

Hudson	McMorris	Sarbanes
Huffman	Rodgers	Scalise
Hultgren	McNerney	Schakowsky
Hurd	McSally	Schiff
Issa	Meadows	Schneider
Jackson Lee	Meehan	Schrader
Jayapal	Meeks	Schweikert
Jeffries	Meng	Scott (VA)
Jenkins (KS)	Messer	Scott, Austin
Jenkins (WV)	Mitchell	Scott, David
Johnson (GA)	Moolenaar	Sensenbrenner
Johnson (LA)	Mooney (WV)	Serrano
Johnson (OH)	Moore	Sessions
Johnson, E. B.	Moulton	Sewell (AL)
Johnson, Sam	Mullin	Shea-Porter
Jordan	Murphy (FL)	Shimkus
Joyce (OH)	Nadler	Shuster
Kaptur	Napolitano	Simpson
Katko	Neal	Sinema
Keating	Newhouse	Sires
Kelly (IL)	Noem	Slaughter
Kelly (MS)	Nolan	Smith (MO)
Kelly (PA)	Norcross	Smith (NE)
Kennedy	Norman	Smith (NJ)
Khanna	Nunes	Smith (TX)
Kihuen	O'Halleran	Smith (WA)
Kildee	O'Rourke	Smucker
Kilmer	Olson	Soto
Kind	Palazzo	Speier
King (IA)	Pallone	Stefanik
King (NY)	Palmer	Stewart
Kinzinger	Panetta	Stivers
Knight	Pascrell	Suozi
Krishnamoorthi	Paulsen	Swalwell (CA)
Kuster (NH)	Payne	Takano
Kustoff (TN)	Pearce	Taylor
Labrador	Pelosi	Tenney
LaHood	Perlmutter	Thompson (CA)
LaMalfa	Perry	Thompson (MS)
Lamborn	Peters	Thompson (PA)
Lance	Peterson	Thornberry
Langevin	Pingree	Tiberi
Larsen (WA)	Pittenger	Tipton
Larson (CT)	Pocan	Titus
Latta	Poe (TX)	Tonko
Lawrence	Poliquin	Torres
Lawson (FL)	Polis	Tsongas
Lee	Posey	Turner
Levin	Price (NC)	Upton
Lewis (GA)	Quigley	Valadao
Lewis (MN)	Raskin	Vargas
Lieu, Ted	Ratcliffe	Veasey
Lipinski	Reed	Vela
LoBiondo	Reichert	Velázquez
Loeback	Renacci	Visclosky
Lofgren	Rice (NY)	Wagner
Loudermilk	Rice (SC)	Walberg
Love	Richmond	Walden
Lowey	Roby	Walker
Lucas	Roe (TN)	Walorski
Luetkemeyer	Rogers (AL)	Walters, Mimi
Lujan Grisham,	Rogers (KY)	Walz
M.	Rohrabacher	Wasserman
Luján, Ben Ray	Rokita	Schultz
Lynch	Rooney, Francis	Waters, Maxine
MacArthur	Rooney, Thomas	Watson Coleman
Maloney,	J.	Weber (TX)
Carolyn B.	Ros-Lehtinen	Webster (FL)
Maloney, Sean	Rosen	Welch
Marchant	Roskam	Wenstrup
Marino	Ross	Westerman
Marshall	Rothfus	Williams
Massie	Rouzer	Wilson (SC)
Mast	Roybal-Allard	Wittman
Matsui	Royce (CA)	Womack
McCarthy	Ruiz	Woodall
McCaul	Ruppersberger	Yarmuth
McClintock	Rush	Yoder
McCollum	Russell	Yoho
McEachin	Rutherford	Young (AK)
McGovern	Ryan (OH)	Young (IA)
McHenry	Sánchez	Zeldin
McKinley	Sanford	

NAYS—3

Amash	Jones	Sherman
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NOT VOTING—17

Barletta	Burgess	Hunter
Barragán	Comstock	Long
Bass	DeSantis	Lowenthal
Beyer	Doggett	Trott
Bridenstine	Frankel (FL)	Wilson (FL)
Buchanan	Huizenga	

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (during the vote). There are 2 minutes remaining.

