FDIC and Maryland End Joint Consent Orders Against Regional Bank

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On April 7, the FDIC and the Maryland Office of Financial Regulation terminated two consent orders against a regional bank headquartered in Maryland. The termination concludes joint federal and state enforcement actions that required the bank to remediate deficiencies in its anti-money laundering (AML) program, interest rate risk management, and consumer protection practices.

The now-terminated 2022 and 2024 orders stemmed from examinations that identified significant deficiencies in the bank's AML program, oversight of interest rate risk, corporate governance, and consumer credit disclosures. The bank allegedly provided misleading disclosures in connection with a consumer credit product involving a third-party lender, raising UDAAP concerns. The orders imposed broad corrective obligations, including:

- Remediation of AML compliance failures. The bank was required to implement a revised risk-based AML/CFT program, enhance suspicious activity monitoring, strengthen customer due diligence procedures, review prior transactions, and validate its transaction monitoring system. The order also mandated board-level compliance oversight and the establishment of a dedicated OFAC compliance program.
- Risk management and governance reforms. The order directed improvements to board supervision, succession planning, and internal audit responsiveness. The bank was required to establish a risk management framework with metrics for capital, liquidity, asset growth, and concentration risk.
- Liquidity and capital planning enhancements. The bank had to submit revised capital and liquidity plans, including scenario-based testing, contingency funding strategies, and funding diversification.

Putting It Into Practice: The termination of these consent orders reflects a continued federal pullback from enforcement actions initiated under the prior administration (previously discussed here and here). While federal regulators may be retreating, state agencies and the FTC have demonstrated ongoing interest in policing the financial services industry (previously discussed here and here).

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