Federal Agency Enforcement Actions: What Every Business Needs to Know

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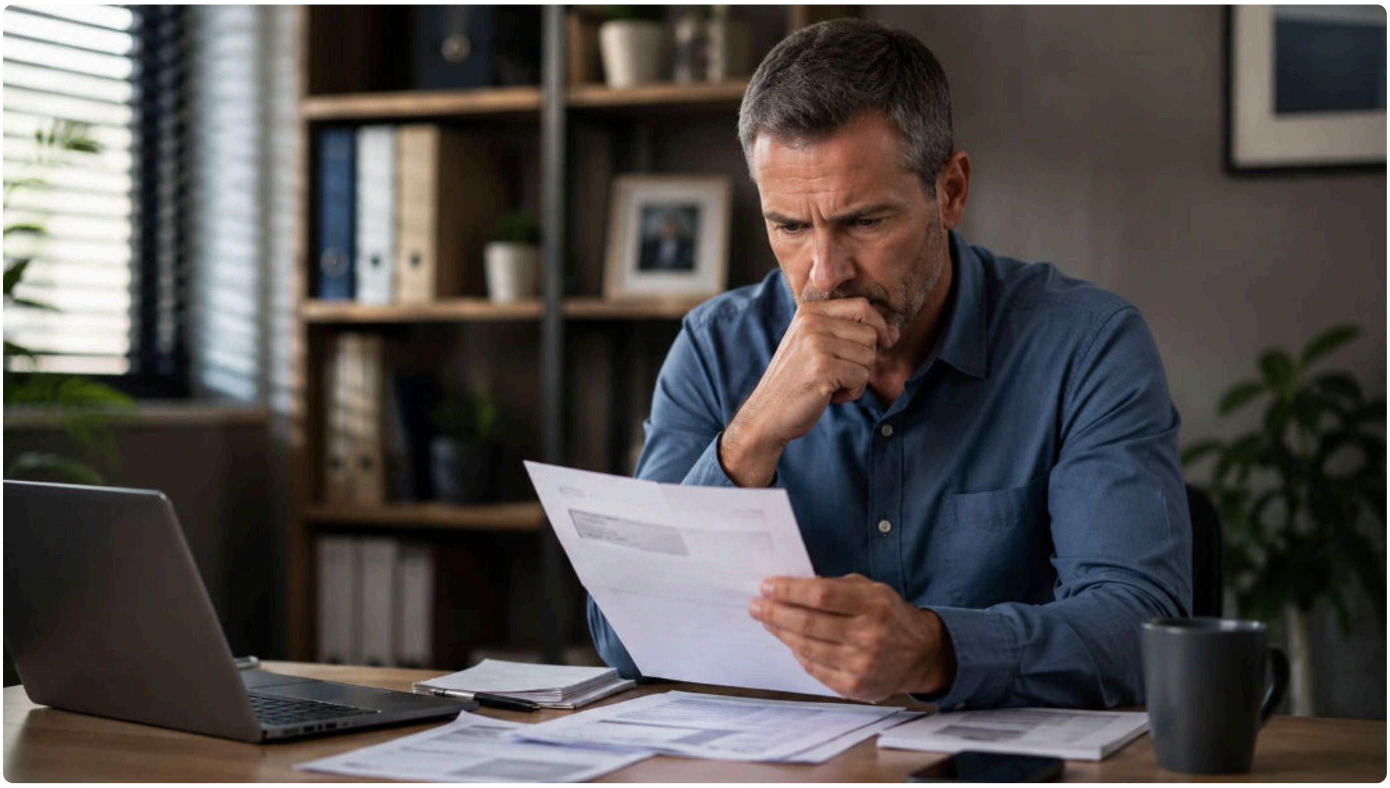


Receiving a letter from a federal agency is a stressful moment for any business. What matters most is how the company responds: a measured, strategic response is far more effective than decisions made in panic, which can turn a difficult situation into a worse one.

Federal enforcement actions touch nearly every industry. From a small restaurant facing labor violations to a tech startup fielding privacy complaints, no business is immune when a federal agency believes the rules have been broken. Company size offers no protection—a family-owned business can face the same scrutiny as a Fortune 500 company if the alleged violations fall under federal jurisdiction.

A thoughtful response matters beyond avoiding penalties. How you handle an enforcement action affects your company's reputation, employee morale, and future regulatory relationships. Companies that respond professionally often resolve matters faster and with less disruption, and they build credibility with regulators that can matter in later interactions.

