

115TH CONGRESS
1ST SESSION

H. R. 2706

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

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,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Financial Institution
3 Customer Protection Act of 2017”.

4 **SEC. 2. REQUIREMENTS FOR DEPOSIT ACCOUNT TERMI-**
5 **NATION REQUESTS AND ORDERS.**

6 (a) **TERMINATION REQUESTS OR ORDERS MUST BE**
7 **MATERIAL.—**

8 (1) **IN GENERAL.—**An appropriate Federal
9 banking agency may not formally or informally re-
10 quest or order a depository institution to terminate
11 a specific customer account or group of customer ac-
12 counts or to otherwise restrict or discourage a de-
13 pository institution from entering into or maintain-
14 ing a banking relationship with a specific customer
15 or group of customers unless—

16 (A) the agency has a material reason for
17 such request or order; and

18 (B) such reason is not based solely on rep-
19 utation risk.

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

24 (A) poses a threat to national security;

25 (B) is involved in terrorist financing;

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

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

8 (E) does business with any entity described
9 in subparagraph (C) or (D), unless the appro-
10 priate Federal banking agency determines that
11 the customer or group of customers has used
12 due diligence to avoid doing business with any
13 entity described in subparagraph (C) or (D),
14 such belief shall satisfy the requirement under para-
15 graph (1).

16 (b) NOTICE REQUIREMENT.—

17 (1) IN GENERAL.—If an appropriate Federal
18 banking agency formally or informally requests or
19 orders a depository institution to terminate a spe-
20 cific customer account or a group of customer ac-
21 counts, the agency shall—

22 (A) provide such request or order to the
23 institution in writing; and

24 (B) accompany such request or order with
25 a written justification for why such termination

1 is needed, including any specific laws or regula-
2 tions the agency believes are being violated by
3 the customer or group of customers, if any.

4 (2) JUSTIFICATION REQUIREMENT.—A jus-
5 tification described under paragraph (1)(B) may not
6 be based solely on the reputation risk to the deposi-
7 tory institution.

8 (c) CUSTOMER NOTICE.—

9 (1) NOTICE REQUIRED.—Except as provided
10 under paragraph (2), if an appropriate Federal
11 banking agency orders a depository institution to
12 terminate a specific customer account or a group of
13 customer accounts, the depository institution shall
14 inform the customer or customers of the justification
15 for the customer's account termination described
16 under subsection (b).

17 (2) NOTICE PROHIBITED IN CASES OF NA-
18 TIONAL SECURITY.—If an appropriate Federal bank-
19 ing agency requests or orders a depository institu-
20 tion to terminate a specific customer account or a
21 group of customer accounts based on a belief that
22 the customer or customers pose a threat to national
23 security, or are otherwise described under subsection
24 (a)(2), neither the depository institution nor the ap-
25 propriate Federal banking agency may inform the

1 customer or customers of the justification for the
2 customer's account termination.

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

6 (1) the aggregate number of specific customer
7 accounts that the agency requested or ordered a de-
8 pository institution to terminate during the previous
9 year; and

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

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

15 (1) APPROPRIATE FEDERAL BANKING AGEN-
16 CY.—The term “appropriate Federal banking agen-
17 cy” means—

18 (A) the appropriate Federal banking agen-
19 cy, as defined under section 3 of the Federal
20 Deposit Insurance Act (12 U.S.C. 1813); and

21 (B) the National Credit Union Administra-
22 tion, in the case of an insured credit union.

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

1 (A) a depository institution, as defined
2 under section 3 of the Federal Deposit Insur-
3 ance Act (12 U.S.C. 1813); and

4 (B) an insured credit union.

5 **SEC. 3. AMENDMENTS TO THE FINANCIAL INSTITUTIONS**
6 **REFORM, RECOVERY, AND ENFORCEMENT**
7 **ACT OF 1989.**

8 Section 951 of the Financial Institutions Reform, Re-
9 covery, and Enforcement Act of 1989 (12 U.S.C. 1833a)
10 is amended—

11 (1) in subsection (c)(2), by striking “affecting
12 a federally insured financial institution” and insert-
13 ing “against a federally insured financial institution
14 or by a federally insured financial institution against
15 an unaffiliated third person”; and

16 (2) in subsection (g)—

17 (A) in the header, by striking “SUB-
18 POENAS” and inserting “INVESTIGATIONS”; and

19 (B) by amending paragraph (1)(C) to read
20 as follows:

21 “(C) summon witnesses and require the
22 production of any books, papers, correspond-
23 ence, memoranda, or other records which the
24 Attorney General deems relevant or material to
25 the inquiry, if the Attorney General—

1 “(i) requests a court order from a
2 court of competent jurisdiction for such ac-
3 tions and offers specific and articulable
4 facts showing that there are reasonable
5 grounds to believe that the information or
6 testimony sought is relevant and material
7 for conducting an investigation under this
8 section; or

9 “(ii) either personally or through dele-
10 gation no lower than the Deputy Attorney
11 General, issues and signs a subpoena for
12 such actions and such subpoena is sup-
13 ported by specific and articulable facts
14 showing that there are reasonable grounds
15 to believe that the information or testi-
16 mony sought is relevant for conducting an
17 investigation under this section.”.

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