

HR 1408

Financial Services Antifraud Network Act of 2001

Congress: 107 (2001–2003, Ended)

Chamber: House

Policy Area: Finance and Financial Sector

Introduced: Apr 4, 2001

Current Status: Received in the Senate and Read twice and referred to the Committee on Banking, Housing, and Urban Affairs.

Latest Action: Received in the Senate and Read twice and referred to the Committee on Banking, Housing, and Urban Affairs. (Nov 7, 2001)

Official Text: <https://www.congress.gov/bill/107th-congress/house-bill/1408>

Sponsor

Name: Rep. Rogers, Mike J. [R-MI-8]

Party: Republican • **State:** MI • **Chamber:** House

Cosponsors (20 total)

Cosponsor	Party / State	Role	Date Joined
Rep. Bachus, Spencer [R-AL-6]	R · AL		Apr 4, 2001
Rep. Kelly, Sue W. [R-NY-19]	R · NY		Apr 4, 2001
Rep. Oxley, Michael G. [R-OH-4]	R · OH		Apr 4, 2001
Rep. Tiberi, Patrick J. [R-OH-12]	R · OH		Apr 4, 2001
Rep. Sherman, Brad [D-CA-24]	D · CA		Apr 25, 2001
Rep. Shows, Ronnie [D-MS-4]	D · MS		Apr 25, 2001
Rep. Cantor, Eric [R-VA-7]	R · VA		May 3, 2001
Rep. Hobson, David L. [R-OH-7]	R · OH		May 3, 2001
Rep. Gillmor, Paul E. [R-OH-5]	R · OH		May 8, 2001
Rep. Ney, Robert W. [R-OH-18]	R · OH		May 8, 2001
Rep. Roukema, Marge [R-NJ-5]	R · NJ		May 8, 2001
Rep. Biggert, Judy [R-IL-13]	R · IL		May 16, 2001
Rep. Kilpatrick, Carolyn C. [D-MI-15]	D · MI		May 16, 2001
Rep. Weldon, Dave [R-FL-15]	R · FL		May 16, 2001
Rep. Norwood, Charles W. [R-GA-10]	R · GA		May 23, 2001
Rep. Chambliss, Saxby [R-GA-8]	R · GA		Jul 18, 2001
Rep. King, Peter T. [R-NY-3]	R · NY		Jul 18, 2001
Rep. Northup, Anne M. [R-KY-3]	R · KY		Jul 25, 2001
Rep. Pryce, Deborah [R-OH-15]	R · OH		Jul 25, 2001
Rep. Cramer, Robert E. (Bud), Jr. [D-AL-5]	D · AL		Jul 26, 2001

Committee Activity

Committee	Chamber	Activity	Date
Agriculture Committee	House	Referred to	Apr 13, 2001
Agriculture Committee	House	Referred to	Apr 13, 2001
Banking, Housing, and Urban Affairs Committee	Senate	Referred To	Nov 7, 2001
Financial Services Committee	House	Reported by	Jun 13, 2001
Financial Services Committee	House	Discharged from	Jun 22, 2001
Judiciary Committee	House	Discharged from	Oct 9, 2001

Subjects & Policy Tags

Policy Area:

Finance and Financial Sector

Related Bills

No related bills are listed.

Financial Services Antifraud Network Act of 2001 - **Title I: Antifraud Network - Subtitle A: Direction to Financial Regulators** - Requires financial regulators (specified Federal and State agencies, as well as the National Association of Securities Dealers and the National Futures Association) to: (1) develop networking procedures for the sharing of antifraud information; and (2) coordinate to further improve upon the antifraud efforts of network participants. Prescribes minimum requirements and implementation guidelines.

(Sec. 100) Expresses the sense of Congress that the National Association of Insurance Commissioners, the Conference of State Bank Supervisors, the American Council of State Savings Supervisors, the National Association of State Credit Union Supervisors, and the North American Securities Administrators Association should develop model guidelines for regulators in their respective industries to promote uniform standards for information sharing under this Act.

Prescribes guidelines governing financial regulator control of database or information access, including: (1) eligibility requirements for State Securities Administrators and Insurance Commissioners (including accreditation by the National Association of Insurance Commissioners); and (3) standards for confidentiality protection.

Subtitle B: Potential Establishment of Antifraud Subcommittee - Establishes the Antifraud Subcommittee within the President's Working Group on Financial Markets unless the Secretary of the Treasury determines that: (1) Federal financial regulators have submitted a plan which substantially meets certain statutory requirements; or (2) the financial regulators have established a network in substantial compliance with this Act and its implementation deadline.

