

110TH CONGRESS
1ST SESSION

H. R. 2547

To amend the Federal Deposit Insurance Act to prevent misrepresentation about deposit insurance coverage, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MAY 24, 2007

Mr. SIRES (for himself and Mrs. BIGGERT) introduced the following bill; which was referred to the Committee on Financial Services

A BILL

To amend the Federal Deposit Insurance Act to prevent misrepresentation about deposit insurance coverage, 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 “FDIC Enforcement
5 Enhancement Act”.

1 **SEC. 2. ENFORCEMENT AGAINST MISREPRESENTATIONS**
2 **REGARDING FDIC DEPOSIT INSURANCE COV-**
3 **ERAGE.**

4 (a) IN GENERAL.—Section 18(a) of the Federal De-
5 posit Insurance Act (12 U.S.C. 1828(a)) is amended by
6 adding at the end the following new paragraph:

7 “(4) FALSE ADVERTISING, MISUSE OF FDIC
8 NAMES, AND MISREPRESENTATION TO INDICATE IN-
9 SURED STATUS.—

10 “(A) PROHIBITION ON FALSE ADVER-
11 TISING AND MISUSE OF FDIC NAMES.—No per-
12 son may—

13 “(i) use the terms ‘Federal Deposit’,
14 ‘Federal Deposit Insurance’, ‘Federal De-
15 posit Insurance Corporation’, any combina-
16 tion of such terms, or the abbreviation
17 ‘FDIC’ as part of the business name or
18 firm name of any person, including any
19 corporation, partnership, business trust,
20 association, or other business entity; or

21 “(ii) use such terms or any other sign
22 or symbol as part of an advertisement, so-
23 licitation, or other document,

24 to represent, suggest or imply that any deposit
25 liability, obligation, certificate or share is in-
26 sured or guaranteed by the Federal Deposit In-

1 surance Corporation, if such deposit liability,
2 obligation, certificate, or share is not insured or
3 guaranteed by the Corporation.

4 “(B) PROHIBITION ON MISREPRESENTA-
5 TIONS OF INSURED STATUS.—No person may
6 knowingly misrepresent—

7 “(i) that any deposit liability, obliga-
8 tion, certificate, or share is federally in-
9 sured, if such deposit liability, obligation,
10 certificate, or share is not insured by the
11 Corporation; or

12 “(ii) the extent to which or the man-
13 ner in which any deposit liability, obliga-
14 tion, certificate, or share is insured by the
15 Federal Deposit Insurance Corporation, if
16 such deposit liability, obligation, certificate,
17 or share is not insured by the Corporation
18 to the extent or in the manner represented.

19 “(C) AUTHORITY OF FDIC.—The Corpora-
20 tion shall have—

21 “(i) jurisdiction over any person that
22 violates this paragraph, or aids or abets
23 the violation of this paragraph; and

1 “(ii) for purposes of enforcing the re-
2 quirements of this paragraph with regard
3 to any person—

4 “(I) the authority of the Cor-
5 poration under section 10(c) to con-
6 duct investigations; and

7 “(II) the enforcement authority
8 of the Corporation under subsections
9 (b), (c), (d) and (i) of section 8,

10 as if such person were a state nonmember in-
11 sured bank.

12 “(D) OTHER ACTIONS PRESERVED.—No
13 provision of this paragraph shall be construed
14 as barring any action otherwise available, under
15 the laws of the United States or any State, to
16 any Federal or State law enforcement agency or
17 individual.”.

18 (b) ENFORCEMENT ORDERS.—Section 8(c) of the
19 Federal Deposit Insurance Act (12 U.S.C. 1818(c)) is
20 amended by adding at the end the following new para-
21 graph:

22 “(4) FALSE ADVERTISING OR MISUSE OF
23 NAMES TO INDICATE INSURED STATUS.—

24 “(A) TEMPORARY ORDER.—

1 “(i) IN GENERAL.—If a notice of
2 charges served under subsection (b)(1) of
3 this section specifies on the basis of par-
4 ticular facts that any person is engaged in
5 conduct described in section 18(a)(4), the
6 Corporation may issue a temporary order
7 requiring—

8 “(I) the immediate cessation of
9 any activity or practice described,
10 which gave rise to the notice of
11 charges; and

12 “(II) affirmative action to pre-
13 vent any further, or to remedy any ex-
14 isting, violation.

15 “(ii) EFFECT OF ORDER.—Any tem-
16 porary order issued under this subpara-
17 graph shall take effect upon service.

18 “(B) EFFECTIVE PERIOD OF TEMPORARY
19 ORDER.—A temporary order issued under sub-
20 paragraph (A) shall remain effective and en-
21 forceable, pending the completion of an admin-
22 istrative proceeding pursuant to subsection
23 (b)(1) in connection with the notice of
24 charges—

1 “(i) until such time as the Corpora-
2 tion shall dismiss the charges specified in
3 such notice; or

4 “(ii) if a cease-and-desist order is
5 issued against such person, until the effec-
6 tive date of such order.

7 “(C) CIVIL MONEY PENALTIES.—Violations
8 of section 18(a)(4) shall be subject to civil
9 money penalties as set forth in subsection (i) in
10 an amount not to exceed \$1,000,000 for each
11 day during which the violation occurs or con-
12 tinues.”.

13 (c) TECHNICAL AND CONFORMING AMENDMENTS.—

14 (1) Section 18(a)(3) of the Federal Deposit In-
15 surance Act (12 U.S.C. 1828(a)) is amended by
16 striking “of this subsection” and inserting “of para-
17 graphs (1) and (2)”.

18 (2) The heading for subsection (a) of section 18
19 of the Federal Deposit Insurance Act (12 U.S.C.
20 1828(a)) is amended by striking “INSURANCE
21 LOGO.—” and inserting “REPRESENTATIONS OF
22 DEPOSIT INSURANCE.—”.

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