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FDIC Continues to Police Crypto Industry for Deposit Insurance Claims



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We have [reported previously](#) regarding the FDIC's efforts to better police representations regarding deposit insurance, including when the FDIC issued [an advisory](#) regarding [deposit insurance and the crypto industry](#) last summer, and also when the FDIC published [an updated rule](#) in May 2022 regarding false advertising and misrepresentations, with support from the [Federal Reserve and the Consumer Financial Protection Bureau](#).

This past week, the FDIC continued its work to ensure that the public is not misled regarding deposit insurance by [reporting](#) on a series of cease and desist demands it sent to two financial institutions and two websites that misrepresented the applicability of deposit insurance to their own products and to crypto, in general. One of the recipients of the FDIC letter is a [crypto exchange](#) making representations that deposit insurance covered fiat currency amounts held by the exchange, and the other company [is a fintech that offers a savings product similar to a certificate of deposit](#) that did not clearly identify the FDIC institution involved to provide deposit insurance and misrepresented the extent to which deposit insurance applies. With respect to the websites receiving the cease and desist letters, each website (see letters [here](#) and [here](#)) published articles regarding the very crypto exchange that also received a cease and desist letter, thereby perpetuating the impression that the crypto exchange itself was able to provide deposit insurance, even though it is not an insured depository institution.
