

119TH CONGRESS  
1ST SESSION

**S.** \_\_\_\_\_

To amend the Federal Reserve Act to prohibit certain financial service providers who deny fair access to financial services from using taxpayer funded discount window lending programs, and for other purposes.

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IN THE SENATE OF THE UNITED STATES

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Mr. CRAMER introduced the following bill; which was read twice and referred to the Committee on \_\_\_\_\_

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**A BILL**

To amend the Federal Reserve Act to prohibit certain financial service providers who deny fair access to financial services from using taxpayer funded discount window lending programs, 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 “Fair Access to Bank-  
5 ing Act”.

6 **SEC. 2. FINDINGS.**

7 Congress finds that—

1           (1) article I of the Constitution of the United  
2 States guarantees the people of the United States  
3 the right to enact public policy through the free and  
4 fair election of representatives and through the ac-  
5 tions of State legislatures and Congress;

6           (2) banks rightly objected to the Operation  
7 Choke Point initiative through which certain govern-  
8 ment agencies pressured banks to cut off access to  
9 financial services to lawful sectors of the economy;

10          (3) banks are now, however, increasingly em-  
11 ploying subjective, category-based evaluations to  
12 deny certain persons access to financial services in  
13 response to pressure from advocates from across the  
14 political spectrum whose policy objectives are served  
15 when banks deny certain customers access to finan-  
16 cial services;

17          (4) the privatization of the discriminatory prac-  
18 tices underlying Operation Choke Point by banks  
19 represents as great a threat to the national economy,  
20 national security, and the soundness of banking and  
21 financial markets in the United States as Operation  
22 Choke Point itself;

23          (5) banks are supported by the United States  
24 taxpayers and enjoy significant privileges in the fi-  
25 nancial system of the United States and should not

1 be permitted to act as de facto regulators or  
2 unelected legislators by withholding financial services  
3 to otherwise credit worthy businesses based on sub-  
4 jective political reasons, bias, or prejudices;

5 (6) banks are not well-equipped to balance risks  
6 unrelated to financial exposures and the operations  
7 required to deliver financial services;

8 (7) the United States taxpayers came to the aid  
9 for large banks during the Great Recession of 2008  
10 because they were deemed too important to the na-  
11 tional economy to be permitted to fail;

12 (8) when a bank predicates the access to finan-  
13 cial services of a person on factors or information  
14 (such as the lawful products a customer manufac-  
15 tures or sells or the services the customer provides)  
16 other than quantitative, impartial risk-based stand-  
17 ards, the bank has failed to act consistent with basic  
18 principles of sound risk management and failed to  
19 provide fair access to financial services;

20 (9) banks have a responsibility to make deci-  
21 sions about whether to provide a person with finan-  
22 cial services on the basis of impartial criteria free  
23 from prejudice or favoritism;

24 (10) while fair access to financial services does  
25 not obligate a bank to offer any particular financial

1 service to the public, to operate in any particular ge-  
2 ographic area, or to provide a service the bank offers  
3 to any particular person, it is necessary that—

4 (A) the financial services a bank chooses to  
5 offer in the geographic areas in which the bank  
6 operates be made available to all customers  
7 based on the quantitative, impartial risk-based  
8 standards of the bank, and not based on wheth-  
9 er the customer is in a particular category of  
10 customers;

11 (B) banks assess the risks posed by indi-  
12 vidual customers on a case-by-case basis, rather  
13 than category-based assessment; and

14 (C) banks implement controls to manage  
15 relationships commensurate with these risks as-  
16 sociated with each customer, not a strategy of  
17 total avoidance of particular industries or cat-  
18 egories of customers;

19 (11) banks are free to provide or deny financial  
20 services to any individual customer, but first, the  
21 banks must rely on empirical data that are evaluated  
22 consistent with the established, impartial risk-man-  
23 agement standards of the bank; and

24 (12) anything less is not prudent risk manage-  
25 ment and may result in unsafe or unsound practices,

1 denial of fair access to financial services, cancelling,  
2 or eliminating certain businesses in society, and have  
3 a deleterious effect on national security and the na-  
4 tional economy.

5 **SEC. 3. PURPOSES.**

6 The purposes of this Act are to—

7 (1) ensure fair access to financial services and  
8 fair treatment of customers by financial service pro-  
9 viders, including national and State banks, Federal  
10 savings associations, and State and Federal credit  
11 unions;

12 (2) ensure banks conduct themselves in a safe  
13 and sound manner, comply with laws and regula-  
14 tions, treat their customers fairly, and provide fair  
15 access to financial services;

16 (3) protect against banks being able to impede  
17 otherwise lawful commerce and thereby achieving  
18 certain public policy goals;

19 (4) ensure that persons involved in politically  
20 unpopular businesses but that are lawful under Fed-  
21 eral law receive fair access to financial services  
22 under the law; and

23 (5) ensure banks operate in a safe and sound  
24 manner by making judgments and decisions about  
25 whether to provide a customer with financial services

1 on an impartial, individualized risk-based analysis  
2 using empirical data evaluated under quantifiable  
3 standards.

