

113TH CONGRESS
1ST SESSION

S. 1597

To provide for the use of savings promotion raffle products by financial institutions to encourage savings, and for other purposes.

IN THE SENATE OF THE UNITED STATES

OCTOBER 29, 2013

Mr. MORAN (for himself and Mr. BROWN) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

A BILL

To provide for the use of savings promotion raffle products by financial institutions to encourage savings, 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 “American Savings Pro-
5 motion Act”.

6 **SEC. 2. FINDINGS.**

7 Congress finds that—

8 (1) the annual savings rate in the United States
9 was 4.1 percent in 2012;

1 (2) more than 40 percent of American house-
2 holds lack the savings to cover basic expenses for 3
3 months, if an unexpected event leads to a loss of sta-
4 ble income;

5 (3) personal savings provide Americans with the
6 financial resources to meet future needs, including
7 higher education and homeownership, while also pro-
8 viding a safety net to weather unexpected financial
9 shocks;

10 (4) prize-linked savings products are typical
11 savings products offered by financial institutions,
12 like savings accounts, certificates of deposit, and
13 savings bonds, with the added feature of offering
14 chances to win prizes based on deposit activity;

15 (5) the State of Michigan was the first State to
16 allow credit unions to offer prize-linked savings
17 products, and in 2009 launched the first large-scale
18 prize-linked savings product in the United States;

19 (6) the States of Connecticut, Michigan, Maine,
20 Maryland, Nebraska, North Carolina, Rhode Island,
21 and Washington all have laws that allow financial
22 institutions to offer prize-linked savings products;

23 (7) in the States of Michigan and Nebraska,
24 more than 42,000 individuals have opened prize-

1 linked savings accounts and saved more than
2 \$72,000,000;

3 (8) prize-linked savings products have been
4 shown to successfully attract non-savers, the asset
5 poor, and low-to-moderate income groups, providing
6 individuals with a new tool to build personal savings;
7 and

8 (9) encouraging personal savings is in the na-
9 tional interest of the United States.

10 **SEC. 3. AMENDMENT TO DEFINITIONS OF “LOTTERY”.**

11 (a) NATIONAL BANKS.—Section 5136B(c) of the Re-
12 vised Statutes of the United States (12 U.S.C. 25a(c)) is
13 amended—

14 (1) in paragraph (2), by inserting “, other than
15 a savings promotion raffle,” before “whereby”; and

16 (2) by adding at the end the following:

17 “(4) The term ‘savings promotion raffle’ means
18 a contest in which the sole consideration required for
19 a chance of winning designated prizes is obtained by
20 the deposit of a specified amount of money in a sav-
21 ings account or other savings program, where each
22 ticket or entry has an equal chance of being drawn,
23 such contest being subject to regulations that may
24 from time to time be promulgated by the appropriate
25 prudential regulator (as defined in section 1002 of

1 the Consumer Financial Protection Act of 2010 (12
2 U.S.C. 5481)).”.

3 (b) FEDERAL RESERVE BANKS.—Section 9A(c) of
4 the Federal Reserve Act (12 U.S.C. 339(c)) is amended—

5 (1) in paragraph (2), by inserting “, other than
6 a savings promotion raffle,” before “whereby”; and

7 (2) by adding at the end the following:

8 “(4) The term ‘savings promotion raffle’ means
9 a contest in which the sole consideration required for
10 a chance of winning designated prizes is obtained by
11 the deposit of a specified amount of money in a sav-
12 ings account or other savings program, where each
13 ticket or entry has an equal chance of being drawn,
14 such contest being subject to regulations that may
15 from time to time be promulgated by the appropriate
16 prudential regulator (as defined in section 1002 of
17 the Consumer Financial Protection Act of 2010 (12
18 U.S.C. 5481)).”.

