



## So You've Received a Consent Order—Now What?

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If your firm has been subject to a regulatory enforcement action or received a consent order, responding to a consent order swiftly and strategically is essential. Regulators expect a clear plan that shows your firm understands what went wrong—and how it will fix the issues. Whether you are a compliance manager, chief risk officer, general counsel, or chief executive officer, you should be aware of what is needed to respond appropriately. Done correctly, a strong consent order response can minimize financial penalties and protect your firm's reputation.

Below, we outline the key steps firms should take after receiving a consent order, and how third-party advisors like K2 Integrity can support organizations at every stage—from remediation to long-term regulatory compliance and risk management.

### What Is a Consent Order?

A consent order is a formal agreement with a regulator that typically outlines compliance failures and mandates specific corrective actions within defined timelines. These actions are nonnegotiable and must be addressed thoroughly to avoid further regulatory enforcement action.

### Immediate Steps to Take

- **Assemble a Response Team:** Organize a cross-functional team that includes senior managers from departments involved in the order, and any other subject-matter experts (SMEs) needed to provide insights into the relevant compliance issues.
- **Review the Order Thoroughly:** Conduct a detailed review of the consent order's findings and deadlines. Clarify expectations, identify any ambiguities, and note areas that may require negotiation. If any of the relevant issues were self-identified or have already been partially remediated, note that in the response.
- **Engage External Experts If Needed:** In many cases, the regulator expects independent oversight or input. Identify qualified third parties, like K2 Integrity, who can create remediation plans and support remediation efforts, either through advisory or implementation roles.
- **Draft and Submit a Response:** The response should acknowledge the issues, describe any immediate actions taken, and commit to a robust remediation plan. A transparent and proactive tone can go a long way toward building trust with regulators.

Below, we highlight some of the key elements of an effective remediation execution.

#### Executing an Effective Remediation

Responding to a consent order can be daunting, and many firms are finding creating and executing a remediation plan effectively and timely to be challenging. Each institution faces unique risks that will impact the tasks required to remediate compliance failures. Successful organizations do the following:

- **Build a Suitable Remediation Team:** Identify appropriate team members to lead, oversee, and execute the remediation plan. Where needed, seek suitable third parties to assist or advise on remediation efforts.
- **Create an Effective Remediation Action Plan:** Ensure your remediation action plan includes discrete, actionable tasks with clear owners, target dates, and dependencies. Define milestones, resource needs, and contingency measures within the action plan and regularly discuss progress and issues and adjust as needed.
- **Apply Proper Governance and Controls:** Clearly define roles and responsibilities for executing, validating, and overseeing remediation tasks. Ensure that remediation efforts are sufficiently documented and regularly reported to stakeholders.
- **Set the Tone from the Top:** Communicate clearly and confidently to staff regarding the consent order, and reassure staff that efforts are being made to meet regulatory compliance and risk management obligations in a controlled and intentional manner.
- **Define a Communication Strategy:** Create a process to keep all staff informed on the remediation process. This can foster a sense of security and assurance among employees that the situation is being effectively managed.

- **Ensure Consistent Planning:** Constantly evaluate the action plan during the remediation and make necessary adjustments. Promptly discuss emerging risks, what can be done to minimize the likelihood of their occurrence, and how to respond if the risk does occur.
- **Seek Advice:** Engage relevant stakeholders early and often throughout the remediation and seek an experienced, knowledgeable, and skilled external advisor to assist with remediation planning.
- **Exhibit Honesty and Openness:** Be open and honest regarding compliance failures with yourself, the regulator, and trusted advisors.
- **Plan for the Unexpected:** Build in additional time and budget to address unknown risks and identify external vendors who may be able to address emerging risks promptly.
- **Build Trust:** Building trust between all parties involved in the remediation (including both internal and external parties) will increase the likelihood of its success. Trust can be built by communicating openly and respectfully and by setting realistic expectations for parties executing the remediation plan. Withholding information from key stakeholders and failing to communicate expectations may break down trust among team members.

#### Avoiding Future Enforcement Actions

Being the subject of a regulatory enforcement action or receiving a regulatory consent order can have substantial implications and be costly for any institution. Firms focusing on regulatory risk management look to identify, assess, and mitigate compliance risks before they occur or before they are significant enough to prompt regulatory action. Taking initiative to self-identify and address compliance risks can be cost-effective in the longer term by helping to avoid the expense and reputational cost of an enforcement action and/or consent order.

One key characteristic of regulatory risk management is exercising proactive strategies to identify and address compliance risks before they become unmanageable. Some steps that organizations can take include:

- Implement proper compliance controls to flag issues early.
- Continuously train and educate teams on new compliance risks, trends, and regulatory updates.
- Budget for unplanned expenses to immediately address emerging compliance risks.
- Seek external vendors to assist in addressing unplanned emerging risks or unusual backlogs.
- Involve third parties to perform annual or bi-annual reviews of your compliance program.

#### Where K2 Integrity Can Help

K2 Integrity supports clients at every stage of the regulatory lifecycle—from urgent consent order responses to long-term program enhancement. Our team helps design and execute remediation plans, assess root causes, validate corrective actions, and strengthen risk management frameworks.

We also work with firms that haven't received a consent order but want to stay ahead of enforcement trends through preemptive reviews and proactive compliance strategies.