



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

**Financial Institution Letter**  
**FIL-34-2022**  
**July 25, 2022**

## **The FDIC Updates its Enforcement Actions Manual regarding Minimum Standards for Termination of Cease-and-Desist and Consent Orders**

**Summary:** The FDIC has updated chapters one and four of its Formal and Informal Enforcement Actions Manual (manual), entitled *Overview and Administrative Matters* and *Cease-and-Desist Actions*, respectively, regarding the agency's minimum standards for terminating cease and desist and consent orders issued under Section 8(b) of the Federal Deposit Insurance (FDI) Act. The manual provides direction for professional staff related to the work necessary to pursue formal and informal enforcement actions. It is also intended to support the work of the field, regional, and Washington office's staff involved in processing and monitoring enforcement actions.

**Statement of Applicability:** The contents of, and material referenced in, this FIL apply to all FDIC-supervised financial institutions.

### **Related Topics:**

Examination Processes and Procedures

### **Attachments:**

[Formal and Informal Enforcement Actions Manual](#)

[Section 8\(b\) of the Federal Deposit Insurance Act](#)

### **Contacts:**

[Division of Risk Management Supervision](#)

### **Note:**

FDIC Financial Institution Letters (FILs) may be accessed from the FDIC's website at [www.fdic.gov/news/news/financial/index.html](http://www.fdic.gov/news/news/financial/index.html).

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### **Highlights:**

- Section 8(b) of the FDI Act authorizes the FDIC to issue a cease-and-desist order, which is titled a "consent order" if the action is not contested, when the facts reasonably support the conclusion that an insured depository institution has engaged, or is about to engage, in
  - An unsafe or unsound practice in conducting the business of the institution, or
  - A violation of a law and/or regulation, written agreement with the FDIC, or written condition imposed by the FDIC in connection with the granting of any application or other request.
- Section 8(b) orders may be terminated under any of the following conditions:
  - The institution is in full compliance with all the provisions of the order and has fully corrected the violations of laws and regulations, unsafe and unsound practices, or conditions that led to the issuance of the order.
  - Any provisions deemed "not in compliance" have become outdated or irrelevant to the institution's current circumstances, including situations in which the institution is closed.
  - Deterioration or any provisions deemed "not in compliance" leads to issuance of a new or revised formal action.
- There may be limited exceptions in which replacing an enforcement action with a less severe or less comprehensive action may be appropriate. Requests for use of this limited exception must be presented to the appropriate Division Director and the General Counsel and require consultation with the Chairman. Use of the limited exception is expected to be rare.
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