Suspend the Rules and Pass the Bill, H. R. 2706, with an Amendment

(The amendment strikes all after the enacting clause and inserts a
new text)

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

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

SECTION 1. SHORT TITLE.

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

SEC. 2. REQUIREMENTS FOR DEPOSIT ACCOUNT TERMINATION REQUESTS AND ORDERS.

(a) Termination Requests or Orders Must Be Valid.—

(1) In general.—An appropriate Federal banking agency may not formally or informally re-
quest or order a depository institution to terminate a specific customer account or group of customer ac-
counts or to otherwise restrict or discourage a de-
pository institution from entering into or maintain-
ing a banking relationship with a specific customer or group of customers unless—

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

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

(2) Treatment of national security threats.—If an appropriate Federal banking agen-
cy believes a specific customer or group of customers is, or is acting as a conduit for, an entity which—
(A) poses a threat to national security;

(B) is involved in terrorist financing;

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

(D) is located in, or is subject to the jurisdiction of, any country specified in subparagraph (C); or

(E) does business with any entity described in subparagraph (C) or (D), unless the appropriate Federal banking agency determines that the customer or group of customers has used due diligence to avoid doing business with any entity described in subparagraph (C) or (D), such belief shall satisfy the requirement under paragraph (1).

(b) NOTICE REQUIREMENT.—

(1) IN GENERAL.—If an appropriate Federal banking agency formally or informally requests or orders a depository institution to terminate a specific customer account or a group of customer accounts, the agency shall—

(A) provide such request or order to the institution in writing; and
(B) accompany such request or order with a written justification for why such termination is needed, including any specific laws or regulations the agency believes are being violated by the customer or group of customers, if any.

(2) JUSTIFICATION REQUIREMENT.—A justification described under paragraph (1)(B) may not be based solely on the reputation risk to the depository institution.

(c) CUSTOMER NOTICE.—

(1) NOTICE REQUIRED.—Except as provided under paragraph (2) or as otherwise prohibited from being disclosed by law, if an appropriate Federal banking agency orders a depository institution to terminate a specific customer account or a group of customer accounts, the depository institution shall inform the specific customer or group of customers of the justification for the customer’s account termination described under subsection (b).

(2) NOTICE PROHIBITED.—

(A) NOTICE PROHIBITED IN CASES OF NATIONAL SECURITY.—If an appropriate Federal banking agency requests or orders a depository institution to terminate a specific customer account or a group of customer accounts based
a belief that the customer or customers pose a
threat to national security, or are otherwise de-
scribed under subsection (a)(2), neither the de-
pository institution nor the appropriate Federal
banking agency may inform the customer or
customers of the justification for the customer’s
account termination.

(B) NOTICE PROHIBITED IN OTHER
CASES.—If an appropriate Federal banking
agency determines that the notice required
under paragraph (1) may interfere with an au-
thorized criminal investigation, neither the de-
pository institution nor the appropriate Federal
banking agency may inform the specific cus-
tomer or group of customers of the justification
for the customer’s account termination.

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

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

(2) the legal authority on which the agency re-
lied in making such requests and orders and the fre-
quency on which the agency relied on each such au-

thority.

(c) DEFINITIONS.—For purposes of this section:

(1) APPROPRIATE FEDERAL BANKING AGEN-

CY.—The term “appropriate Federal banking agen-

cy” means—

(A) the appropriate Federal banking agen-

cy, as defined under section 3 of the Federal

Deposit Insurance Act (12 U.S.C. 1813); and

(B) the National Credit Union Administra-

tion, in the case of an insured credit union.

(2) DEPOSITORY INSTITUTION.—The term “de-

pository institution” means—

(A) a depository institution, as defined

under section 3 of the Federal Deposit Insur-

ance Act (12 U.S.C. 1813); and

(B) an insured credit union.