

107TH CONGRESS
1ST SESSION

H. R. 2273

To amend banking laws with respect to offshore activities, investments, and affiliations of national banks, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JUNE 21, 2001

Mr. CONYERS introduced the following bill; which was referred to the Committee on Financial Services

A BILL

To amend banking laws with respect to offshore activities, investments, and affiliations of national banks, 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 “National Bank Off-
5 shore Activities Act of 2001”.

6 **SEC. 2. CLARIFICATION OF TERRITORIAL APPLICATION.**

7 Section 14 of the Act entitled “An Act to amend the
8 national banking laws to clarify or eliminate ambiguities,
9 to repeal certain laws which have become obsolete, and for
10 other purposes” and approved September 8, 1959 (12

1 U.S.C. 42) is amended by inserting before the period at
2 the end “, except that sections 5156B and 5211(d) of the
3 Revised Statutes of the United States shall apply with re-
4 spect to activities, investments, and affiliations of national
5 banks without regard to any territorial limitation.”.

6 **SEC. 3. REPORTS ON OFFSHORE INTERESTS REQUIRED.**

7 Section 5211 of the Revised Statutes of the United
8 States (12 U.S.C. 161) is amended by adding at the end
9 the following new subsection:

10 “(d) REPORTS ON OFFSHORE INTERESTS RE-
11 QUIRED.—

12 “(1) IN GENERAL.—If a national bank acquires,
13 directly or indirectly, a beneficial interest in any off-
14 shore company, the national bank shall submit a
15 written report on such acquisition to the Comptroller
16 of the Currency before the end of the 30-day period
17 beginning on the date the acquisition is con-
18 summated.

19 “(2) CONTENTS OF REPORT.—A report sub-
20 mitted under paragraph (1) shall contain the fol-
21 lowing information:

22 “(A) The names of all the shareholders,
23 principals, or holders of a beneficial interest in
24 the offshore company.

1 “(B) The names of any directors, officers,
2 or managing agent of the offshore company.

3 “(C) The purpose and business of the off-
4 shore company.

5 “(D) The identity and value of any assets
6 held or owned by the offshore company.

7 “(E) All criminal convictions, indictments
8 or similar formal legal accusations of criminal
9 offenses, and government or regulatory inves-
10 tigations of, and any complaints concerning,
11 any person identified in subparagraph (A) or
12 (B).

13 “(F) Such other information as the Comp-
14 troller of the Currency may require by regula-
15 tion or order.

16 “(3) UPDATE OF REPORT.—A national bank
17 which submits a report under paragraph (1) shall
18 submit a supplemental report whenever any change
19 occurs with regard to any information previously
20 submitted to the Comptroller of the Currency under
21 this subsection.

22 “(4) OFFSHORE COMPANY DEFINED.—

23 “(A) IN GENERAL.—The term ‘offshore
24 company’ means any company (as defined in
25 section 2(b) of the Bank Holding Company Act

1 of 1956) which is a person of a foreign country
 2 (as defined in section 3502(d) of the Primary
 3 Dealers Act of 1988).

4 “(B) EDGE ACT AND AGREEMENT COR-
 5 PORATIONS NOT INCLUDED.—The term ‘off-
 6 shore company’ shall not include a company or
 7 corporation in which a national bank holds an
 8 interest pursuant to section 25 or 25A of the
 9 Federal Reserve Act.”.

10 **SEC. 4. PROHIBITION ON RELATIONS BETWEEN NATIONAL**
 11 **BANKS AND CERTAIN VIOLATORS.**

12 (a) IN GENERAL.—Chapter one of title LXII of the
 13 Revised Statutes of the United States (12 U.S.C. 21 et
 14 seq.) is amended by adding at the end the following new
 15 section:

16 **“SEC. 5156B. PROHIBITION ON RELATIONS BETWEEN NA-**
 17 **TIONAL BANKS AND CERTAIN VIOLATORS.**

18 “(a) NOTICE OF CERTAIN VIOLATIONS REQUIRED.—
 19 A national bank shall submit a written notice in a timely
 20 manner with the Comptroller of the Currency disclosing
 21 any violation of any Federal, State, or foreign criminal
 22 law, banking or financial services law, or labor law, or any
 23 regulation prescribed under any such law, by any agent
 24 or affiliate of the national bank, or any other entity with
 25 which the national bank maintains a correspondent bank-

1 ing relationship, which has been finally adjudicated or de-
2 termined by any adjudicative, regulatory, or other govern-
3 mental authority.