□ 1355

So (two-thirds being in the affirmative) the rules were suspended and the bill, as amended, was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

MAKING IN ORDER AMENDMENT IN LIEU OF AMENDMENT NO. 2 PRINTED IN PART A OF HOUSE REPORT 115-363 DURING CONSIDERATION OF H.R. 469, SUNSHINE FOR REGULATIONS AND REGULATORY DECREES AND SETTLEMENTS ACT OF 2017

Mr. COLLINS of Georgia. Mr. Speaker, I ask unanimous consent that during consideration of H.R. 469, pursuant to House Resolution 577, the amendment I have placed at the desk be in order in lieu of the amendment printed in part A of House Report 115-363 and numbered 2.

The SPEAKER pro tempore. The Clerk will report the amendment.

The Clerk read as follows:

AN AMENDMENT OFFERED IN LIEU OF AMENDMENT NO. 2 PRINTED IN PART A OF HOUSE REPORT NO. 115-363 OFFERED BY MR. CONYERS OF MICHIGAN

Page 3, line 17, strike “; and” and insert “, other than an excepted consent decree or settlement agreement;”.

Page 4, line 4, strike the period and insert “; and”.

Page 4, insert after line 4 the following:

(6) the term “excepted consent decree or settlement agreement” means a covered consent decree or covered settlement agreement that prevents or is intended to prevent discrimination based on race, religion, national origin, or any other protected category.

Mr. COLLINS of Georgia (during the reading). Mr. Speaker, I ask unanimous consent to waive the reading.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Georgia?

There was no objection.

The SPEAKER pro tempore. Is there objection to the original request of the gentleman from Georgia?

There was no objection.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX, the Chair will postpone further proceedings today on motions to suspend the rules on which a recorded vote or the yeas and nays are ordered, or votes objected to under clause 6 of rule XX.

The House will resume proceedings on postponed questions at a later time.

□ 1400

FAMILY OFFICE TECHNICAL CORRECTION ACT OF 2017

Mr. BARR. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 3972) to clarify that family offices and family clients are accredited investors, and for other purposes, as amended.

The Clerk read the title of the bill. The text of the bill is as follows:

H.R. 3972

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 “Family Office Technical Correction Act of 2017”.

SEC. 2. ACCREDITED INVESTOR CLARIFICATION.

(a) IN GENERAL.—Subject to subsection (b), any family office or a family client of a family office, as defined in section 275.202(a)(1)(G)-1 of title 17, Code of Federal Regulations, shall be deemed to be an accredited investor, as defined in Regulation D of the Securities and Exchange Commission (or any successor thereto) under the Securities Act of 1933.

(b) LIMITATION.—Subsection (a) only applies to a family office with assets under management in excess of \$5,000,000, and a family office or a family client not formed for the specific purpose of acquiring the securities offered, and whose purchase is directed by a person who has such knowledge and experience in financial and business matters that such person is capable of evaluating the merits and risks of the prospective investment.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Kentucky (Mr. BARR) and the gentleman from California (Ms. MAXINE WATERS) each will control 20 minutes.

The Chair recognizes the gentleman from Kentucky.

GENERAL LEAVE

Mr. BARR. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and include extraneous material on the bill.

The SPEAKER pro tempore (Mr. WOMACK). Is there objection to the request of the gentleman from Kentucky?

There was no objection.

Mr. BARR. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise today in support of H.R. 3972, the Family Office Technical Correction Act, which passed out of the House Financial Services Committee earlier this month with the unanimous support of my Republican and Democratic colleagues.

This timely legislation provides a technical clarification that makes it very apparent that family offices are considered accredited investors under regulation D.

Under Dodd-Frank, a family office or, in other words, a company that only has family clients, is owned by the family, and is not a public investment adviser can give financial advice to family members without the office registering under the Investment Advisers Act.

The rationale behind this was that family members will look out for one another. Thus, this legislation, for the same reason, allows family offices to count as accredited investors, which would allow them to make private placement investments.

The end result is that more capital will be available for investment in

businesses, resulting in more jobs and greater economic opportunity for Americans of all walks of life.

I want to thank Representative CAROLYN MALONEY and Chairman HENSARLING for their leadership on this important legislation, and I urge my colleagues in the House to support the Family Office Technical Correction Act.

Mr. Speaker, I reserve the balance of my time.

Ms. MAXINE WATERS of California. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, H.R. 3972 would expand the definition of “accredited investor” to organizations known as family offices and their family clients.

Family offices manage the financial interests of wealthy families. Deeming family offices and family clients to be accredited investors would allow them to more easily invest in private, unregistered security offerings.

Today, each family client, family member, and associated employees and entities must independently meet the accredited investor definition. This would require, for example, that each individual in a family independently meet certain income or net worth thresholds.

