

Union Calendar No. 306

115TH CONGRESS
1ST SESSION

H. R. 2706

[Report No. 115–414]

To provide requirements for the appropriate Federal banking agencies when requesting or ordering a depository institution to terminate a specific customer account, to provide for additional requirements related to subpoenas issued under the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MAY 25, 2017

Mr. LUETKEMEYER (for himself, Mr. ROTHFUS, Mr. SESSIONS, Mr. BUDD, Mr. STIVERS, Mr. PITTENGER, Mr. TIPTON, Mr. WILLIAMS, Mr. LUCAS, Mr. HOLLINGSWORTH, Mr. HULTGREN, Mr. MACARTHUR, and Ms. TENNEY) introduced the following bill; which was referred to the Committee on Financial Services

NOVEMBER 16, 2017

Additional sponsors: Mr. RODNEY DAVIS of Illinois, Mr. ROSS, Mr. LOUDERMILK, Mr. EMMER, Mr. GRAVES of Missouri, Mr. LATTA, and Mr. FASO

NOVEMBER 16, 2017

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in italic]

[For text of introduced bill, see copy of bill as introduced on May 25, 2017]

A BILL

To provide requirements for the appropriate Federal banking agencies when requesting or ordering a depository institution to terminate a specific customer account, to provide for additional requirements related to subpoenas issued under the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 *This Act may be cited as the “Financial Institution*
5 *Customer Protection Act of 2017”.*

6 **SEC. 2. REQUIREMENTS FOR DEPOSIT ACCOUNT TERMI-**
7 **NATION REQUESTS AND ORDERS.**

8 *(a) TERMINATION REQUESTS OR ORDERS MUST BE*
9 *VALID.—*

10 *(1) IN GENERAL.—An appropriate Federal bank-*
11 *ing agency may not formally or informally request or*
12 *order a depository institution to terminate a specific*
13 *customer account or group of customer accounts or to*
14 *otherwise restrict or discourage a depository institu-*
15 *tion from entering into or maintaining a banking re-*
16 *lationship with a specific customer or group of cus-*
17 *tomers unless—*

18 *(A) the agency has a valid reason for such*
19 *request or order; and*

20 *(B) such reason is not based solely on rep-*
21 *utation risk.*

22 *(2) TREATMENT OF NATIONAL SECURITY*
23 *THREATS.—If an appropriate Federal banking agen-*
24 *cy believes a specific customer or group of customers*
25 *is, or is acting as a conduit for, an entity which—*

1 (A) poses a threat to national security;

2 (B) is involved in terrorist financing;

3 (C) is an agency of the Government of Iran,
4 North Korea, Syria, or any country listed from
5 time to time on the State Sponsors of Terrorism
6 list;

7 (D) is located in, or is subject to the juris-
8 diction of, any country specified in subpara-
9 graph (C); or

10 (E) does business with any entity described
11 in subparagraph (C) or (D), unless the appro-
12 priate Federal banking agency determines that
13 the customer or group of customers has used due
14 diligence to avoid doing business with any entity
15 described in subparagraph (C) or (D),

16 such belief shall satisfy the requirement under para-
17 graph (1).

18 (b) NOTICE REQUIREMENT.—

19 (1) IN GENERAL.—If an appropriate Federal
20 banking agency formally or informally requests or or-
21 ders a depository institution to terminate a specific
22 customer account or a group of customer accounts, the
23 agency shall—

24 (A) provide such request or order to the in-
25 stitution in writing; and

1 (B) accompany such request or order with
2 a written justification for why such termination
3 is needed, including any specific laws or regula-
4 tions the agency believes are being violated by
5 the customer or group of customers, if any.

6 (2) *JUSTIFICATION REQUIREMENT.*—A justifica-
7 tion described under paragraph (1)(B) may not be
8 based solely on the reputation risk to the depository
9 institution.

10 (c) *CUSTOMER NOTICE.*—

11 (1) *NOTICE REQUIRED.*—Except as provided
12 under paragraph (2), if an appropriate Federal bank-
13 ing agency orders a depository institution to termi-
14 nate a specific customer account or a group of cus-
15 tomer accounts, the depository institution shall in-
16 form the customer or customers of the justification for
17 the customer’s account termination described under
18 subsection (b).

19 (2) *NOTICE PROHIBITED IN CASES OF NATIONAL*
20 *SECURITY.*—If an appropriate Federal banking agen-
21 cy requests or orders a depository institution to ter-
22 minate a specific customer account or a group of cus-
23 tomer accounts based on a belief that the customer or
24 customers pose a threat to national security, or are
25 otherwise described under subsection (a)(2), neither

1 *the depository institution nor the appropriate Federal*
2 *banking agency may inform the customer or cus-*
3 *tomers of the justification for the customer’s account*
4 *termination.*

5 *(d) REPORTING REQUIREMENT.—Each appropriate*
6 *Federal banking agency shall issue an annual report to the*
7 *Congress stating—*

8 *(1) the aggregate number of specific customer ac-*
9 *counts that the agency requested or ordered a deposi-*
10 *tory institution to terminate during the previous*
11 *year; and*

12 *(2) the legal authority on which the agency re-*
13 *lied in making such requests and orders and the fre-*
14 *quency on which the agency relied on each such au-*
15 *thority.*

16 *(e) DEFINITIONS.—For purposes of this section:*

17 *(1) APPROPRIATE FEDERAL BANKING AGENCY.—*
18 *The term “appropriate Federal banking agency”*
19 *means—*

20 *(A) the appropriate Federal banking agen-*
21 *cy, as defined under section 3 of the Federal De-*
22 *posit Insurance Act (12 U.S.C. 1813); and*

23 *(B) the National Credit Union Administra-*
24 *tion, in the case of an insured credit union.*

1 (2) *DEPOSITORY INSTITUTION*.—The term “de-
2 pository institution” means—

3 (A) a depository institution, as defined
4 under section 3 of the Federal Deposit Insurance
5 Act (12 U.S.C. 1813); and

6 (B) an insured credit union.

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