

Statement by Martin J. Gruenberg

Member, FDIC Board of Directors

**Notice of Proposed Rulemaking Addressing Applications under Section 19 of the
Federal Deposit Insurance Act**

November 19, 2019

The Notice of Proposed Rulemaking before the FDIC Board today would incorporate the FDIC's Statement of Policy implementing Section 19 of the Federal Deposit Insurance Act into its regulations.

As a general rule, Section 19 prohibits, without the written consent of the FDIC, a person convicted of a crime involving dishonesty, breach of trust, or money laundering from serving as an institution-affiliated party, or owning or controlling an insured depository institution, or otherwise participating in its affairs.

Over the past several years, in response to questions and concerns raised about the scope of the prohibition, the FDIC has on a number of occasions revised and updated its Statement of Policy after public notice and opportunity for comment. This rulemaking should serve as another opportunity to consider whether the FDIC has struck the appropriate balance in its implementation of Section 19.

In particular, the NPR seeks comments on all aspects of the FDIC's approach to Section 19, including the de minimis criteria for offenses that represent low risk to the Deposit Insurance Fund, the five-year post-conviction cooling off period, and expungements of convictions.

I believe the FDIC would benefit greatly from robust comment on this NPR.

I intend to vote in favor of the NPR and look forward to the comments.