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M E M O R A N D U M

January 28, 2015

To Our Clients and Friends

Re: FDIC Statement on Providing Banking Services to Certain Customer Categories

The Federal Deposit Insurance Corporation today issued a Financial Institution Letter encouraging banks to take a risk-based approach in assessing customer relationships rather than declining to provide banking services to entire categories of customers without regard to the risks presented by the customer or the bank's ability to manage the risk. Although not expressly stated, the FDIC's appears to be responding to concerns that many banks have determined not to offer banking services to certain business sectors such as money transmitters and payday lenders.

The FDIC states that depository institutions are expected to assess the risks posed by a customer on a case-by-case basis and to implement controls to manage the customer relationship commensurate with the risks presented by the customer. Institutions that can properly manage customer relationships and effectively mitigate risks are neither prohibited nor discouraged from providing services to a customer in any business category so long as the customer is operating in compliance with applicable state and federal law.

The FDIC's statement can be found on 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 Ben Gray at (202) 776-0700.