

Federal Housing Finance Board

§ 908.4

or with one or more others, that causes directly or indirectly, counsels, participates in, or otherwise furthers, aids or abets a violation of the Act, other applicable law, regulation, or order of the Finance Board.

§ 908.3 Rules of construction.

For purposes of this part—

(a) Any term in the singular includes the plural and the plural includes the singular, if such use would be appropriate;

(b) Any use of a masculine, feminine, or neuter gender encompasses all three, if such use would be appropriate; and

(c) Unless the context requires otherwise, a party's representative of record, if any, may, on behalf of that party, take any action required to be taken by the party.

Subpart B—Scope and Authority— Enforcement Proceedings

§ 908.4 Cease and desist proceedings.

(a) *Notice of charges—(1) Grounds.* The Finance Board may issue and serve a notice of charges upon a Bank or any executive officer or director of a Bank if the Finance Board determines that such party is engaging or has engaged in, or, if the Finance Board has reasonable cause to believe is about to engage in:

(i) An unsafe or unsound practice in conducting the business of the Bank;

(ii) Any conduct that violates any provision of the Act or any applicable law, order, rule or regulation; or

(iii) Any conduct that violates any condition imposed in writing by the Finance Board in connection with the granting of any application or other request by the Bank, or any written agreement between the Bank and the Finance Board.

(2) *Content of notice of charges.* A notice of charges shall contain a statement of the facts constituting the alleged conduct or violation and otherwise shall conform to the requirements set forth in § 908.40.

(b) *Cease and desist order—(1) Issuance of order.* An order to cease and desist shall be issued in writing and only after the respondent has been given the opportunity for a hearing on the record in accordance with the requirements

set forth in § 908.9. If the Board of Directors finds, based on the record of the hearing, that any conduct or violation specified in the notice of charges has been established or if a respondent consents (or is deemed to have consented pursuant to § 908.43), the Board of Directors may issue and serve upon the respondent an order requiring the respondent to cease and desist from any such practice, violation or conduct, to take affirmative action to correct or remedy the conditions resulting from any such practice, violation or conduct, or to comply with such limitations on activities or functions as may be prescribed therein.

(2) *Affirmative action.* The authority of the Board of Directors to issue and serve a cease and desist order that requires a respondent to take affirmative action to correct or remedy any conditions resulting from any violation or practice with respect to which such order is issued includes the authority to require a respondent to—

(i) Make restitution or provide reimbursement, indemnification, or guarantee against loss if—

(A) The respondent was unjustly enriched in connection with the violation, conduct or practice described in the order; or

(B) The violation, conduct or practice involved a reckless disregard for the law or any applicable regulations or prior order of the Finance Board;

(ii) Restrict the growth of the Bank;

(iii) Dispose of any loan or asset involved;

(iv) Rescind any agreement or contract;

(v) Employ qualified officers or employees (who may be subject to approval by the Finance Board, as directed by the Finance Board); and

(vi) Take such other action as the Finance Board determines to be appropriate.

(3) *Authority to limit activities.* The authority of the Board of Directors to issue and serve a cease and desist order includes the authority to place limitations on the activities or functions of a respondent.

(c) *Effective date of order.* An order issued under paragraph (b) of this section shall become effective upon the