

Banking and Finance Law Daily Wrap Up, OVERSIGHT AND INVESTIGATION—Senate Banking Committee Democrats seek answers regarding FDIC hiring freeze on bank examiners, (Feb. 12, 2025)

Banking and Finance Law Daily Wrap Up

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In their letter to the FDIC Inspector General, the senators note that the FDIC reportedly is rescinding “more than 200 job offers” to bank examiners and that this may threaten “the safety and soundness of the banking system and pose risks to the Deposit Insurance Fund.”

Four Democrats serving on the Senate Committee on Banking, Housing, and Urban Affairs have joined together to transmit a letter to the Federal Deposit Insurance Corporation’s Office of Inspector General (OIG), requesting that the OIG “conduct an evaluation to determine whether the Acting Chairman’s reported decision to rescind more than 200 job offers to bank examiners threatens the stability of the banking system by undermining the agency’s efforts to address the severe understaffing that has plagued its bank examiner workforce.” The Feb. 10, 2025, [letter](#) is signed by Sen. Elizabeth Warren (D-Mass.), Ranking Member of the Senate Banking Committee, along with three other committee members: Raphael Warnock (D-Ga.), Chris Van Hollen (D-Md.), and Lisa Blunt Rochester (D-Del.).

Lesson learned from Signature Bank’s failure. The legislators pointed out in their letter that the FDIC OIG “previously concluded that staffing shortages in the agency’s New York Regional Office were one of two ‘primary causes for delays in supervisory activities’ related to Signature Bank’s failure in March 2023, and staffing issues across the agency constitute a top management and performance challenge” (see *Banking and Finance Law Daily*, [Mar. 13, 2023](#), and [Oct. 25, 2023](#)). According to the four Senate Democrats, the “lesson learned in this case was that a shortage of cops on the beat can threaten the safety and soundness of the banking system and pose risks to the Deposit Insurance Fund.”

Understaffing of FDIC examiners. Observing that the “FDIC was the primary federal regulator of Signature Bank” and that “post-mortem reviews found a series of supervisory failures,” the senators’ letter emphasizes that: (i) the FDIC OIG previously identified “staffing weaknesses” as the agency’s top management and performance challenge in 2024; (ii) the FDIC’s Board of Directors then unanimously approved a new budget that included a “material increase in examiner positions” in response to “audit findings and the lessons learned from the three large bank failures in early 2023;” and (iii) by the beginning of the new year in 2025, the FDIC had authorized examiner positions and extended many “job offers to examiners that had not yet been onboarded.”

Hiring freeze. Against this backdrop, on Jan. 20, 2025, President Donald Trump signed an Executive Order instituting a hiring freeze on all federal civilian employees. Shortly afterward, “the *Washington Post* reported that the FDIC’s Acting Chairman rescinded more than 200 job offers to bank examiners,” the letter states.

Next steps. “It is unclear whether the FDIC believes it is legally subjected to the Executive Order or if the Acting Chairman is voluntarily complying,” the senators wrote. Arguing that any rescinded job offers to these potential bank examiners pose a threat to the safety and soundness of the U.S. banking system and a risk to the Deposit Insurance Fund, the senators’ letter to the FDIC’s Inspector General maintains that “an evaluation by your office would be consistent with your mission to ‘promote economy, efficiency and effectiveness’ at the Agency.”

Along these lines, the Senate Banking Committee Democrats ask the OIG to determine whether the FDIC Acting Director’s reported rescission of job offers to bank examiners “undermines progress on the FDIC OIG’s previous recommendations to the agency.”

Companies: Signature Bank

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