



OCC BULLETIN

Comptroller of the Currency
Administrator of National Banks

Subject: Certain Foreign Accounts

Description:

Interagency Advisory: Guidance
on Accepting Accounts from
Foreign Governments, Foreign
Embassies and Foreign Political
Figures

TO: Chief Executive Officers of All National Banks, Department and Division Heads, and All
Examining Personnel

The attached Interagency Advisory, issued on June 16, 2004, provides guidance from the Office of the Comptroller of the Currency (OCC), 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 to institutions under their supervision concerning the acceptance of accounts from foreign governments, foreign embassies and foreign political figures.

In conjunction with this Interagency Advisory, the Department of the Treasury has issued the attached Statement of Policy on Accepting Accounts From Foreign Governments, Foreign Embassies and Foreign Political Figures.

For further information, please contact your examiner-in-charge or OCC Supervisory Office, or the OCC Compliance Division at (202) 874-4428.

Emory W. Rushton
Senior Deputy Comptroller and Chief National Bank Examiner

Attachments: Interagency Advisory
[<http://www.occ.treas.gov/ftp/bulletin/2004-26a.pdf>]

Policy Statement on Embassy Banking
[<http://www.occ.treas.gov/ftp/bulletin/2004-26b.pdf>]

**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**

June 16, 2004

Interagency Advisory

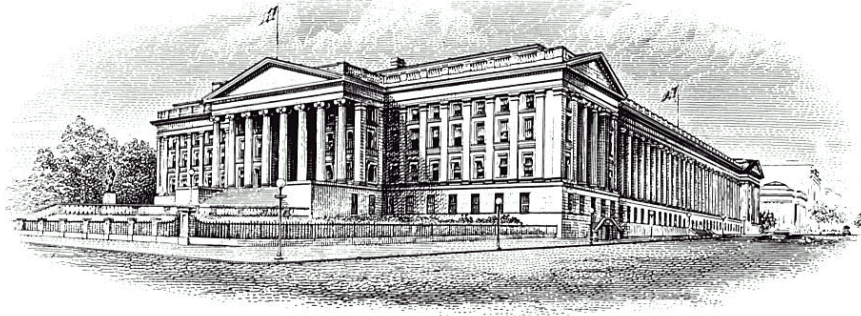
**GUIDANCE ON ACCEPTING ACCOUNTS FROM FOREIGN GOVERNMENTS,
FOREIGN EMBASSIES AND FOREIGN POLITICAL FIGURES**

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.



DEPARTMENT OF THE TREASURY OFFICE OF PUBLIC AFFAIRS

FOR IMMEDIATE RELEASE
June 16, 2004

Contact: Molly Millerwise
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Statement of Policy on Accepting Accounts From Foreign Governments, Foreign Embassies and Foreign Political Figures

It is the longstanding policy of the United States Department of the Treasury that persons residing or working in the United States should have access to U.S. banking services. This policy certainly encompasses the embassies and interests sections of foreign governments and their staffs.

It is also the policy of the United States Treasury Department that financial institutions comply with the *Bank Secrecy Act*, as amended by the *USA PATRIOT Act*, and its implementing regulations. Compliance with those provisions helps to safeguard our financial system from the abuses of money laundering and illicit finance, including terrorist activity financing.

These two policies are not in conflict. Financial institutions can provide appropriate banking services to the embassies and interests sections of foreign governments and their staffs in a manner that fulfills the needs of those foreign governments while satisfying the provisions of the *Bank Secrecy Act*.