



FEDERAL RESERVE BANK
OF DALLAS

TONY J. SALVAGGIO
FIRST VICE PRESIDENT

July 19, 1994

DALLAS, TEXAS
75265-5906

Notice 94-76

TO: The Chief Operations Officer of each
member bank and others concerned in
the Eleventh Federal Reserve District

SUBJECT

Guidelines for Payments Relating to
Exempt/Approved Exports to Haiti

DETAILS

Payments and transfers incidental to shipments to Haiti of informational materials needed for the free flow of information, rice, beans, sugar, wheat flour, cooking oil, corn, corn flour, milk, edible tallow, medicine, medical supplies, or donated food are authorized. In order to assure that these payments flow smoothly, the Office of Foreign Assets Control (OFAC) has developed new guidelines for the verification of the legitimacy of payment orders relating to the listed items.

Intermediary banks may process "fresh funds" payment orders (not involving debits to blocked accounts) referencing the approved/exempt shipments listed above provided they have as their ultimate destination another U.S. financial institution. The final U.S. financial institution receiving such a payment order must obtain a signed certification from its U.S. exporter/broker customer containing the following information:

- (1) The name and address of the U.S. exporter or broker;
- (2) The name of a contact person at the U.S. exporter or broker, including a phone and fax number;
- (3) In the case of a broker, the name of the non-U.S. exporter;
- (4) A statement as to the type and quantity of goods exported or to be exported (including a purchase order/proforma invoice or invoice number);
- (5) The date the goods were/are to be shipped (including shipping document number and name of carrier for goods already shipped);
- (6) The name and address of the purchaser in Haiti;
- (7) The value of the shipment; and,
- (8) A statement from the exporter/broker that the goods exported are authorized under or exempt from the Haitian Transactions Regulations and Executive Orders 12920 and 12922.

The bank receiving such a certification must retain a copy in its files and forward the original to the Compliance Programs Division of the OFAC, 1500 Pennsylvania Avenue, N.W., 2004 Annex, Washington, D.C. 20220, within ten days of receipt.

Where the payment involves a check or draft drawn on a bank in Haiti, the beneficiary's bank must obtain the required certification from the beneficiary and make a notation below its endorsement stamp that clearing of the item is authorized under the Haitian Transaction Regulations/Executive Orders. Any banks subsequently handling the check can rely on the beneficiary's bank having exercised due diligence when processing such an item.

The legitimacy of payments destined for financial institutions outside of the United States or for non-U.S. exporters/brokers must still be verified by the OFAC on a case-by-case basis before being processed. The verification will require the same information as that referenced in numbers (1) through (8) above but must be delivered with supporting documents to the OFAC after the payment order has been initiated and entered the U.S. banking system.

Please note that debits to blocked accounts to make such payments are not allowed without a specific authorization from the OFAC. The presumption is that checks or drafts drawn on accounts of banks in Haiti are expected to be processed through and paid by funds in parallel accounts. Applications to the OFAC for licenses to debit blocked accounts related to exports must be accompanied by the same information referenced in numbers (1) through (8) above along with supporting documentation.

Transactions which on their face indicate that they are for Diplomatic transactions or transactions involving OFAC-registered and approved non-governmental organizations do not require certifications. (Registered non-governmental organizations are aware that exports of humanitarian items not listed above or the commercial sale of unlisted food items require them to have specific licenses from the OFAC.) Where an OFAC approval is referenced, an intermediary bank processing a funds transfer from another U.S. bank relating to such a transaction may rely on the U.S. originating bank as having exercised due diligence with regard to the transaction.

Parallel Accounts

U.S. banks holding correspondent accounts of banks organized under the laws of Haiti and not listed on the listing of Specially Designated Nationals and Blocked Entities must now block the correspondent accounts. However, U.S. banks holding such accounts are instructed and directed to establish special licensed accounts parallel to the blocked accounts to receive "fresh funds" related to transactions involving Diplomatic transfers, OFAC-registered/approved non-governmental organization projects, family remittances of \$50.00 per month per household, and exempt or approved OFAC-verified exports. Correspondents are permitted to operate parallel accounts for debits and credits related to authorized transactions. Any U.S. bank

holding such an account is authorized to receive "fresh funds" into the parallel account sent via a third country to enable the Haitian correspondent to fund authorized exports to Haiti. A Haitian bank, for example, could route money to its parallel account through a Mexican bank to be sure it had sufficient funds on hand to cover payment orders relating to authorized exports. Only debits for authorized transactions, however, can be made from parallel accounts. Money may not be moved from blocked accounts to parallel accounts without specific authorization from the OFAC. U.S. banks holding parallel accounts are to mail copies of monthly statements for each account to the Compliance Programs Division, OFAC, 1500 Pennsylvania Avenue, N.W., 2004 Annex, Washington, D.C. 20220 REF: HP, so that they arrive no later than the last business day of the month following the activity described in each statement.

The OFAC believes that the only banks located in Haiti which are not organized under the laws of Haiti are Citibank, the Bank of Boston, and the Bank of Nova Scotia ("Scotiabank").

MORE INFORMATION

For more information, please contact the Compliance Programs Division of the OFAC at (202) 622-2490. For additional copies of this Bank's notice, please contact the Public Affairs Department at (214) 922-5254.

Sincerely,

