

SCHWARTZ & BALLEN LLP

1990 M STREET, N.W. • SUITE 500
WASHINGTON, DC 20036-3465

WWW.SCHWARTZANDBALLEN.COM

TELEPHONE
(202) 776-0700

FACSIMILE
(202) 776-0720

MEMORANDUM

March 24, 2011

To Our Clients and Friends

Re: Agency Guidance on Accepting Accounts from Foreign Embassies

The federal banking agencies and the Financial Crimes Enforcement Network have issued additional guidance regarding the provision of account services to foreign embassies, consulates and missions (“embassies”) by banks and other depository institutions. The guidance supplements the Agencies’ June 2004 *Guidance on Accepting Accounts from Foreign Governments, Foreign Embassies and Foreign Political Figures*. The guidance indicates that financial institutions have the flexibility to provide services to foreign embassies, consulates and missions while remaining in compliance with the Bank Secrecy Act (“BSA”).

The guidance presents the following expectations:

- Financial institutions should assess the risks involved in providing services to foreign embassies, and take steps to ensure that the risks are managed in compliance with the BSA
- A risk rating that reflects the specific characteristics of the account should be assigned when a customer relationship is established
- Financial institutions may reduce risk by ensuring customers are aware of the requirements of U.S. banking laws and regulations, entering into a written agreement with the foreign mission or offering limited purpose accounts
- A financial institution may provide ancillary services or accounts to foreign embassy personnel and their families
- Financial institutions are expected to demonstrate the capacity to conduct appropriate risk assessments and implement controls and oversight systems to effectively manage varying degrees of risks in their relationships with foreign embassies

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- Financial institutions will not be required to close or refuse a relationship, except in extraordinary circumstances

A copy of the interagency guidance can be found at our website at <http://www.schwartzandballen.com/news.html>

If you have any questions, please call Gilbert Schwartz, Robert Ballen, Tom Fox, Heidi Wicker, or Lauren Bianchini at (202) 776-0700.