4 **SEC. 4. ADVANCES TO INDIVIDUAL MEMBER BANKS.**

5 (a) MEMBER BANKS.—Section 10B of the Federal  
6 Reserve Act (12 U.S.C. 347b) is amended by adding at  
7 the end the following:

8 “(c) PROHIBITION ON USE OF DISCOUNT WINDOW  
9 LENDING PROGRAMS.—No member bank with more than  
10 \$10,000,000,000 in total consolidated assets, or sub-  
11 sidiary of the member bank, may use a discount window  
12 lending program if the member bank or subsidiary refuses  
13 to do business with any person who is in compliance with  
14 the law, including section 8 of the Fair Access to Banking  
15 Act.”.

16 (b) INSURED DEPOSITORY INSTITUTIONS.—Section  
17 8(a)(2)(A) of the Federal Deposit Insurance Act (12  
18 U.S.C. 1818(a)(2)(A)) is amended—

19 (1) in clause (ii), by striking “or” at the end;

20 (2) in clause (iii), by striking the comma at the  
21 end and inserting “; or”; and

22 (3) by adding at the end the following:

23 “(iv) an insured depository institution  
24 with more than \$10,000,000,000 in total  
25 consolidated assets, or subsidiary of the in-

1           sured depository institution, that refuses to  
2           do business with any person who is in com-  
3           pliance with the law, including section 8 of  
4           the Fair Access to Banking Act,”.

5           (c) NONMEMBER BANKS, TRUST COMPANIES, AND  
6 OTHER DEPOSITORY INSTITUTIONS.—Section 13 of the  
7 Federal Reserve Act (12 U.S.C. 342) is amended by in-  
8 serting “*Provided further*, That no such nonmember bank  
9 or trust company or other depository institution with more  
10 than \$10,000,000,000 in total consolidated assets, or sub-  
11 sidiary of such nonmember bank or trust company or  
12 other depository institution, may refuse to do business  
13 with any person who is in compliance with the law, includ-  
14 ing , including section 8 of the Fair Access to Banking  
15 Act:” after “appropriate:”.

16 **SEC. 5. PAYMENT CARD NETWORK.**

17           (a) DEFINITION.—In this section, the term “payment  
18 card network” has the meaning given the term in section  
19 921(c) of the Electronic Fund Transfer Act (15 U.S.C.  
20 1693o–2(c)).

21           (b) PROHIBITION.—No payment card network, in-  
22 cluding a subsidiary of a payment card network, may, di-  
23 rectly or through any agent, processor, or licensed member  
24 of the network, by contract, requirement, condition, pen-  
25 alty, or otherwise, prohibit or inhibit the ability of any per-

1 son who is in compliance with the law, including section  
2 8 of this Act, to obtain access to services or products of  
3 the payment card network because of political or  
4 reputational risk considerations.

5 (c) CIVIL PENALTY.—Any payment card network  
6 that violates subsection (b) shall be assessed a civil penalty  
7 by the Comptroller of the Currency of not more than 10  
8 percent of the value of the services or products described  
9 in that subsection, not to exceed \$10,000 per violation.

10 **SEC. 6. CREDIT UNIONS.**

11 Section 206(b)(1) of the Federal Credit Union Act  
12 (12 U.S.C. 1786) is amended by inserting “or is refusing  
13 or has refused, or has a subsidiary that is refusing or has  
14 refused, to do business with any person who is in compli-  
15 ance with the law, including section 8 of the Fair Access  
16 to Banking Act,” after “as an insured credit union,”.

17 **SEC. 7. USE OF AUTOMATED CLEARING HOUSE NETWORK.**

18 (a) DEFINITIONS.—In this section:

19 (1) COVERED CREDIT UNION.—The term “cov-  
20 ered credit union” means—

21 (A) any insured credit union, as defined in  
22 section 101 of the Federal Credit Union Act  
23 (12 U.S.C. 1752); or

24 (B) any credit union that is eligible to  
25 make application to become an insured credit



1 union under section 201 of the Federal Credit  
2 Union Act (12 U.S.C. 1781).

3 (2) MEMBER BANK.—The term “member bank”  
4 has the meaning given the term in the third undesig-  
5 nated paragraph of the first section of the Federal  
6 Reserve Act (12 U.S.C. 221).

7 (b) PROHIBITION.—No covered credit union, member  
8 bank, or State-chartered non-member bank with more  
9 than \$10,000,000,000 in total consolidated assets, or a  
10 subsidiary of the covered credit union, member bank, or  
11 State-chartered non-member bank, may use the Auto-  
12 mated Clearing House Network if that member bank,  
13 credit union, or subsidiary of the member bank or credit  
14 union, refuses to do business with any person who is in  
15 compliance with the law, including section 8 of this Act.

16 **SEC. 8. FAIR ACCESS TO FINANCIAL SERVICES.**

17 (a) DEFINITIONS.—In this section:

18 (1) BANK.—The term “bank”—

19 (A) means an entity for which the Office  
20 of the Comptroller of the Currency is the appro-  
21 priate Federal banking agency, as defined in  
22 section 3 of the Federal Deposit Insurance Act  
23 (12 U.S.C. 1813); and

24 (B) includes—

25 (i) member banks;

- 1 (ii) non-member banks;  
2 (iii) covered credit unions;  
3 (iv) State-chartered non-member  
4 banks; and  
5 (v) trust companies.

