I

118TH CONGRESS
2D SESSION

H. R. 7121

To place post-employment restrictions on certain former employees of insured depository institutions, insured credit unions, and certain agencies, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 29, 2024

Mr. SCHIFF (for himself and Mr. FROST) introduced the following bill; which was referred to the Committee on Financial Services

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A BILL

To place post-employment restrictions on certain former employees of insured depository institutions, insured credit unions, and certain agencies, and for other purposes.

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

SECTION 1. SHORT TITLE.

This Act may be cited as the "Financial Regulators Revolving Door Enforcement Act".

SEC. 2. RESTRICTION ON EMPLOYMENT OF CERTAIN FORMER AGENCY EMPLOYEES AND FORMER SENIOR EMPLOYEES OF INSURED DEPOSITORY INSTITUTIONS AND CREDIT UNIONS.

(a) 2-YEAR RESTRICTION ON AGENCY EMPLOYMENT AND CONSULTING.—

(1) IN GENERAL.—An individual described in paragraph (2) shall be ineligible for an appointment to a covered agency, and no officer or employee of the Federal Government may procure the services of such individual as a consultant for a covered agency.

(2) RESTRICTION CRITERIA.—An individual described in this paragraph is an individual who, during the 2-year period ending on the date such individual accepts compensation as an employee, officer, or consultant of a covered agency, was employed as a financial executive officer by—

(A) an insured depository institution that was the subject of an official action by such agency during the 20-year period ending on such date, including the award of a Federal contract, an investigation, or the imposition of a penalty; or

(B) an insured credit union that was the subject of such an official action by such agency during the 20-year period ending on such date.

(b) 2-YEAR RESTRICTION ON PRIVATE EMPLOYMENT.—An individual may not, during the 2-year period after the termination date of the service or employment of such individual as a senior agency employee at a covered agency, knowingly accept compensation as an employee, officer, director, or consultant from—

(1) an insured depository institution regulated by such agency; or

(2) an insured credit union regulated by such agency.

SEC. 3. RESTRICTION ON CONTACT WITH COVERED AGENCY BY FORMER AGENCY EMPLOYEES.

An individual may not, during the 2-year period after the termination date of the service or employment of such individual as a senior agency employee at a covered agency, contact such agency on behalf of another individual or entity with respect to—

(1) a regulation, rule, or proposed rule of such agency;

(2) a policy of such agency;

(3) the examination activities of such agency;

(4) the distribution of Federal funds from such agency to an insured depository institution or insured credit union, including through contract; or

(5) the enforcement activities of such agency.

SEC. 4. REQUIRED DISCLOSURES FOR CERTAIN FORMER AGENCY EMPLOYEES AND EXECUTIVES OF INSURED DEPOSITORY INSTITUTIONS AND INSURED CREDIT UNIONS.

(a) REQUIRED DISCLOSURE FOR CERTAIN FORMER AGENCY EMPLOYEES.—

(1) IN GENERAL.—Not later than 1 year after the first time an individual who had been a senior agency employee at a covered agency knowingly accepts compensation as an employee, officer, director, or consultant from an insured depository institution or insured credit union regulated by such agency, such individual shall submit to the head of such agency a disclosure containing the following information:

(A) The title of each position held by such individual at such insured depository institution or insured credit union.

(B) The date on which such individual began working as an employee, officer, director, or consultant at such institution or credit union.

(2) LIMITATION.—Paragraph (1) shall not apply to an individual on or after the date that is 5 years after the last date on which such individual was a senior agency employee at a covered agency.

(b) REQUIRED EMPLOYMENT DISCLOSURE FOR CERTAIN EXECUTIVES.—

(1) IN GENERAL.—Not later than 1 year after the earlier of the first time an individual who was a financial executive officer becomes a senior agency employee of a covered agency or enters into a contract with the head of a covered agency to provide services as a consultant after each period as a financial executive officer, such individual shall submit to such head of a covered agency a disclosure, including—

(A) the title of each position previously held by such individual at an insured depository institution or insured credit union regulated by such agency; and

(B) the first and late date on which such individual held each position described in subparagraph (A).

