



**Federal Deposit Insurance Corporation**  
550 17th Street NW, Washington, D.C. 20429-9990

**Financial Institution Letter**  
**FIL-72-2020**  
**July 24, 2020**

**FDIC Final Rule Revises and Codifies Policy to Allow Greater Employment Opportunities for Individuals with Certain Minor Criminal Offenses on Their Records**

The FDIC has approved a final rule to revise and incorporate into the agency's regulations a longstanding Statement of Policy (SOP) related to individuals with certain criminal offenses on their records who seek employment in the banking industry. Section 19 of the Federal Deposit Insurance Act (Section 19) prohibits a person from participating in the affairs of an FDIC-insured institution if he or she has been convicted of a crime involving dishonesty, breach of trust, or money laundering, or has entered into a pretrial diversion or similar program in connection with a prosecution for such an offense, without the prior written consent of the FDIC. Revising and codifying the SOP into the regulations will provide better transparency and clarity regarding the interpretation of Section 19 and the application process.

A copy of the [Final Rule \(PDF\)](#) can be found on the FDIC's website.

An [overview of the final rule \(PDF\)](#) can also be found on the FDIC's website.

**Statement of Applicability to Institutions with Total Assets Under \$1 Billion:** This Financial Institution Letter applies to all FDIC-insured institutions.

**Suggested Distribution:**  
FDIC-Insured Institutions

**Suggested Routing:**  
Chief Executive Officer  
Legal Counsel  
Human Resources Department  
Compliance Officer

**Related Topics:**

**Attachments:**  
[Section 19 of the FDI Act](#)  
[Section 19 Application Form](#)  
[Incorporation of Existing Statement of Policy Regarding Requests for Participation in the Affairs of an Insured Depository Institution by Convicted Individuals](#)

**Contacts:**  
Section Chief, Risk Management and Applications  
**Larisa Collado**  
(202) 898-8509  
[lcollado@fdic.gov](mailto:lcollado@fdic.gov)  
Senior Review Examiner, Risk Management and Applications  
**Tim Schuett**  
(763) 614-9473  
[tschuett@fdic.gov](mailto:tschuett@fdic.gov)

**Highlights:**

- The rule excludes all covered offenses that have been expunged or sealed by a court of competent jurisdiction or by operation of law from being considered an offense of record under Section 19.
- The FDIC expanded *de minimis* offenses (those considered minor, for which the FDIC's approval is automatically granted and no application is required) as follows:
  - Includes up to two *de minimis* covered offenses.
  - Eliminates the waiting period when a single covered offense would be considered *de minimis*.
  - Decreases the waiting period for the second covered offense from 5 years after conviction or pretrial diversion program entry to 3 years; and decreases the waiting period for individuals who were 21 years or younger at the time of the underlying misconduct, from 30 months to 18 months.
  - Increases the small-dollar theft threshold to \$1,000.
  - Includes as a *de minimis* offense the use of a false identification to circumvent age-based restrictions.
- The changes will likely reduce the number of applications required and reduce regulatory burden on financial institutions and individuals.
- The FDIC is in the process of updating its application forms and its informational brochure, *Your Complete Guide to Section 19*, to reflect the revisions.
- The final rule will be effective 30 days after publication in the *Federal Register*, at which time, the existing SOP will be rescinded.

**Notes:**

[Access FDIC Financial Institution Letters \(FILs\) on the FDIC's website.](#)

[Subscribe to receive FILs electronically.](#)

Inactive