

**AMENDMENT IN THE NATURE OF A SUBSTITUTE TO
H.R. 2706
OFFERED BY MR. LUETKEMEYER OF MISSOURI**

Strike all after the enacting clause and insert the following:

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

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

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

7 (A) poses a threat to national security;

8 (B) is involved in terrorist financing;

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

13 (D) is located in, or is subject to the juris-
14 diction of, any country specified in subpara-
15 graph (C); or

16 (E) does business with any entity described
17 in subparagraph (C) or (D), unless the appro-
18 priate Federal banking agency determines that
19 the customer or group of customers has used
20 due diligence to avoid doing business with any
21 entity described in subparagraph (C) or (D),
22 such belief shall satisfy the requirement under para-
23 graph (1).

24 (b) NOTICE REQUIREMENT.—

1 (1) IN GENERAL.—If an appropriate Federal
2 banking agency formally or informally requests or
3 orders a depository institution to terminate a spe-
4 cific customer account or a group of customer ac-
5 counts, the agency shall—

6 (A) provide such request or order to the
7 institution in writing; and

8 (B) accompany such request or order with
9 a written justification for why such termination
10 is needed, including any specific laws or regula-
11 tions the agency believes are being violated by
12 the customer or group of customers, if any.

13 (2) JUSTIFICATION REQUIREMENT.—A jus-
14 tification described under paragraph (1)(B) may not
15 be based solely on the reputation risk to the deposi-
16 tory institution.

17 (c) CUSTOMER NOTICE.—

18 (1) NOTICE REQUIRED.—Except as provided
19 under paragraph (2), if an appropriate Federal
20 banking agency orders a depository institution to
21 terminate a specific customer account or a group of
22 customer accounts, the depository institution shall
23 inform the customer or customers of the justification
24 for the customer's account termination described
25 under subsection (b).

1 (2) NOTICE PROHIBITED IN CASES OF NA-
2 TIONAL SECURITY.—If an appropriate Federal bank-
3 ing agency requests or orders a depository institu-
4 tion to terminate a specific customer account or a
5 group of customer accounts based on a belief that
6 the customer or customers pose a threat to national
7 security, or are otherwise described under subsection
8 (a)(2), neither the depository institution nor the ap-
9 propriate Federal banking agency may inform the
10 customer or customers of the justification for the
11 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.