In our experience guiding businesses through federal enforcement actions, responses tend to fall into two categories. Reacting in crisis mode often leads to prolonged investigations and higher penalties, while treating enforcement as a serious but manageable challenge produces better outcomes. The difference comes down to having a clear response plan and professional guidance.

What Is a Federal Enforcement Action?

Federal enforcement actions are official steps government agencies take when they believe a company violated federal law. These can include:

- Requests for information or documents
- Formal investigations with subpoenas
- Administrative hearings

- Civil lawsuits
- Settlement negotiations
- Corrective orders requiring changes to business practices

Think of enforcement as the government's way to keep markets fair, protect consumers, and ensure companies follow the rules that apply to their industries.

Which Agencies Might Contact Your Business?

Financial Services Regulators

FDIC - Oversees insured banks and credit unions

- Focus areas: Fair lending, customer disclosures, cybersecurity
- Common actions: Consent orders, civil money penalties

SEC - Securities and Exchange Commission

- Focus areas: Accurate financial disclosures, investor protection
- Recent trend: Record $8.2 billion in penalties in 2024, even with fewer cases
- Note: SEC whistleblower programs offer rewards for reporting violations

OCC - Office of the Comptroller of the Currency

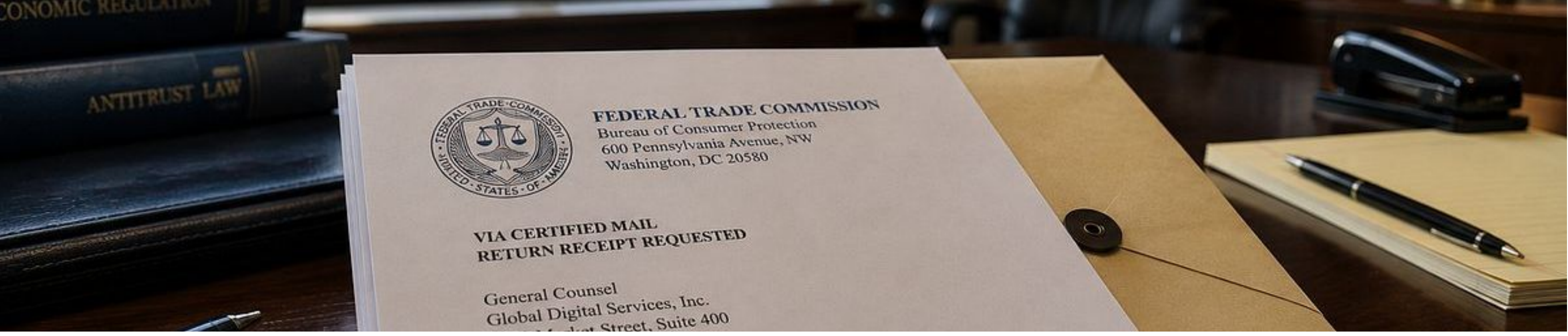
- Oversees national banks, often working with FDIC
- Similar focus areas to FDIC

CFPB - Consumer Financial Protection Bureau

- Focus areas: Consumer lending, fees, customer service
- Regularly takes action against both small and large financial companies

NCUA - National Credit Union Administration

- Focus areas: Credit union cybersecurity, lending practices, member protection



Consumer Protection

FTC - Federal Trade Commission

- Focus areas: Privacy, data security, unfair business practices, competition
- Recent actions: Privacy cases against Disney and other major brands
- Also challenges mergers and "junk fees"

