



## **FEDERAL RESERVE SYSTEM**

### **12 CFR Part 263**

**[Docket No. R-1693]**

**RIN 7100AF-69**

### **Rules of Practice for Hearings**

**AGENCY:** Board of Governors of the Federal Reserve System.

**ACTION:** Final rule.

**SUMMARY:** The Board of Governors of the Federal Reserve System (the “Board”) is issuing a final rule amending its rules of practice and procedure to adjust the amount of each civil money penalty (“CMP”) provided by law within its jurisdiction to account for inflation as required by the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015.

**DATES:** This final rule is effective on **[INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER]**.

**FOR FURTHER INFORMATION CONTACT:** Thomas O. Kelly, Senior Counsel (202-974-7059), Legal Division, Board of Governors of the Federal Reserve System, 20th Street and Constitution Ave. NW, Washington, D.C. 20551. For users of Telecommunication Device for the Deaf (TDD) only, contact 202-263-4869.

### **SUPPLEMENTARY INFORMATION:**

#### **Federal Civil Penalties Inflation Adjustment Act**

The Federal Civil Penalties Inflation Adjustment Act of 1990, 28 U.S.C. 2461 note (“FCPIA Act”), requires Federal agencies to adjust, by regulation, the CMPs within their jurisdiction to account for inflation. The Federal Civil Penalties Inflation Adjustment Act

Improvements Act of 2015 (the “2015 Act”)<sup>1</sup> amended the FCPIA Act to require Federal agencies to make annual adjustments not later than January 15 of every year.<sup>2</sup> The Board is now issuing a new final rule to set the CMP levels pursuant to the required annual adjustment for 2020. The Board will apply these adjusted maximum penalty levels to any penalties assessed on or after **[INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER]**, whose associated violations occurred on or after November 2, 2015. Penalties assessed for violations occurring prior to November 2, 2015 will be subject to the amounts set in the Board’s 2012 adjustment pursuant to the FCPIA Act.<sup>3</sup>

Under the 2015 Act, the annual adjustment to be made for 2020 is the percentage by which the Consumer Price Index for the month of October 2019 exceeds the Consumer Price Index for the month of October 2018. On December 16, 2019, as directed by the 2015 Act, the Office of Management and Budget (OMB) issued guidance to affected agencies on implementing the required annual adjustment which included the relevant inflation multiplier.<sup>4</sup> Using OMB’s

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<sup>1</sup> Pub. L. 114–74, 129 Stat. 599 (2015) (codified at 28 U.S.C. 2461 note).

<sup>2</sup> 28 U.S.C. 2461 note, sec. 4(b)(1).

<sup>3</sup> 77 FR 68680 (Nov. 16, 2012).

<sup>4</sup> OMB Memorandum M-20-05, *Implementation of Penalty Inflation Adjustments for 2020, Pursuant to the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015* (Dec. 16, 2019).

multiplier, the Board calculated the adjusted penalties for its CMPs, rounding the penalties to the nearest dollar.<sup>5</sup>

### **Administrative Procedure Act**

The 2015 Act states that agencies shall make the annual adjustment “notwithstanding section 553 of title 5, United States Code.” Therefore, this rule is not subject to the provisions of the Administrative Procedure Act (the “APA”), 5 U.S.C. 553, requiring notice, public participation, and a deferred effective date.

### **Regulatory Flexibility Act**

The Regulatory Flexibility Act, 5 U.S.C. 601 *et seq.*, requires a regulatory flexibility analysis only for rules for which an agency is required to publish a general notice of proposed rulemaking. Because the 2015 Act states that agencies’ annual adjustments are to be made notwithstanding section 553 of title 5 of United States Code—the APA section requiring notice of proposed rulemaking—the Board is not publishing a notice of proposed rulemaking.

Therefore, the Regulatory Flexibility Act does not apply.

### **Paperwork Reduction Act**

There is no collection of information required by this final rule that would be subject to the Paperwork Reduction Act of 1995, 44 U.S.C. 3501 *et seq.*

### **List of Subjects in 12 CFR Part 263**

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<sup>5</sup> Under the 2015 Act and implementing OMB guidance, agencies are not required to make an adjustment to a CMP if, during the 12 months preceding the required adjustment, such penalty increased due to a law other than the 2015 Act by an amount greater than the amount of the required adjustment. No other laws have adjusted the CMPs within the Board’s jurisdiction during the preceding 12 months.

Administrative practice and procedure, Claims, Crime, Equal access to justice, Lawyers, Penalties.

### **Authority and Issuance**

For the reasons set forth in the preamble, the Board amends 12 CFR part 263 to read as follows:

### **PART 263--RULES OF PRACTICE FOR HEARINGS**

1. The authority citation for part 263 continues to read as follows:

**Authority:** 5 U.S.C. 504, 554-557; 12 U.S.C. 248, 324, 334, 347a, 504, 505, 1464, 1467, 1467a, 1817(j), 1818, 1820(k), 1829, 1831o, 1831p-1, 1832(c), 1847(b), 1847(d), 1884, 1972(2)(F), 3105, 3108, 3110, 3349, 3907, 3909(d), 4717; 15 U.S.C. 21, 781(i), 78o-4, 78o-5, 78u-2; 1639e(k); 28 U.S.C. 2461 note; 31 U.S.C. 5321; and 42 U.S.C. 4012a.