As I understand it, this process can be cumbersome for private funds that may lose their private, unregistered status if they fail to appropriately verify their investors as accredited or otherwise qualified to invest in private offerings. If there is any doubt, a private fund could deny a family office or family client the opportunity to invest.

This bill seeks to remedy that problem by recognizing that family offices and family clients are financially sophisticated in their own right. Thanks to an amendment by Representative MALONEY that was unanimously accepted during the committee markup, the bill ensures that these family offices and family clients have the financial wherewithal and knowledge to invest as accredited investors in typically risky, illiquid private security offerings.

Specifically, the bill would apply the same standards currently in place for trusts so that, number one, the family office must have more than \$5 million in assets; two, the family office and family clients must not be formed for the specific purpose of acquiring the securities offered; and, three, the family office and family client must be dedicated—or directed, rather, by a sophisticated person.

These restrictions limit the potential unintended consequences of the bill so that, for example, someone who could not otherwise meet the accredited investor test alone could not circumvent the rules by investing with another family member as a “family office.”

They would also prevent estranged family members, who could be up to 10 generations removed, from investing as an accredited investor without receiving any services of or otherwise being affiliated with the family office.

I support the bill, and I reserve the balance of my time.

Mr. BARR. Mr. Speaker, I yield 1 minute to the gentleman from Texas (Mr. HENSARLING), the chairman of the Financial Services Committee.

Mr. HENSARLING. Mr. Speaker, I thank the gentleman from Kentucky.

This did pass our committee on a unanimous basis.

I want to thank the gentlewoman from New York (Mrs. CAROLYN B. MALONEY) for her leadership and for her other areas of leadership on our committee. As a very senior Democrat, her counsel is always important; her leadership is always important.

This is indeed, as was described, Mr. Speaker, in many respects, a technical correction that needed to take place. We need to ensure that our family offices, that those investment funds can be put to their highest and best use to help grow the economy.

I was happy that the ranking member used the phrase “unintended consequences” because, indeed, Mr. Speaker, from time to time, there are unintended consequences of regulation.

We do wish to ensure that these family offices that otherwise meet the definition of accredited investors have the full range of investment opportunities before them. This bill will do this.

Again, it came out on a strong bipartisan, indeed, a unanimous basis from the Financial Services Committee, and so I would urge all Members of the House to adopt it.

Ms. MAXINE WATERS of California. Mr. Speaker, I yield as much time as she may consume to the gentlewoman from New York (Mrs. CAROLYN B. MALONEY), the author of the bill and the sponsor of the bill.

Mrs. CAROLYN B. MALONEY of New York. Mr. Speaker, I rise today in support of H.R. 3972, and I am very thankful to gentleman from Texas (Mr. HENSARLING), the chairman, and the gentlewoman from California (Ms. MAXINE WATERS), the ranking member, for their support and assistance on this legislation.

This bill is very simple. It makes what I consider to be a technical fix to the rules for family offices.

Family offices are entities that are established by wealthy families to manage their own money and to provide financial services to their family members.

The original family office was created by John D. Rockefeller 135 years ago and still exists in the district that I represent. So family offices have a long and storied history in this country and have become important sources of liquidity for our markets.

It is also important to note that family offices do not pose a systemic risk and did not cause any problems in the financial crisis, so they don't pose any safety and soundness risk to the financial system.

Family offices aren't regulated by the SEC as investment advisers because they don't have traditional cli-

ents or outside investors. They invest money in their funds like most investment advisers.

A family office is just that: a family office managing its own family money. Their clients are primarily family members, and disputes between family members are better handled either internally by the family or through State courts, which have laws to govern disputes between family members.

Prior to Dodd-Frank, the SEC had been exempting family officers and offices from the Advisers Act for decades on a case-by-case basis. In Dodd-Frank, we codified the exemption for family offices and required the SEC to write a rule formally defining “family offices.” The SEC finalized that rule in 2011, so family offices, to meet the SEC's definition, do not have to register with the SEC or as investment advisers.

However, a problem has now come up that we did not anticipate. We assumed that every family client or a member of the family would qualify as a sophisticated accredited investor under the SEC rules. But it turns out that there are very limited circumstances in which a family client of a family office may not actually qualify as an individual accredited investor.

For example, a 19- or 20-year-old member of a wealthy family may be in his or her first job after school and may not be making enough money to qualify as an accredited investor, which is over \$200,000, annually.

The real problem is, under the rules we have now, if just one of these family clients—a young person, in most cases—in a family office is not an accredited investor, then the entire family office is not considered an accredited investor and, thus, cannot buy any securities that are limited to accredited investors, like privately issued stocks or bonds. My bill would fix this by just clarifying that all family offices and family clients are, in fact, accredited investors.