19 (c) INSURED DEPOSITORY INSTITUTIONS.—Section
20 20(c) of the Federal Deposit Insurance Act (12 U.S.C.
21 1829a(c)) is amended—

22 (1) in paragraph (2), by inserting “, other than
23 a savings promotion raffle,” before “whereby”; and

24 (2) by adding at the end the following:

1 “(4) The term ‘savings promotion raffle’ means
2 a contest in which the sole consideration required for
3 a chance of winning designated prizes is obtained by
4 the deposit of a specified amount of money in a sav-
5 ings account or other savings program, where each
6 ticket or entry has an equal chance of being drawn,
7 such contest being subject to regulations that may
8 from time to time be promulgated by the appropriate
9 prudential regulator (as defined in section 1002 of
10 the Consumer Financial Protection Act of 2010 (12
11 U.S.C. 5481)).”.

12 (d) FEDERAL SAVINGS AND LOAN ASSOCIATIONS.—
13 Section 4(e)(3) of the Home Owners’ Loan Act (12 U.S.C.
14 1463(e)(3)) is amended—

15 (1) in subparagraph (B), by inserting “, other
16 than a savings promotion raffle,” after “arrange-
17 ment”; and

18 (2) by adding at the end the following:

19 “(D) SAVINGS PROMOTION RAFFLE.—The
20 term ‘savings promotion raffle’ means a contest
21 in which the sole consideration required for a
22 chance of winning designated prizes is obtained
23 by the deposit of a specified amount of money
24 in a savings account or other savings program,
25 where each ticket or entry has an equal chance

1 of being drawn, such contest being subject to
 2 regulations that may from time to time be pro-
 3 mulgated by the appropriate prudential regu-
 4 lator (as defined in section 1002 of the Con-
 5 sumer Financial Protection Act of 2010 (12
 6 U.S.C. 5481)).”.

7 **SEC. 4. CRIMINAL PROVISIONS.**

8 (a) IN GENERAL.—Chapter 61 of title 18, United
 9 States Code, is amended by adding at the end the fol-
 10 lowing:

11 **“§ 1308. Limitation of applicability**

12 “(a) LIMITATION OF APPLICABILITY.—Sections
 13 1301, 1302, 1303, 1304, and 1306 shall not apply—

14 “(1) to a savings promotion raffle conducted by
 15 an insured depository institution or an insured credit
 16 union; or

17 “(2) to any activity conducted in connection
 18 with any such savings promotion raffle, including,
 19 without limitation, to the—

20 “(A) transmission of any advertisement,
 21 list of prizes, or other information concerning
 22 the savings promotion raffle;

23 “(B) offering, facilitation, and acceptance
 24 of deposits, withdrawals, or other transactions
 25 in connection with the savings promotion raffle;

1 “(C) transmission of any information relat-
2 ing to the savings promotion raffle, including
3 account balance and transaction information;
4 and

5 “(D) deposit or transmission of prizes
6 awarded in the savings promotion raffle as well
7 as notification or publication thereof.

8 “(b) DEFINITIONS.—In this section—

9 “(1) the term ‘insured credit union’ shall have
10 the meaning given the term in section 101 of the
11 Federal Credit Union Act (12 U.S.C. 1752);

12 “(2) the term ‘insured depository institution’
13 shall have the meaning given the term in section 3
14 of the Federal Deposit Insurance Act (12 U.S.C.
15 1813); and

16 “(3) the term ‘savings promotion raffle’ means
17 a contest in which the sole consideration required for
18 a chance of winning designated prizes is obtained by
19 the deposit of a specified amount of money in a sav-
20 ings account or other savings program, where each
21 ticket or entry has an equal chance of being drawn,
22 such contest being subject to regulations that may
23 from time to time be promulgated by the appropriate
24 prudential regulator (as defined in section 1002 of

1 the Consumer Financial Protection Act of 2010 (12
2 U.S.C. 5481)).”.

3 (b) TECHNICAL AND CONFORMING AMENDMENT.—

4 The table of sections for chapter 61 of title 18, United
5 States Code, is amended by adding after the item relating
6 to section 1307 the following:

“1308. Limitation of applicability.”.

7 **SEC. 5. RACKETEERING.**

8 Chapter 95 of title 18, United States Code, is amend-
9 ed—

10 (1) in section 1952, by adding at the end the
11 following:

12 “(e)(1) This section shall not apply to a savings pro-
13 motion raffle conducted by an insured depository institu-
14 tion or an insured credit union.