4 “(b) NOTICE AND PETITION BY OTHERS.—In addi-
5 tion to a national bank, any other person or entity (includ-
6 ing any Federal or State official, department, or agency)
7 may—

8 “(1) file a notice with the Comptroller of the
9 Currency under subsection (a) of any violation de-
10 scribed in such subsection; and

11 “(2) petition the Comptroller to prohibit any
12 further relationship between the national bank and
13 the person with respect to whom such notice is filed.

14 “(c) PROHIBITION ON RELATIONSHIP.—

15 “(1) IN GENERAL.—Upon receiving any notice
16 under subsection (a) or (b)(1) of any violation de-
17 scribed in subsection (a) by any agent or affiliate of
18 the national bank, or any other entity with which
19 the national bank maintains a correspondent bank-
20 ing relationship, the Comptroller of the Currency
21 shall serve on the national bank a written notice to
22 show cause why the Comptroller should not issue an
23 order prohibiting any further relationship between
24 the national bank and any such agent, affiliate, or
25 other entity.

1 “(2) CONTENTS OF SHOW CAUSE NOTICE.—Any
2 notice served on a national bank by the Comptroller
3 of the Currency under paragraph (1) shall—

4 “(A) contain a statement of the facts con-
5 stituting grounds for the prohibition order; and

6 “(B) fix the time and place for a hearing
7 to determine whether a prohibition order shall
8 be issued against the national bank.

9 “(3) NOTICE AND OPPORTUNITY FOR HEARING
10 BY 3RD PARTY.—If any person or entity filed a peti-
11 tion with the Comptroller of the Currency under
12 subsection (b)(2) concerning the relationship at issue
13 in the notice served by the Comptroller on the na-
14 tional bank, the Comptroller shall—

15 “(A) provide, to such person or entity, a
16 copy of such notice; and

17 “(B) provide such person or entity an op-
18 portunity to be heard on the record at the hear-
19 ing referred to in such notice.

20 “(4) CEASE AND DESIST ORDER.—If the Comp-
21 troller of the Currency determines that—

22 “(A) any violation of any Federal, State,
23 or foreign criminal law, banking or financial
24 services law, or labor law, or any regulation
25 prescribed under any such law, by any agent or

1 affiliate of the national bank, or any other enti-
2 ty with which the national bank maintains a
3 correspondent banking relationship, has been fi-
4 nally adjudicated or determined by any appro-
5 priate adjudicative, regulatory, or other govern-
6 mental authority; and

7 “(B) good cause does not exist for con-
8 tinuing any relationship between the national
9 bank and such agent, affiliate, or other entity,
10 the Comptroller of the Currency may issue a cease
11 and desist order prohibiting the national bank from
12 any further involvement or relationship with such
13 agent, affiliate, or other entity, and requiring the
14 national bank to dispose of any direct or indirect
15 ownership interest of the national bank in any such
16 agent, affiliate, or other entity.

17 “(5) APPLICABILITY OF SECTION 8 OF FED-
18 ERAL DEPOSIT INSURANCE ACT.—The provisions
19 and requirements of section 8 of the Federal Deposit
20 Insurance Act relating to any determination con-
21 cerning the issuance of a cease and desist order
22 under such section (except the standard), the scope
23 and content of any such order, any judicial review
24 of any such determination, the enforcement of any
25 such order, and the penalties for violating any such

1 order shall apply with respect to any cease and de-
2 sist order issued under this section.

3 “(d) FOREIGN BANKS.—Any foreign bank having a
4 Federal branch or agency (as such terms are defined in
5 section 1(b) of the International Banking Act of 1978)
6 shall be treated as a national bank for purposes of this
7 section.”.

8 (b) CLERICAL AMENDMENT.—The table of sections
9 for chapter one of title LXII of the Revised Statutes of
10 the United States is amended by inserting after the item
11 relating to section 5156A the following new item:

“5156B. Prohibition on relations between national banks and certain viola-
tors.”.

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