2. Section 263.65 is revised to read as follows:

#### **§ 263.65 Civil money penalty inflation adjustments.**

(a) Inflation adjustments. In accordance with the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015, which further amended the Federal Civil Penalties Inflation Adjustment Act of 1990, the Board has set forth in paragraph (b) of this section the adjusted maximum amounts for each civil money penalty provided by law within the Board's jurisdiction. The authorizing statutes contain the complete provisions under which the Board may seek a civil money penalty. The adjusted civil money penalties apply only to penalties assessed on or after **[INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER]**, whose associated violations occurred on or after November 2, 2015.

(b) Maximum civil money penalties. The maximum (or, in the cases of 12 U.S.C. 334 and 1832(c), fixed) civil money penalties as set forth in the referenced statutory sections are set forth in the table in this paragraph (b).

Table 1 to Paragraph (b)

<b>Statute</b>		<b>Adjusted civil money penalty</b>
<b>12 U.S.C. 324</b>		
	<i>Inadvertently late or misleading reports, inter alia</i>	\$4,098
	<i>Other late or misleading reports, inter alia</i>	\$40,979
	<i>Knowingly or reckless false or misleading reports, inter alia</i>	\$2,048,915
<b>12 U.S.C. 334</b>		\$297
<b>12 U.S.C. 374a</b>		\$297
<b>12 U.S.C. 504</b>		
	<i>First Tier</i>	\$10,245
	<i>Second Tier</i>	\$51,222
	<i>Third Tier</i>	\$2,048,915
<b>12 U.S.C. 505</b>		
	<i>First Tier</i>	\$10,245
	<i>Second Tier</i>	\$51,222
	<i>Third Tier</i>	\$2,048,915
<b>12 U.S.C. 1464(v)(4)</b>		\$4,098
<b>12 U.S.C. 1464(v)(5)</b>		\$40,979
<b>12 U.S.C. 1464(v)(6)</b>		\$2,048,915
<b>12 U.S.C. 1467a(i)(2)</b>		\$51,222
<b>12 U.S.C. 1467a(i)(3)</b>		\$51,222
<b>12 U.S.C. 1467a(r)</b>		
	<i>First Tier</i>	\$4,098
	<i>Second Tier</i>	\$40,979
	<i>Third Tier</i>	\$2,048,915
<b>12 U.S.C. 1817(j)(16)</b>		
	<i>First Tier</i>	\$10,245
	<i>Second Tier</i>	\$51,222
	<i>Third Tier</i>	\$2,048,915

<b>Statute</b>		<b>Adjusted civil money penalty</b>
<b>12 U.S.C. 1818(i)(2)</b>		
	<i>First Tier</i>	\$10,245
	<i>Second Tier</i>	\$51,222
	<i>Third Tier</i>	\$2,048,915
<b>12 U.S.C. 1820(k)(6)(A)(ii)</b>		\$337,016
<b>12 U.S.C. 1832(c)</b>		\$2,976
<b>12 U.S.C. 1847(b)</b>		\$51,222
<b>12 U.S.C. 1847(d)</b>		
	<i>First Tier</i>	\$4,098
	<i>Second Tier</i>	\$40,979
	<i>Third Tier</i>	\$2,048,915
<b>12 U.S.C. 1884</b>		\$297
<b>12 U.S.C. 1972(2)(F)</b>		
	<i>First Tier</i>	\$10,245
	<i>Second Tier</i>	\$51,222
	<i>Third Tier</i>	\$2,048,915
<b>12 U.S.C. 3110(a)</b>		\$46,825
<b>12 U.S.C. 3110(c)</b>		
	<i>First Tier</i>	\$3,747
	<i>Second Tier</i>	\$37,458
	<i>Third Tier</i>	\$1,872,957
<b>12 U.S.C. 3909(d)</b>		\$2,549
<b>15 U.S.C. 78u-2(b)(1)</b>		
	<i>For a natural person</i>	\$9,639
	<i>For any other person</i>	\$96,384
<b>15 U.S.C. 78u-2(b)(2)</b>		
	<i>For a natural person</i>	\$96,384
	<i>For any other person</i>	\$481,920
<b>15 U.S.C. 78u-2(b)(3)</b>		
	<i>For a natural person</i>	\$192,768
	<i>For any other person</i>	\$963,837
<b>15 U.S.C. 1639e(k)(1)</b>		\$11,767
<b>15 U.S.C. 1639e(k)(2)</b>		\$23,533
<b>42 U.S.C. 4012a(f)(5)</b>		\$2,226

By order of the Board of Governors of the Federal Reserve System, under  
delegated authority, January 6, 2020.

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Margaret McCloskey Shanks,  
Deputy Secretary of the Board  
*Billing*

*Code:*

*6210-01-P*

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