The bill does not allow that any 19- or 20-year-old can go out on their own and buy securities. It is limited to accredited investors that can only be done through the family office.

The bill also includes some important limitations: The family office has to have at least \$5 million in assets, which is the same limitation that applies to trusts in the current accredited investor rule. The family office also has to have its investments directed by a sophisticated investment professional, which provides yet another layer of protection.

So, really, this bill is very narrowly tailored and provides what I consider to be a technical fix that will allow family offices to better serve their own family members.

I urge my colleagues to support this bill.

Mr. BARR. Mr. Speaker, I continue to reserve the balance of my time.

Ms. MAXINE WATERS of California. Mr. Speaker, I yield back the balance of my time.

Mr. BARR. Mr. Speaker, I have no further requests at this time, and I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Kentucky (Mr. BARR) that the House suspend the rules and pass the bill, H.R. 3972, as amended.

The question was taken; and (two-thirds being in the affirmative) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

OTTO WARMBIER NORTH KOREA NUCLEAR SANCTIONS ACT

Mr. BARR. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 3898) to require the Secretary of the Treasury to place conditions on certain accounts at United States financial institutions with respect to North Korea, and for other purposes, as amended.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 3898

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 “Otto Warmbier North Korea Nuclear Sanctions Act”.

SEC. 2. FINDINGS.

The Congress finds the following:

(1) On June 1, 2016, the Department of the Treasury’s Financial Crimes Enforcement Network announced a Notice of Finding that the Democratic People’s Republic of Korea is a jurisdiction of primary money laundering concern due to its use of state-controlled financial institutions and front companies to support the proliferation and development of weapons of mass destruction (WMD) and ballistic missiles.

(2) The Financial Action Task Force (FATF) has expressed serious concerns with the threat posed by North Korea’s proliferation and financing of WMD, and has called on FATF members to apply effective countermeasures to protect their financial sectors from North Korean money laundering, WMD proliferation financing, and the financing of terrorism.

(3) In its February 2017 report, the U.N. Panel of Experts concluded that—

(A) North Korea continued to access the international financial system in support of illicit activities despite sanctions imposed by U.N. Security Council Resolutions 2270 (2016) and 2321 (2016);

(B) during the reporting period, no member state had reported taking actions to freeze North Korean assets; and

(C) sanctions evasion by North Korea, combined with inadequate compliance by member states, had significantly negated the impact of U.N. Security Council resolutions.

(4) In its September 2017 report, the U.N. Panel of Experts found that—

(A) North Korea continued to violate financial sanctions by using agents acting abroad on the country’s behalf;

(B) foreign financial institutions provided correspondent banking services to North Korean persons and front companies for illicit purposes;

(C) foreign companies violated sanctions by maintaining links with North Korean financial institutions; and

(D) North Korea generated at least \$270 million during the reporting period through the violation of sectoral sanctions.

(5) North Korean entities engage in significant financial transactions through foreign bank accounts that are maintained by non-North Korean nationals, thereby masking account users’ identity in order to access financial services.

(6) North Korea’s sixth nuclear test on September 3, 2017, demonstrated an estimated explosive power more than 100 times greater than that generated by its first nuclear test in 2006.

(7) North Korea has successfully tested submarine-launched and intercontinental ballistic missiles, and is rapidly progressing in its development of a nuclear-armed missile that is capable of reaching United States territory.

SEC. 3. CONDITIONS WITH RESPECT TO CERTAIN ACCOUNTS AND TRANSACTIONS AT UNITED STATES FINANCIAL INSTITU- TIONS.

(a) CORRESPONDENT AND PAYABLE-THROUGH ACCOUNTS HELD BY FOREIGN FINANCIAL INSTITUTIONS.—

(1) IN GENERAL.—Not later than 45 days after the date of the enactment of this Act, the Secretary of the Treasury shall prescribe regulations to prohibit, or impose strict conditions on, the opening or maintaining in the United States of a correspondent account or a payable-through account by a foreign financial institution that the Secretary finds knowingly facilitates a significant transaction or transactions or provides significant financial services for a covered person.

(2) PENALTIES.—

(A) CIVIL PENALTY.—A person who violates, attempts to violate, conspires to violate, or causes a violation of regulations prescribed under this subsection shall be subject to a civil penalty in an amount not to exceed the greater of—

(i) \$250,000; or

(ii) an amount that is twice the amount of the transaction that is the basis of the violation with respect to which the penalty is imposed.

