

105TH CONGRESS  
2D SESSION

# H. R. 4420

To amend the Federal Deposit Insurance Act to require the Federal banking agencies to monitor compliance by depository institutions and depository institution holding companies with commitments made by such institutions in connection with a merger or acquisition, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

AUGUST 6, 1998

Mr. LAFALCE introduced the following bill; which was referred to the  
Committee on Banking and Financial Services

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## A BILL

To amend the Federal Deposit Insurance Act to require the Federal banking agencies to monitor compliance by depository institutions and depository institution holding companies with commitments made by such institutions in connection with a merger or acquisition, 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 “Depository Institution  
5       Merger Pledge Enforcement Act”.

1 **SEC. 2. ENFORCEMENT OF COMMITMENTS MADE IN CON-**  
2 **NECTION WITH ACQUISITION OR MERGER AP-**  
3 **PLICATIONS.**

4 Section 18 of the Federal Deposit Insurance Act (12  
5 U.S.C. 1828) is amended by adding at the end the follow-  
6 ing new subsection:

7 “(t) **ENFORCEMENT OF MERGER AND ACQUISITION**  
8 **PLEDGES.—**

9 “(1) **IN GENERAL.**—Each appropriate Federal  
10 banking agency shall establish and maintain proce-  
11 dures for monitoring, on an ongoing basis, compli-  
12 ance by any insured depository institution, bank  
13 holding company, savings and loan holding company,  
14 foreign bank, or any affiliate of any such person  
15 with any pledge or commitment made by any such  
16 person in connection with the approval of any appli-  
17 cation by any such person under subsection (c), sec-  
18 tion 44, sections 2, 3, or 4 of the National Bank  
19 Consolidation and Merger Act, section 3 or 4 of the  
20 Bank Holding Company Act of 1956, or section 10  
21 of the Home Owners’ Loan Act, including any  
22 pledge or commitment relating to community lending  
23 and investment.

24 “(2) **REPORT OF NONCOMPLIANCE.**—Whenever  
25 any appropriate Federal banking agency determines  
26 that any insured depository institution, bank holding

1 company, savings and loan holding company, foreign  
2 bank, or any affiliate of any such person is failing  
3 to maintain compliance with any pledge or commit-  
4 ment referred to in paragraph (1) at any time dur-  
5 ing the effective period of the pledge or agreement,  
6 the agency shall—

7 “(A) notify the institution, company, bank,  
8 or affiliate of such determination; and

9 “(B) shall publish a notice of such deter-  
10 mination in the Federal Register.

11 “(3) NONCOMPLIANCE TAKEN INTO ACCOUNT  
12 IN CONNECTION WITH SUBSEQUENT APPROVALS.—If  
13 an appropriate Federal banking agency makes a de-  
14 termination of noncompliance under paragraph (2)  
15 with regard to any insured depository institution,  
16 bank holding company, savings and loan holding  
17 company, foreign bank, or any affiliate of any such  
18 person, the agency may take such noncompliance  
19 into account in making decisions in the future re-  
20 garding the institution, company, bank, or affili-  
21 ate.”.

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