



Memorandum

Date: February 28, 2012

To: Client and Friends

From: Stanley Marcuss
George Murphy

Re: **Bank Payments as Services Under U.S. Sanctions**

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It may not be obvious intuitively, but it is worth remembering that U.S. prohibitions on the provision of services to those who are the object of U.S. economic sanctions are regarded by OFAC and most banks as applying to the transfer or remittance of funds. Prohibitions under EU or other non-U.S. economic sanctions may apply to the provision of services as well, even though the term “services” may not appear explicitly in the applicable regulation.

A request to a bank for a payment to or from someone subject to sanctions is, therefore, likely to be met with a refusal by the bank to do so.

Worse, if the sanctions also require the freezing of assets, the bank will impound the funds for which transfer or remittance is requested.

In either event, the bank is required to report the situation to OFAC. And OFAC will inevitably come knocking on the door of the requestor or remitter.

So, caveat requestor or remitter. Your bank account may be emptied or you may be sued for failing to pay as required. And you will likely have some explaining to do to OFAC.