" is unlikely to satisfy a regulator. Risk-based, well-documented screening with multi-list coverage, fuzzy matching, ownership analysis, and defensible adjudication is the direction OFAC's own compliance framework points.

SecurePoint USA screens against 19+ sanctions sources with composite fuzzy matching, OFAC 50% ownership analysis, AI-assisted adjudication, and immutable audit trails. Specific match thresholds and latency are tuned during scoping.

Schedule a Screening Demo

securepointusa.com/request-demo

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