

UNITED STATES OF AMERICA
CONSUMER FINANCIAL PROTECTION BUREAU

ADMINISTRATIVE PROCEEDING

File No. 2015-CFPB-0015

In the Matter of:

**Citibank, N.A.; Department Stores
National Bank; and Citicorp Credit
Services, Inc. (USA)**

CONSENT ORDER

The Consumer Financial Protection Bureau (Bureau) has reviewed the practices of Citibank, N.A. (Bank), Department Stores National Bank (DSNB), and Citicorp Credit Services, Inc. (USA) (CCSI USA) (collectively, Respondent) and has identified the following law violations: (1) deceptive acts or practices relating to the marketing and sale of, and membership retention for, certain Respondent credit card add-on products in violation of Sections 1031(a) and 1036(a)(1)(B) of the Consumer Financial Protection Act of 2010 (CFPA), 12 U.S.C. §§ 5531(a), 5536(a)(1)(B); (2) acts or practices relating to CCSI USA's telemarketing of certain Respondent credit card add-on products in violation of the Telemarketing Sales Rule, 16 C.F.R. §§ 310.3(a), 310.4(a)(7), and Section 1031 of the CFPA, 12 U.S.C. § 5531; (3) unfair acts or practices relating to the billing and administration of certain Respondent credit card add-on products in violation of Sections 1031(a) and 1036(a)(1)(B) of the CFPA, 12 U.S.C. §§ 5531(a), 5536(a)(1)(B); and (4) deceptive acts or practices relating to debt collection on delinquent DSNB Credit Card Accounts in violation of Sections 1031(a) and 1036(a)(1)(B) of the CFPA, 12 U.S.C.

§§ 5531(a), 5536(a)(1)(B). Under Sections 1053 and 1055 of the CFPA, 12 U.S.C. §§ 5563, 5565, the Bureau issues this Consent Order (Consent Order).

I

Overview

1. The Bureau finds that Respondent has engaged in violations of Sections 1031 and 1036 of the CFPA, 12 U.S.C. §§ 5531, 5536, in connection with the marketing and sales of, and membership retention for, Respondent's Covered Add-On Products (as defined below in Paragraphs 7 and 15).
2. The Bureau finds that CCSI USA has engaged in violations of the Telemarketing Sales Rule, 16 C.F.R. §§ 310.3(a) and 310.4(a)(7), and Section 1031 of the CFPA, in connection with the telemarketing and sales of Respondent's Covered Add-On Products on behalf of the Bank and DSNB.
3. The Bureau finds that Respondent has engaged in violations of Sections 1031 and 1036 of the CFPA in connection with its billing and administration of certain Credit Monitoring Products (as defined below in Paragraph 7), as well as in connection with its third-party service providers' billing and administration of other Credit Monitoring Products.
4. The Bureau finds that Respondent has engaged in violations of Sections 1031 and 1036 of the CFPA in connection with the assessment of an expedited telephone payment fee when collecting on delinquent DSNB Credit Card Accounts.

II

Jurisdiction

5. The Bureau has jurisdiction over this matter pursuant to Sections 1053 and 1055 of the CFPA, 12 U.S.C. §§ 5563, 5565, and 1100C of the CFPA, 15 U.S.C. § 6102(c)(2).

III

Stipulations

6. Respondent has executed a separate “Stipulation and Consent to the Issuance of a Consent Order” for the Bank, DSNB, and CCSI USA dated July 14, 2015 through July 16, 2015 (Stipulations), which are incorporated by reference and are accepted by the Bureau. By these Stipulations, Respondent has consented to the issuance of this Consent Order by the Bureau under Sections 1053 and 1055 of the CFPA, 12 U.S.C. §§ 5563, 5565, without admitting or denying any of the findings of fact or conclusions of law, except that Respondent admits the facts necessary to establish the Bureau’s jurisdiction over Respondent and the subject matter of this action.