(Sec. 102) Declares Subcommittee purposes to include coordination of: (1) access to antifraud databases by facilitating the establishment, maintenance, and use of an existing antifraud information network maintained by regulators regarding persons engaged in the business of conducting financial activities; (2) access by each network participant so as to allow review, at a minimal cost, of existing information in the databases of other regulators, as a part of licensure, change of control, or investigation; (3) information sharing among State, Federal, and foreign financial regulators, and law enforcement agencies where sufficient privacy and confidentiality safeguards exist; and (4) guidelines to ensure privacy, confidentiality, and security of shared information (including tracking systems or testing audits). States that the Subcommittee shall: (1) consider development of a networked name-relationship index for persons engaged in the business of conducting financial activities using information from the databases of regulators; and (2) advise participants on coordinating antifraud databases within the network.

Prescribes criteria for the network regarding any person engaged in the business of conducting financial activities, including final disciplinary and formal enforcement actions.

Expresses the sense of Congress that the financial regulators should consider sharing through the network other relevant and useful antifraud information relating to companies and other persons engaged in conducting financial activities, to the extent practicable and appropriate when adequate privacy, confidentiality, and security safeguards governing access to and the use of such information have been developed that is accessible by the public or consists of information (excluding personally identifiable information on consumers) on: (1) licenses and applications, financial affiliations and name-relationships, aggregate trend data, or reports filed by a regulated entity with the participant; or (2) similar factual and substantiated information generated by or for a participant if it is being shared for the purpose of verifying an application or other report filed by a regulated entity.

Prescribes guidelines governing: (1) use of centralized databases; (2) financial regulator control of access; and (3) eligibility requirements for State Securities Administrators and State Insurance Commissioners.

Denies the Antifraud Subcommittee any authority to require a member or liaison to create a new database or otherwise incur significant costs in modifying existing databases for the information network.

(Sec. 106) Prohibits the Subcommittee from imposing any fee or assessment, or apportioning any contribution against any member or liaison unless: (1) the Subcommittee consults with such member or liaison; and (2) the member or liaison consents to such fees, assessments, or contributions. Permits a member or liaison to request reimbursement of reasonable costs for providing access prior to granting the Subcommittee or a participant access to any information.

Subtitle C: Regulatory Provisions - Declares confidential supervisory information privileged from disclosure to anyone except: (1) duly authorized congressional committees; (2) the Comptroller General; and (3) Federal financial regulators.

(Sec. 111) Prescribes procedural guidelines for the financial regulator supervisory privilege, including a prohibition against disclosure of confidential supervisory information without prior authorization of the financial regulator that either created the information, or requested it from a person engaged in the business of conducting financial activities. Accords foreign supervisory information the same treatment as its domestic counterpart in any Federal or State court proceeding to compel production or disclosure by a financial regulator of materials held by a foreign financial regulator.

Authorizes a financial regulator to partially waive the privilege where no other privilege applies.

Authorizes a financial regulator to seek a declaratory judgment for the prevention of an action or proceeding to compel disclosure of confidential supervisory information.

Requires a Federal functional regulator to share freely, upon request, any confidential supervisory information created by it with another Federal functional regulator, subject only to any existing legal restrictions on the regulator's authority to share or disclose information, and other specified restrictions.

(Sec. 112) Prescribes guidelines for information confidentiality. Establishes criminal liability for intentional unlawful disclosures. Prescribes authorization guidelines for the sharing of criminal records.

(Sec. 117) Requires the Comptroller General, at the request of Congress, to audit a State insurance regulator or any person who maintains information on the regulator's behalf.

Subtitle D: Anti-Terrorism - Requires financial regulators to coordinate the antifraud network and the Antifraud Subcommittee with their foreign counterparts, to the extent possible, practicable, and appropriate, to help uncover, hinder, and prosecute the financial activities of terrorists. Requires the Subcommittee to report to Congress further recommendations for achieving such goals.

Title II: Securities Industry Coordination - Subtitle A: Disciplinary Information - Amends the Investment Advisers Act of 1940 to authorize the Securities and Exchange Commission (SEC) to require that an investment adviser file any required documentation through any entity designated by the SEC for that purpose. Directs the SEC to require such entity to establish a toll-free telephone or readily accessible electronic process to receive and respond promptly to inquiries regarding disciplinary actions and other information involving investment advisers.

(Sec. 202) Amends the Securities Exchange Act of 1934 to require a registered securities association to establish a toll-free telephone or readily accessible electronic process to receive and respond promptly to inquiries regarding disciplinary actions and information involving its members.

Subtitle B: Preventing Migration of Rogue Financial Professionals to the Securities Industry - Amends the

Securities Exchange Act of 1934 to authorize the SEC to limit the activities or suspend or revoke the registration of any broker or dealer that: (1) has been found by a foreign financial regulatory authority to have violated any foreign statute or regulation regarding banking, thrift activities, credit union activities, or insurance; or (2) is subject to any final order by designated State or Federal financial regulatory bodies that bars association with regulated entities or engagement in the business of securities, insurance, banking, or thrift or credit union activities, or that is based on violations involving fraudulent, manipulative, or deceptive conduct.

(Sec. 211) Extends similar SEC disciplinary powers with respect to municipal securities broker/dealers and government securities broker/dealers.

