

116TH CONGRESS
1ST SESSION

H. R. 189

To provide requirements for the appropriate Federal banking agencies when requesting or ordering a depository institution to terminate a specific customer account, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 3, 2019

Mr. LUETKEMEYER 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, 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 2019”.

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

3 (a) TERMINATION REQUESTS OR ORDERS MUST BE
4 VALID.—

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

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

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

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

21 (A) poses a threat to national security;

22 (B) is involved in terrorist financing;

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

1 (D) is located in, or is subject to the juris-
2 diction of, any country specified in subpara-
3 graph (C); or

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

12 (b) NOTICE REQUIREMENT.—

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

18 (A) provide such request or order to the
19 institution in writing; and

20 (B) accompany such request or order with
21 a written justification for why such termination
22 is needed, including any specific laws or regula-
23 tions the agency believes are being violated by
24 the customer or group of customers, if any.

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

5 (c) CUSTOMER NOTICE.—

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

15 (2) NOTICE PROHIBITED.—

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

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

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

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

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

19 (2) the legal authority on which the agency re-
20 lied in making such requests and orders and the fre-
21 quency on which the agency relied on each such au-
22 thority.

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

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

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

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

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

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

14 (B) an insured credit union, as defined
15 under section 101 of the Federal Credit Union
16 Act (12 U.S.C. 1752).

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