(2) LIMITATION.—Paragraph (1) shall not apply to an individual who, during the 5-year period immediately proceeding an appointment or the date of a contract described in such paragraph, was not a financial executive officer.

SEC. 5. TRAINING REQUIREMENT FOR EMPLOYEES OF COVERED AGENCIES.

(a) IN GENERAL.—Not later than 1 year after the date of the enactment of this Act, and annually thereafter, each covered agency shall provide a training described in subsection (b) to each senior agency employee.

(b) TRAINING REQUIREMENTS.—The training required under subsection (a) shall include information regarding—

(1) avoiding conflicts of interest with respect to insured depository institutions and insured credit unions;

(2) ethical standards required by the agency providing such training;

(3) any obligations of senior agency employees under section 2635.502 of title 5, Code of Federal Regulations (or any successor regulations);

(4) any legal protections for a whistleblower who reports a violation of the provisions of this Act, including—

(A) protections against retaliation; and

(B) any incentive available to a whistleblower for reporting such violation; and

(5) such other matters, as determined by the head of the agency providing such training.

SEC. 6. REVIEW OF INSURED DEPOSITORY INSTITUTION AND INSURED CREDIT UNION COMPLIANCE AND POLICIES.

Not later than 1 year after the date of the enactment of this Act and every 2 years thereafter, each head of a covered agency shall conduct a review of each insured depository institution and insured credit union to—

(1) determine if such institution or credit union is in compliance with the requirements of this Act; and

(2) examine the policies of such institution and credit union with respect to the requirements of this Act.

SEC. 7. PENALTIES.

(a) IN GENERAL.—If the Attorney General determines that an individual, insured depository institution, or insured credit union has violated a provision of this Act, the Attorney General shall impose a civil penalty in an amount determined by the Attorney General.

(b) CONSIDERATIONS.—In determining the amount of a penalty under subsection (a), the Attorney General shall consider—

(1) the severity of such violation, as determined by the Attorney General;

(2) the number of penalties previously imposed on such individual, institution, or credit union under subsection (a); and

(3) whether such individual, institution, or credit union has been penalized for such violation under section 216 of title 18, United States Code.

SEC. 8. DEFINITIONS.

In this Act:

(1) COVERED AGENCY.—The term ‘‘covered agency’’ means the following:

(A) The Board of Governors of the Federal Reserve System.

(B) The Bureau of Consumer Financial Protection.

(C) The Federal Deposit Insurance Corporation.

(D) The National Credit Union Administration.

(E) The Office of the Comptroller of the Currency.

(2) FINANCIAL EXECUTIVE OFFICER.—The term ‘‘financial executive officer’’ means, with respect to an insured depository institution or insured credit union—

(A) the president of such institution or credit union;

(B) a vice president of such institution or credit union who is the head of a principal business unit, division, or function (such as sales, administration, or finance);

(C) an employee of such institution or credit union who performs a policymaking function; or

(D) an officer of a subsidiary of such institution or credit union who performs a policymaking function for such institution or credit union.

(3) INSURED CREDIT UNION.—The term ‘‘insured credit union’’ has the meaning given such term in section 101 of the Federal Credit Union Act (12 U.S.C. 1752).

(4) INSURED DEPOSITORY INSTITUTION.— The term ‘‘insured depository institution’’ has the meaning given such term in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813).

(5) SENIOR AGENCY EMPLOYEE.—The term ‘‘senior agency employee’’ means a Federal employee who is—

(A) employed in a position in the executive branch for which the rate of basic pay is—

(i) determined under subchapter II of chapter 53 of title 5, United States Code; or

(ii) equal to or greater than 86.5 percent of the rate of basic pay for level II of the Executive Schedule, not including any allowances, premium pay paid under the provisions of law cited in section 5547(a) of such title, or locality-based comparability payments under section 5304 of such title 5, or similar authority;

(B) appointed by the President to a position under section 105(a)(2)(A) or 105(a)(2)(B) of title 3, United States Code;

(C) appointed by the Vice President to a position under section 106(a)(1)(A) or 106(a)(1)(B) of title 3, United States Code; or

(D) an active duty commissioned officer of the uniformed services serving in a position for which the pay grade, as specified in section 201 of title 37, United States Code, is pay grade O–7 or above.

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