15 “(2) In this subsection—

16 “(A) the term ‘insured credit union’ shall have
17 the meaning given the term in section 101 of the
18 Federal Credit Union Act (12 U.S.C. 1752);

19 “(B) the term ‘insured depository institution’
20 shall have the meaning given the term in section 3
21 of the Federal Deposit Insurance Act (12 U.S.C.
22 1813); and

23 “(C) the term ‘savings promotion raffle’ means
24 a contest in which the sole consideration required for
25 a chance of winning designated prizes is obtained by

1 the deposit of a specified amount of money in a sav-
2 ings account or other savings program, where each
3 ticket or entry has an equal chance of being drawn,
4 such contest being subject to regulations that may
5 from time to time be promulgated by the appropriate
6 prudential regulator (as defined in section 1002 of
7 the Consumer Financial Protection Act of 2010 (12
8 U.S.C. 5481)).”;

9 (2) in section 1953—

10 (A) in subsection (b), by striking “or (5)”
11 and inserting “(5) equipment, tickets, or mate-
12 rials used or designed for use in a savings pro-
13 motion raffle operated by an insured depository
14 institution or an insured credit union, or (6)”;
15 and

16 (B) by striking subsections (d) and (e) and
17 inserting the following:

18 “(d) For purposes of this section—

19 “(1) the term ‘foreign country’ means any em-
20 pire, country, dominion, colony, or protectorate, or
21 any subdivision thereof (other than the United
22 States, its territories or possessions);

23 “(2) the term ‘insured credit union’ shall have
24 the meaning given the term in section 101 of the
25 Federal Credit Union Act (12 U.S.C. 1752);

1 “(3) the term ‘insured depository institution’
2 shall have the meaning given the term in section 3
3 of the Federal Deposit Insurance Act (12 U.S.C.
4 1813);

5 “(4) the term ‘lottery’—

6 “(A) means the pooling of proceeds derived
7 from the sale of tickets or chances and allotting
8 those proceeds or parts thereof by chance to
9 one or more chance takers or ticket purchasers;
10 and

11 “(B) does not include the placing or ac-
12 cepting of bets or wagers on sporting events or
13 contests;

14 “(5) the term ‘savings promotion raffle’ means
15 a contest in which the sole consideration required for
16 a chance of winning designated prizes is obtained by
17 the deposit of a specified amount of money in a sav-
18 ings account or other savings program, where each
19 ticket or entry has an equal chance of being drawn,
20 such contest being subject to regulations that may
21 from time to time be promulgated by the appropriate
22 prudential regulator (as defined in section 1002 of
23 the Consumer Financial Protection Act of 2010 (12
24 U.S.C. 5481)); and

1 “(6) the term ‘State’ means a State of the
2 United States, the District of Columbia, the Com-
3 monwealth of Puerto Rico, or any territory or pos-
4 session of the United States.”; and

5 (3) in section 1955—

6 (A) in subsection (b)—

7 (i) by redesignating paragraph (2) as
8 paragraph (4);

9 (ii) by redesignating paragraph (3) as
10 paragraph (6);

11 (iii) by inserting after paragraph (1)
12 the following:

13 “(2) ‘insured credit union’ shall have the mean-
14 ing given the term in section 101 of the Federal
15 Credit Union Act (12 U.S.C. 1752).

16 “(3) ‘insured depository institution’ shall have
17 the meaning given the term in section 3 of the Fed-
18 eral Deposit Insurance Act (12 U.S.C. 1813).”;

19 (iv) by inserting after paragraph (4),
20 as redesignated, the following:

21 “(5) ‘savings promotion raffle’ means a contest
22 in which the sole consideration required for a chance
23 of winning designated prizes is obtained by the de-
24 posit of a specified amount of money in a savings ac-
25 count or other savings program, where each ticket or

1 entry has an equal chance of being drawn, such con-
2 test being subject to regulations that may from time
3 to time be promulgated by the appropriate pruden-
4 tial regulator (as defined in section 1002 of the Con-
5 sumer Financial Protection Act of 2010 (12 U.S.C.
6 5481)).”.

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