

Union Calendar No. 145

110TH CONGRESS
1ST SESSION

H. R. 2547

[Report No. 110-234]

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

JULY 16, 2007

Additional sponsor: Mr. GILLMOR

JULY 16, 2007

Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “FDIC Enforcement
3 Enhancement Act”.

4 **SEC. 2. ENFORCEMENT AGAINST MISREPRESENTATIONS**
5 **REGARDING FDIC DEPOSIT INSURANCE COV-**
6 **ERAGE.**

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

10 “(4) FALSE ADVERTISING, MISUSE OF FDIC
11 NAMES, AND MISREPRESENTATION TO INDICATE IN-
12 SURED STATUS.—

13 “(A) PROHIBITION ON FALSE ADVER-
14 TISING AND MISUSE OF FDIC NAMES.—No per-
15 son may—

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

24 “(ii) use such terms or any other sign
25 or symbol as part of an advertisement, so-
26 licitation, or other document,

1 to represent, suggest or imply that any deposit
2 liability, obligation, certificate or share is in-
3 sured or guaranteed by the Federal Deposit In-
4 surance Corporation, if such deposit liability,
5 obligation, certificate, or share is not insured or
6 guaranteed by the Corporation.

7 “(B) PROHIBITION ON MISREPRESENTA-
8 TIONS OF INSURED STATUS.—No person may
9 knowingly misrepresent—

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

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

22 “(C) AUTHORITY OF FDIC.—The Corpora-
23 tion shall have—

1 “(i) jurisdiction over any person that
2 violates this paragraph, or aids or abets
3 the violation of this paragraph; and

4 “(ii) for purposes of enforcing the re-
5 quirements of this paragraph with regard
6 to any person—

7 “(I) the authority of the Cor-
8 poration under section 10(c) to con-
9 duct investigations; and

10 “(II) the enforcement authority
11 of the Corporation under subsections
12 (b), (c), (d) and (i) of section 8,

13 as if such person were a state nonmember in-
14 sured bank.

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

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

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

3 “(A) TEMPORARY ORDER.—

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

11 “(I) the immediate cessation of
12 any activity or practice described,
13 which gave rise to the notice of
14 charges; and

15 “(II) affirmative action to pre-
16 vent any further, or to remedy any ex-
17 isting, violation.

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

21 “(B) EFFECTIVE PERIOD OF TEMPORARY
22 ORDER.—A temporary order issued under sub-
23 paragraph (A) shall remain effective and en-
24 forceable, pending the completion of an admin-
25 istrative proceeding pursuant to subsection

1 (b)(1) in connection with the notice of
2 charges—

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

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

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

15 (c) TECHNICAL AND CONFORMING AMENDMENTS.—

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

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

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