



**Federal Deposit Insurance Corporation**

550 17th Street NW, Washington, D.C. 20429-9990

Division of Supervision and Consumer Protection

## **Guidance on Accepting Accounts from Foreign Governments, Foreign Embassies and Foreign Political Figures**

FIL-72-2004

June 16, 2004

**TO:** CHIEF EXECUTIVE OFFICER

**SUBJECT:** Joint Guidance on Accepting Accounts From Foreign Governments, Foreign Embassies and Foreign Political Figures

**Summary:** *The federal financial institution regulatory agencies and the Department of the Treasury's Financial Crimes Enforcement Network are issuing guidance to financial institutions on whether they should do business with embassies and establish account services for foreign governments, foreign embassies and foreign political figures.*

In light of recent actions involving Riggs Bank N.A., the Federal Deposit Insurance Corporation (FDIC), the Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the Office of Thrift Supervision, the National Credit Union Administration and the Department of the Treasury's Financial Crimes Enforcement Network have received inquiries about whether financial institutions should do business with embassies and establish account services for foreign governments, foreign embassies and foreign political figures. The agencies and the Financial Crimes Enforcement Network are issuing the attached joint guidance to institutions on this subject.

For more information, contact Lisa Arquette in the FDIC's Division of Supervision and Consumer Protection at 202-898-8633.

Michael J. Zamorski

Director

Division of Supervision and Consumer Protection

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Attachment

Distribution:FDIC-Supervised Banks (Commercial and Savings)

NOTE: Paper copies of FDIC financial institution letters may be obtained through the FDIC's Public Information Center, 801 17th Street, NW, Room 100, Washington, DC 20434 (1-877-275-3342 or 202-416-6940).

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**Board of Governors of the Federal Reserve System  
Federal Deposit Insurance Corporation  
Financial Crimes Enforcement Network  
National Credit Union Administration  
Office of the Comptroller of the Currency  
Office of Thrift Supervision**

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June 15, 2004

## **Interagency Advisory**

### **Guidance on Accepting Accounts from Foreign Governments, Foreign Embassies and Foreign Political Figures**

In light of recent actions involving Riggs Bank N.A., the Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Office of Thrift Supervision and the National Credit Union Administration ("the Agencies") and the Financial Crimes Enforcement Network have received inquiries as to whether financial institutions should do business with embassies and establish account services for foreign governments, foreign embassies and foreign political figures. The purpose of this advisory is to provide guidance to institutions on this subject.

- As it would with any new account, an institution should evaluate whether or not to accept a new account for a foreign government, embassy or political figure. That decision should be made by the institution's management, under standards and guidelines established by the board of directors, and should be based on the institution's own business objectives, its assessment of the risks associated with particular accounts or lines of business, and its capacity to manage those risks.
- The Agencies will not, absent extraordinary circumstances, direct or encourage any institution to open, close or refuse a particular account or relationship.
- Providing financial services to foreign governments and embassies and to foreign political figures can, depending on the nature of the customer and the services provided, involve varying degrees of risk. Such services can range from account relationships that enable an embassy to handle the payment of operational expenses, e.g., payroll, rent and utilities, to ancillary services or accounts provided to embassy staff or foreign government officials, each potentially posing different levels of risk. Institutions are expected to assess the risks involved in any such relationships, and to take steps to ensure both that such risks are appropriately managed and that the institution can do so in full compliance with its obligations under the Bank Secrecy Act, as amended by the USA PATRIOT Act, and the regulations promulgated thereunder.
- Where an institution elects to establish financial relationships with foreign governments, embassies or political figures, the Agencies, consistent with their usual practice of risk-based supervision, will make their own assessment of the risks involved in such business. As is the case with all accounts, the institution should expect appropriate scrutiny by examiners that is commensurate with the level of risk presented by the account relationship. As in any case where higher risks are presented, the institution should expect an increased level of review by examiners to ensure that the institution has in place controls and compliance oversight systems

adequate to monitor and manage such risks, as well as personnel trained in the management of such risks and in the requirements of applicable laws and regulations.

- Institutions that have or are considering taking on relationships with foreign governments, embassies or political figures should ensure that such customers are aware of the requirements of U.S. laws and regulations to which the institution is subject, and should, to the maximum extent feasible, seek to structure such relationships in order to conform them to conventional U.S. domestic banking relationships so as to reduce the risks that might be presented by such relationships.
- Any institutions that have questions about this guidance are encouraged to contact their primary federal regulator.