Environmental and Healthcare

EPA - Environmental Protection Agency

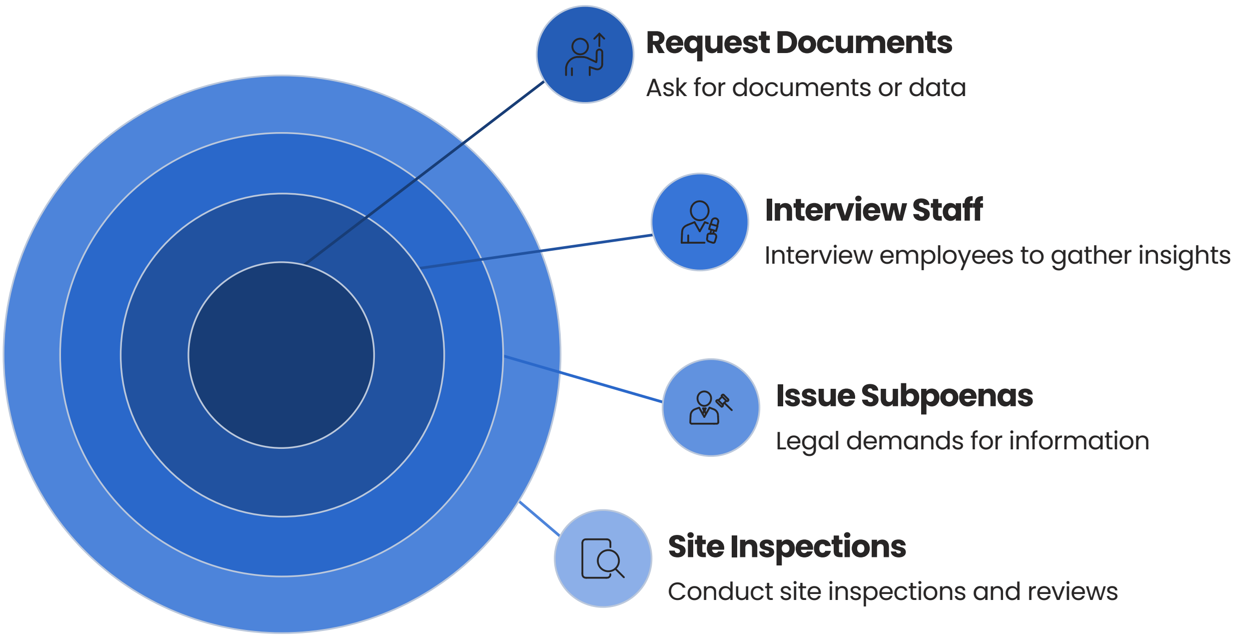
- Focus areas: Air and water quality, chemical safety, environmental justice
- Tools: Inspections, violation notices, cleanup orders

HHS Office of Inspector General and other OIGs

- Focus areas: Healthcare fraud, grant misuse, kickbacks
- Often work with DOJ on criminal cases

How Enforcement Actions Usually Start

Most enforcement matters begin quietly with simple requests for information. Agencies might:



Many investigations end at this stage if companies can show they're following the law or quickly fix minor problems.

What You Should Do If You Get an Enforcement Notice

Step 1: Don't Panic, But Act Quickly

- Read the notice carefully to understand what's being investigated
- Note all deadlines
- Don't ignore it or hope it goes away

Step 2: Preserve All Related Documents

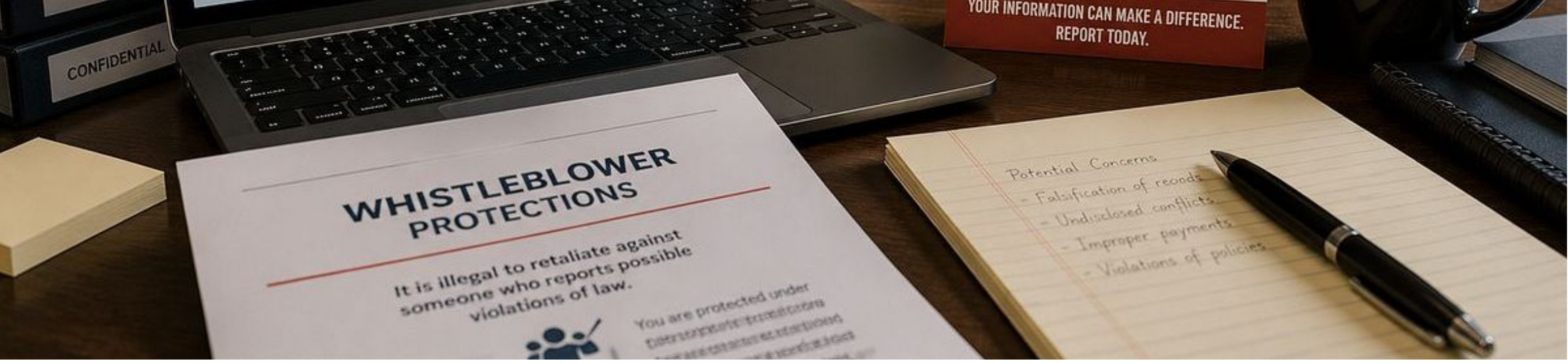
- Stop any automatic deletion of emails or files
- Tell employees not to delete anything related to the investigation
- Create a list of where relevant documents are stored
- This prevents accusations of destroying evidence

