



**EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503**

February 2, 2016
(House)

STATEMENT OF ADMINISTRATION POLICY

H.R. 766 – Financial Institution Customer Protection Act of 2015

(Rep. Luetkemeyer, R-MO, and 30 cosponsors)

The Administration strongly opposes H.R. 766. This bill would constrain Federal banking regulators' ability to appropriately engage with the financial institutions they regulate for compliance with and enforcement of U.S. legal and regulatory requirements that are designed to protect the United States financial system from money laundering, terrorist financing, and other serious financial crimes. Requiring Federal banking agencies to satisfy a written materiality requirement is unnecessary, overly burdensome, and could impede the Federal banking agencies' ability to ensure financial institutions comply with important regulatory obligations, including maintaining effective risk management and controls. Restricting the Federal banking agencies in this way could unnecessarily and dangerously hinder or compromise important law enforcement and national security efforts.

A critical component of the Federal banking agencies' capacity to supervise banks for compliance with U.S. laws and regulations is their ability to ensure that financial institutions understand and appropriately account for their specific money laundering and terrorist financing risks. To help institutions understand such risks, the Financial Crimes Enforcement Network and Federal banking agencies periodically advise financial institutions of money laundering and terrorist financing threats and related vulnerabilities, risks, and suspicious activity. Financial institutions may use this information to understand and manage their risks, including determining whether to terminate certain customer accounts if the institution determines that it is unable to manage such risks adequately after giving such risks due consideration.

H.R. 766 would add a series of impediments to financial fraud enforcement by limiting, in various ways, the Attorney General's authority to investigate and bring claims under the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA). The FIRREA statute serves as a powerful tool to address and deter frauds committed against American consumers and financial institutions. The various hurdles imposed by H.R. 766 would only make such enforcement efforts more burdensome, time consuming, and rare – a series of effects that will allow fraud schemes to continue unaddressed for longer periods of time, to the detriment of the safety of consumers and the American financial system.

In addition, requiring Federal banking agencies to provide financial institutions with written justification disclosing information related to terrorist or other criminal activity may disclose sensitive information that could compromise important criminal and national security investigations and interests. Such disclosures could lead financial institutions to take actions that will tip off suspects that they are under investigation, undermining national security.

Imposing burdensome and arbitrary standards hinder the ability of Federal financial regulators to protect the financial system and consumers from unnecessary risks.

If the President were presented with H.R. 766, his senior advisors would recommend that he veto the bill.

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