(B) CRIMINAL PENALTY.—A person who willfully commits, willfully attempts to commit, or willfully conspires to commit, or aids or abets in the commission of, a violation of regulations prescribed under this subsection shall, upon conviction, be fined not more than \$1,000,000, or if a natural person, may be imprisoned for not more than 20 years, or both.

(b) RESTRICTIONS ON CERTAIN TRANSACTIONS BY UNITED STATES FINANCIAL INSTITUTIONS.—

(1) IN GENERAL.—Not later than 45 days after the date of the enactment of this Act, the Secretary of the Treasury shall prescribe regulations to prohibit a United States financial institution, and any person owned or controlled by a United States financial institution, from knowingly engaging in a significant transaction or transactions with or benefitting any person that the Secretary finds to be a covered person.

(2) CIVIL PENALTY.—A person who violates, attempts to violate, conspires to violate, or causes a violation of regulations prescribed under this subsection shall be subject to a civil penalty in an amount not to exceed the greater of—

(A) \$250,000; or

(B) an amount that is twice the amount of the transaction that is the basis of the violation with respect to which the penalty is imposed.

SEC. 4. OPPOSITION TO ASSISTANCE BY THE INTERNATIONAL FINANCIAL INSTI- TUTIONS AND THE EXPORT-IMPORT BANK.

(a) INTERNATIONAL FINANCIAL INSTITUTIONS.—The Bretton Woods Agreements Act

(22 U.S.C. 286 et seq.) is amended by adding at the end the following:

“SEC. 73. OPPOSITION TO ASSISTANCE FOR ANY GOVERNMENT THAT FAILS TO IM- PLEMENT SANCTIONS ON NORTH KOREA.

“(a) IN GENERAL.—The Secretary of the Treasury shall instruct the United States Executive Director at the international financial institutions (as defined under section 1701(c) of the International Financial Institutions Act) to use the voice and vote of the United States to oppose the provision of financial assistance to a foreign government, other than assistance to support basic human needs, if the President determines that, in the year preceding consideration of approval of such assistance, the government has knowingly failed to prevent the provision of financial services to, or freeze the funds, financial assets, and economic resources of, a person described under subparagraphs (A) through (E) of section 7(2) of the Otto Warmbier North Korea Nuclear Sanctions Act.

“(b) WAIVER.—The President may waive subsection (a) for up to 180 days at a time with respect to a foreign government if the President reports to Congress that—

“(1) the foreign government’s failure described under (a) is due exclusively to a lack of foreign government capacity;

“(2) the foreign government is taking effective steps to prevent recurrence of such failure; or

“(3) such waiver is vital to the national security interests of the United States.”.

(b) EXPORT-IMPORT BANK.—Section 2(b) of the Export-Import Bank Act of 1945 (12 U.S.C. 635(b)) is amended by adding at the end the following:

“(14) PROHIBITION ON SUPPORT INVOLVING PERSONS CONNECTED WITH NORTH KOREA.—The Bank may not guarantee, insure, or extend credit, or participate in the extension of credit in connection with the export of a good or service to a covered person (as defined under section 7 of the Otto Warmbier North Korea Nuclear Sanctions Act).”.

SEC. 5. TREASURY REPORTS ON COMPLIANCE, PENALTIES, AND TECHNICAL AS- SISTANCE.

(a) QUARTERLY REPORT.—

(1) IN GENERAL.—Not later than 120 days following the date of the enactment of this Act, and every 90 days thereafter, the Secretary of the Treasury shall submit a report to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate that includes—

(A) a list of financial institutions that, in the period since the preceding report, knowingly facilitated a significant transaction or transactions or provided significant financial services for a covered person, or failed to apply appropriate due diligence to prevent such activities;

(B) a list of any penalties imposed under section 3 in the period since the preceding report; and

(C) a description of efforts by the Department of the Treasury in the period since the preceding report, through consultations, technical assistance, or other appropriate activities, to strengthen the capacity of financial institutions and foreign governments to prevent the provision of financial services benefitting any covered person.

(2) FORM OF REPORT; PUBLIC AVAILABILITY.—

(A) FORM.—The report required under paragraph (1) shall be submitted in unclassified form but may contain a classified annex.

(B) PUBLIC AVAILABILITY.—The unclassified portion of such report shall be made available to the public and posted on the website of the Department of the Treasury.

(b) TESTIMONY REQUIRED.—Upon request of the Committee on Financial Services of the