Step 3: Get Legal Help

- Find a lawyer experienced with the specific agency involved
- Don't try to handle complex enforcement actions alone
- Good legal help early can prevent bigger problems later

Step 4: Investigate Internally

- Figure out what actually happened
- Interview relevant employees
- Review your policies and how they're actually followed
- If you find problems, start fixing them immediately



Step 5: Communicate Professionally

- Designate one person to communicate with the agency
- Be responsive to deadlines and requests
- Consider whether voluntary disclosure of problems might help
- Work toward settlement terms that include meaningful improvements

Understanding Whistleblower Programs

Many enforcement actions start with tips from employees or former employees. Several agencies offer financial rewards for reporting violations:

- SEC: Up to 30% of penalties recovered
- DOJ: Enhanced rewards for cartel and antitrust violations
- IRS, CFTC, OSHA: Various reward programs

What this means for your business:

- Strong internal complaint systems can catch problems before employees go to agencies
- Address employee concerns promptly and fairly
- Create a culture where people feel comfortable reporting issues internally

How to Avoid Enforcement Actions

Build Strong Compliance Programs

- Get leadership commitment to following the law
- Regularly assess your business risks
- Create written policies and train employees
- Monitor compliance and fix problems quickly
- Report to your board or senior management regularly

Specific Tips by Agency Focus

For FTC compliance:

- Map what personal data you collect and how you use it
- Be truthful in privacy policies and marketing
- Implement strong data security measures
- Honor promises made to customers
- Fix privacy or security issues immediately

For financial regulators:

- Ensure fair lending practices
- Provide accurate disclosures to customers
- Manage third-party vendor risks
- Maintain strong cybersecurity
- Keep detailed records

For EPA compliance:

- Understand environmental regulations affecting your industry
- Conduct regular compliance audits
- Address violations promptly
- Consider environmental impact in business decisions

Current Enforcement Trends to Watch

DOJ Priorities Have Shifted

In 2025, the Department of Justice temporarily paused some Foreign Corrupt Practices Act (FCPA) enforcement, then reinstated it with new focus on:

- Transnational criminal organizations
- Protecting U.S. business interests internationally

Corporate Transparency Act: Requirements Narrowed for Domestic Companies

In March 2025, FinCEN issued an interim final rule that removed beneficial ownership information (BOI) reporting requirements for U.S. domestic reporting companies. The Treasury Department suspended enforcement and will not impose penalties against domestic reporting companies or U.S. persons for failing to file. Only foreign reporting companies—entities formed abroad and registered to do business in the United States—remain obligated to report.

Who must file: Foreign reporting companies (entities formed abroad and registered to do business in the U.S.); domestic reporting companies and U.S. persons are exempt **What to file:** Information about who really owns and controls the company **Ongoing requirement:** Update filings when ownership changes

International Considerations

If your business operates globally, understand that:

- U.S. agencies increasingly coordinate with foreign regulators
- An enforcement action in one country can trigger investigations elsewhere
- European data protection authorities, UK regulators, and Asian agencies often share information with U.S. counterparts

Common Questions

What happens if we get a subpoena? Treat it seriously—it's a legal requirement, not a request. Get legal help immediately to ensure proper response within required timeframes.

Should we settle or fight? This depends on many factors including the strength of the agency's case, potential penalties, business impact, and cost of litigation. Most businesses find negotiated settlements preferable to lengthy court battles.

How much do enforcement actions typically cost? Costs vary widely. In 2024, DOJ's Fraud Section alone recovered $2.306 billion from corporate cases. Even "minor" violations can result in six-figure penalties plus legal fees.

Can employees really get paid for reporting violations? Yes. Whistleblower programs have paid out hundreds of millions in rewards. The record SEC whistleblower award was approximately $279 million, awarded in 2023.

The Bottom Line

Federal enforcement actions are a reality of doing business, but they don't have to be catastrophic. The key is preparation:

- Build compliance into your business operations
- Train employees on relevant laws and regulations

- Address problems quickly when they arise
- Get professional help when facing enforcement actions
- Learn from the experience to prevent future issues

Remember: Agencies prefer working with companies that take compliance seriously and respond professionally to enforcement actions.

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