To amend the Bank Holding Company Act of 1956 to remove the exemption for industrial loan companies from the definition of a bank.

IN THE HOUSE OF REPRESENTATIVES

Mr. GARCIA of Illinois introduced the following bill; which was referred to the Committee on ________________________________

A BILL

To amend the Bank Holding Company Act of 1956 to remove the exemption for industrial loan companies from the definition of a bank.

1 Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

2 SECTION 1. SHORT TITLE.

3 This Act may be cited as the “Close the ILC Loop-hole Act”.

VerDate Mar 15 2010 11:59 Nov 26, 2019 Jkt 000000 PO 00000 Frm 00001 Fmt 6652 Sfmt 6201 C:\USERS\MBARKSDALE\APPDATA\ROAMING\SOFTQUAD\XMETAL\7.0\GEN\C\GARC
SEC. 2. REMOVAL OF EXEMPTION FOR INDUSTRIAL LOAN COMPANIES FROM THE DEFINITION OF A BANK.

(a) IN GENERAL.—Section 2(c)(2) of the Bank Holding Company Act of 1956 (12 U.S.C. 1841(c)(2)) is amended by striking subparagraph (H).

(b) EFFECTIVE DATE.—Subsection (a) shall take effect after the end of the 1-year period beginning on the date of enactment of this Act.

(c) TRANSITION PERIOD AUTHORITY.—With respect to a company that has control over an industrial loan company, during the 1-year period beginning on the date of enactment of this Act, the primary financial regulatory agency of such company may impose any conditions or restrictions on the company or any subsidiary of the company (other than a bank), including restricting or prohibiting transactions between the company or subsidiary and any depository institution subsidiary of the company, as are appropriate under the circumstances.

(d) DEFINITIONS.—In this section:

(1) INDUSTRIAL LOAN COMPANY.—The term “industrial loan company” means an industrial loan company, industrial bank, or other similar institution described under section 2(c)(2)(H) of the Bank Holding Company Act of 1956 on the day before the date of enactment of this Act.
(2) PRIMARY FINANCIAL REGULATORY AGENCY.—With respect to a company, the term “primary financial regulatory agency”—

(A) has the meaning given that term under section 2 of the Dodd-Frank Wall Street Reform and Consumer Protection Act; and

(B) with respect to a company that does not have a primary financial regulatory agency under subparagraph (A), the Board of Governors of the Federal Reserve System.

(3) OTHER DEFINITIONS.—The terms “bank” and “depository institution” have the meaning given those terms, respectively, under section 2 of the Bank Holding Company Act of 1956.