6 (2) COVERED BANK.—

7 (A) IN GENERAL.—The term “covered  
8 bank” means a bank that has the ability to—

9 (i) raise the price a person has to pay  
10 to obtain an offered financial service from  
11 the bank or from a competitor; or

12 (ii) significantly impede a person, or  
13 the business activities of a person, in favor  
14 of or to the advantage of another person.

15 (B) PRESUMPTION.—

16 (i) IN GENERAL.—A bank shall not be  
17 presumed to be a covered bank if the bank  
18 has less than \$10,000,000,000 in total as-  
19 sets.

20 (ii) REBUTTABLE PRESUMPTION.—

21 (I) IN GENERAL.—A bank is pre-  
22 sumed to be a covered bank if the  
23 bank has \$10,000,000,000 or more in  
24 total assets.

1 (II) REBUTTAL.—A bank that  
2 meets the criteria under subclause (I)  
3 can seek to rebut this presumption by  
4 submitting to the Office of the Comp-  
5 troller of the Currency written mate-  
6 rials that, in the judgement of the  
7 agency, demonstrate the bank does  
8 not meet the definition of covered  
9 bank.

10 (3) COVERED CREDIT UNION.—The term “cov-  
11 ered credit union” means—

12 (A) any insured credit union, as defined in  
13 section 101 of the Federal Credit Union Act  
14 (12 U.S.C. 1752); or

15 (B) any credit union that is eligible to  
16 make application to become an insured credit  
17 union under section 201 of the Federal Credit  
18 Union Act (12 U.S.C. 1781).

19 (4) DENY.—The term “deny” means to deny or  
20 refuse to enter into or terminate an existing finan-  
21 cial services relationship with a person.

22 (5) FAIR ACCESS TO FINANCIAL SERVICES.—  
23 The term “fair access to financial services” means  
24 persons engaged in activities lawful under Federal  
25 law are able to obtain financial services at banks

1 without impediments caused by a prejudice against  
2 or dislike for a person or the business of the cus-  
3 tomer, products or services sold by the person, or fa-  
4 voritism for market alternatives to the business of  
5 the person.

6 (6) FINANCIAL SERVICE.—The term “financial  
7 service” means a financial product or service, includ-  
8 ing—

9 (A) commercial and merchant banking;

10 (B) lending;

11 (C) financing;

12 (D) leasing;

13 (E) cash, asset, and investment manage-  
14 ment and advisory services;

15 (F) credit card services;

16 (G) payment processing;

17 (H) security and foreign exchange trading  
18 and brokerage services; and

19 (I) insurance products.

20 (7) MEMBER BANK.—The term “member bank”  
21 has the meaning given the term in the third undesign-  
22 nated paragraph of the first section of the Federal  
23 Reserve Act (12 U.S.C. 221).

24 (8) PERSON.—The term “person”—

25 (A) means—

- 1 (i) any natural person; or  
2 (ii) any partnership, corporation, or  
3 other business or legal entity; and  
4 (B) includes a customer.

5 (b) REQUIREMENTS.—

6 (1) IN GENERAL.—To provide fair access to fi-  
7 nancial services, a covered bank, including a sub-  
8 sidiary of a covered bank, shall, except as necessary  
9 to comply with another provision of law—

10 (A) make each financial service the covered  
11 bank offers available to all persons in the geo-  
12 graphic market served by the covered bank on  
13 proportionally equal terms;

14 (B) not deny any person a financial service  
15 the covered bank offers unless the denial is jus-  
16 tified by such quantified and documented fail-  
17 ure of the person to meet quantitative, impar-  
18 tial risk-based standards established in advance  
19 by the covered bank;

20 (C) not deny, in coordination with or at  
21 the request of others, any person a financial  
22 service the covered bank offers; and

23 (D) when denying any person financial  
24 services the covered bank offers, provide written  
25 justification to the person explaining the basis

1           for the denial, including any specific laws or  
2           regulations the covered bank believes are being  
3           violated by the person or customer.

4           (2) JUSTIFICATION REQUIREMENT.—A jus-  
5           tification described in paragraph (1)(D) may not be  
6           based solely on the reputational risk to the covered  
7           bank.

8           (c) CAUSE OF ACTION FOR VIOLATIONS OF THIS  
9           SECTION.—

10           (1) IN GENERAL.—Notwithstanding any other  
11           provision of law, a person may commence a civil ac-  
12           tion in the appropriate district court of the United  
13           States against any covered bank or covered credit  
14           union that violates or fails to comply with the re-  
15           quirements under this section, for harm that person  
16           suffered as a result of such violation.

17           (2) NO EXHAUSTION.—It shall not be necessary  
18           for a person to exhaust its administrative remedies  
19           before commencing a civil action under this section.

20           (3) DAMAGES.—If a person prevails in a civil  
21           action under this section, a court shall award the  
22           person—

23                   (A) reasonable attorney's fees and costs;

24                   and

25                   (B) treble damages.