



Student Accounts Office

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Direct Deposit of Student Refunds - International ACH Transaction Rules

New rules affecting International ACH transactions (IAT) went into effect on September 18, 2009. NACHA, the association that oversees the U.S. electronics payments network, issued the changes to its operating guidelines in response to a request from the Office of Foreign Assets Control (OFAC), an arm of the Treasury Department. OFAC is charged with administering and enforcing U.S. economic and trade sanctions combating money laundering, narcotics trafficking, and terrorism. Penalties for failure to comply with OFAC requirements may include incarceration of employees and fines ranging from \$10,000 to \$10 million. The IAT rules only apply to transactions using the U.S. ACH network, not wire transfers or payments made through a financial institution's proprietary network.

George Mason University, as an originator of ACH payments (in our case, direct deposit of financial aid refunds), is required to exercise due diligence in determining whether or not a transaction is an IAT. The direct deposit application has been revised to ask students the following question "Will any portion of this refund be transferred to a foreign financial institution?" If a student indicates that they will transfer any portion of the direct-deposited refund to a foreign financial institution, additional information must also be captured and passed along in the electronic file with that transaction. The formatting of that file will require extensive programming on the University's part, which the institution has opted not to do at this time. Therefore, students who respond that a portion of the direct deposit will be transferred to a foreign institution will no longer be eligible for direct deposit. Those students will now be issued a paper check refund.