(Sec. 212) Amends the Investment Advisers Act of 1940 to extend SEC authority to deny or revoke investment adviser registration to include denial or revocation based upon: (1) violations of any foreign statute or regulation regarding banking, thrift activities, credit union activities, or insurance; or (2) a final order by designated State or Federal financial regulatory bodies that bars association with regulated entities or engagement in the business of securities, insurance, banking, or thrift or credit union activities, or that is based on violations involving fraudulent, manipulative, or deceptive conduct.

Actions Timeline

- **Nov 7, 2001:** Received in the Senate and Read twice and referred to the Committee on Banking, Housing, and Urban Affairs.
- **Nov 6, 2001:** Mr. Bachus moved to suspend the rules and pass the bill, as amended.
- **Nov 6, 2001:** Considered under suspension of the rules. (consideration: CR H7732-7745)
- **Nov 6, 2001:** DEBATE - The House proceeded with forty minutes of debate on H.R. 1408.
- **Nov 6, 2001:** At the conclusion of debate, the Yeas and Nays were demanded and ordered. Pursuant to the provisions of clause 8, rule XX, the Chair announced that further proceedings on the motion would be postponed.
- **Nov 6, 2001:** Considered as unfinished business. (consideration: CR H7780-7781)
- **Nov 6, 2001:** Passed/agreed to in House: On motion to suspend the rules and pass the bill, as amended Agreed to by the Yeas and Nays: (2/3 required): 392 - 4 (Roll no. 427).(text: CR H7732-7741)
- **Nov 6, 2001:** On motion to suspend the rules and pass the bill, as amended Agreed to by the Yeas and Nays: (2/3 required): 392 - 4 (Roll no. 427). (text: CR H7732-7741)
- **Nov 6, 2001:** Motion to reconsider laid on the table Agreed to without objection.
- **Oct 16, 2001:** Reported (Amended) by the Committee on Judiciary. H. Rept. 107-192, Part II.
- **Oct 16, 2001:** Reported (Amended) by the Committee on Judiciary. H. Rept. 107-192, Part II.
- **Oct 16, 2001:** Placed on the Union Calendar, Calendar No. 144.
- **Oct 12, 2001:** House Committee on Judiciary Granted an extension for further consideration ending not later than Oct. 16, 2001.
- **Oct 10, 2001:** Committee Consideration and Mark-up Session Held.
- **Oct 10, 2001:** Ordered to be Reported (Amended) by Voice Vote.
- **Oct 9, 2001:** Subcommittee on Crime Discharged.
- **Oct 5, 2001:** House Committee on Judiciary Granted an extension for further consideration ending not later than Oct. 12, 2001.
- **Sep 14, 2001:** House Committee on Judiciary Granted an extension for further consideration ending not later than Oct. 5, 2001.
- **Aug 2, 2001:** Reported (Amended) by the Committee on Financial Services. H. Rept. 107-192, Part I.
- **Aug 2, 2001:** Reported (Amended) by the Committee on Financial Services. H. Rept. 107-192, Part I.
- **Aug 2, 2001:** House Committee on Judiciary Granted an extension for further consideration ending not later than Sept. 14, 2001.
- **Aug 2, 2001:** House Committee on Agriculture Granted an extension for further consideration ending not later than Aug. 2, 2001.
- **Aug 2, 2001:** Committee on Agriculture discharged.
- **Aug 2, 2001:** Committee on Agriculture discharged.
- **Jun 27, 2001:** Committee Consideration and Mark-up Session Held.
- **Jun 27, 2001:** Ordered to be Reported (Amended) by Voice Vote.
- **Jun 22, 2001:** Subcommittee on Capital Markets, Insurance and Government Sponsored Enterprises Discharged.
- **Jun 14, 2001:** The Subcommittee on Capitol Markets, Insurance and Government Sponsored Enterprises is granted an extension by the Chairman, ending not later than June 22 2001.
- **Jun 13, 2001:** Subcommittee Consideration and Mark-up Session Held.
- **Jun 13, 2001:** Forwarded by Subcommittee to Full Committee (Amended) by the Yeas and Nays: 20 - 1.
- **May 9, 2001:** Subcommittee Consideration and Mark-up Session Held.
- **Apr 30, 2001:** Referred to the Subcommittee on Financial Institutions and Consumer Credit.
- **Apr 30, 2001:** Referred to the Subcommittee on Capital Markets, Insurance and Government Sponsored Enterprises.
- **Apr 19, 2001:** Referred to the Subcommittee on Crime.
- **Apr 13, 2001:** Referred to the Subcommittee on Conservation, Credit, Rural Development and Research.
- **Apr 13, 2001:** Referred to the Subcommittee on Farm Commodities and Risk Management.
- **Apr 5, 2001:** Sponsor introductory remarks on measure. (CR E577)
- **Apr 4, 2001:** Introduced in House
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- **Apr 4, 2001:** Referred to the Committee on Financial Services, and in addition to the Committees on the Judiciary, and Agriculture, for a period to be subsequently determined by the Speaker, in each case for consideration of such

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