



Important information for our business and individual clients who own or have signature authority over foreign bank and brokerage accounts, including annuities, life insurance, and/or retirement accounts.

February 25, 2011

Once again, we would like to remind you of the requirement to file a disclosure report with the IRS if you own or have signature authority over any foreign bank/investment/retirement accounts that had a combined value of more than US \$10,000 at any time during calendar year 2010. The required disclosure is accomplished for foreign accounts held in 2010 by filing Form TD F 90-22.1.

The due date for this return is June 30, 2011 – there is no extension of time to file.

Penalties for failure to file, if required, are substantial – the minimum is \$25,000!

IMPORTANT: If your only “foreign” connection is holding foreign stocks in a U.S. brokerage account as part of your overall investment plan, you do NOT have signing authority over a foreign account and NO reporting is required.

Examples of situations in which this filing requirement does apply:

1. You have a bank account in Switzerland that held \$20,000 in June 2010, but you withdrew funds to gift to your son, so the balance on December 31, 2010, was only \$5,000. **Since the balance exceeded \$10,000 during the year, you must file a disclosure report!**
2. You have bank accounts in both England and France. You only keep \$2,000 maximum in the Brit account, but the French account reached \$9,000 in July 2010, so you could fix the plumbing in your vacation home. **Since the combined balances exceeded \$10,000 during the year, you must file a disclosure report and list both accounts!**
3. You own a condo in Whistler and keep a Canadian bank account open. The balance is usually below \$10,000, but in 2010, you transferred \$50,000 to the account for two months to pay contractors doing a remodel. By the end of the year, the account was once again below \$10,000. **Since the balance exceeded \$10,000 during the year, you must file a disclosure report!**
4. Your past life included Canadian employment, and you started an RRSP or RRIF (the Canadian IRA equivalent). The balance is over \$10,000. **Since you have authority to withdraw the funds at any time, you must file a disclosure report!**
5. You inherit stocks worth \$200,000 from your mother who lived in Belgium. The Belgian account is transferred from your mother's name to yours for a short period before you transfer the stocks to your U.S. broker. **Since you had signing authority over the account for a brief time, you must file a disclosure report!**

There is no tax due with this return. It is simply a required disclosure. The IRS has stepped up its compliance efforts in the area due to the increase in financing of terrorist activities from foreign accounts. We can provide further details to you upon request.

If you and/or your business have a financial interest in any foreign account(s), and would like Hellam Varon to prepare the disclosure form for your signature and filing, you are responsible for providing our firm with all information necessary to prepare any applicable information returns required by the U.S. Department of Treasury. If you do not provide us with information regarding any interest you may have in a foreign account, we will not prepare Form TD F 90-22.1 on your behalf.

Hellam Varon & Co. Inc. P.S.