IV

Definitions

7. The following definitions apply to this Consent Order:
 - a. “Add-On Product” means any consumer financial product or service, as defined by Section 1002(5) of the CFPA, 12 U.S.C. § 5481(5), which is or was offered to Cardholders as an optional addition to credit card accounts issued by Respondent.

- b. “Affected Customer” is any person who is an Affected Debt Protection Customer, an Affected DSNB Cardholder, an Affected Fulfillment Customer, an Affected IdentityMonitor Enrollment Customer, an Affected IdentityMonitor Retained Customer, an Affected Pre-2009 Debt Protection Customer, an Affected TCIM Customer, or an Affected Watch-Guard Preferred Customer.
- c. “Affected Debt Protection Customer” is any person who, on or after January 1, 2009, enrolled in:
 - i. a Debt Protection Product by telephone, except for such customers who submitted a claim for benefits pursuant to the respective product’s terms and conditions and were paid a benefit, or who signed and returned to Respondent an Acknowledgment of Membership form after enrollment; or
 - ii. Credit Protection at point-of-sale terminals or Balance Protector at point-of-sale terminals at specialty services desks, except for such customers who submitted a claim for benefits pursuant to the respective product’s terms and conditions and were paid a benefit, or who signed and returned to Respondent an Acknowledgment of Membership form after enrollment.
- d. “Affected DSNB Cardholder” is any DSNB Cardholder who, on or after January 1, 2009, paid an Expedited Payment Fee when their DSNB Credit Card Account was delinquent.
- e. “Affected Fulfillment Customer” is any person who was enrolled in a Credit Monitoring Product while Unfulfilled.

- f. “Affected IdentityMonitor Enrollment Customer” is any person who, on or after January 1, 2009, enrolled in:
 - i. IdentityMonitor by telephone, except for such IdentityMonitor customers who upgraded to triple bureau credit monitoring benefits and Affected TCIM Customers who receive redress under Paragraph 87; or
 - ii. IdentityMonitor using the IdentityMonitor website before April 1, 2012.
- g. “Affected IdentityMonitor Retained Customer” is any person who enrolled in IdentityMonitor on or after January 1, 2009 and called to cancel his or her product membership but whom Respondent retained, except for such IdentityMonitor customers who upgraded to IdentityMonitor’s triple bureau credit monitoring feature after the first such retention.
- h. “Affected Pre-2009 Debt Protection Customer” is any person who, between January 1, 2003 and December 31, 2008, enrolled in:
 - i. a Debt Protection Product by telephone; or
 - ii. Credit Protection at point-of-sale terminals.
- i. “Affected TCIM Customer” is any person who enrolled in:
 - i. IdentityMonitor by TCIM, Inc. through outbound telemarketing since November 1, 2005; or
 - ii. Watch-Guard Preferred by TCIM, Inc. through outbound telemarketing since June 1, 2008.
- j. “Affected Watch-Guard Preferred Customer” is any person who, on or after January 1, 2009, enrolled in Watch-Guard Preferred by telephone, except Affected TCIM Customers who receive redress under Paragraph 87.

- k. “Affinion” means “Affinion Group, Inc.” including its subsidiary, Trilegiant Corporation, as well as Affinion Group, Inc. and Trilegiant Corporation’s predecessors, successors, and assigns.
- l. “Bank” means Citibank, N.A., and its predecessors, successors, and assigns.
- m. “Board” means the Bank’s duly elected and acting Board of Directors.
- n. “Bureau” means the Consumer Financial Protection Bureau.
- o. “Cardholder” means any person who opened a consumer credit card account issued by Respondent, excluding accounts issued by any non-U.S. division, subsidiary, or branch of Respondent.
- p. “CCSI USA” means Citicorp Credit Services, Inc. (USA), and its predecessors, successors, and assigns.
- q. “Covered Add-On Product” means any of the seven Add-On Products described in Paragraph 15 below.
- r. “CPP” means CPP Holdings Limited and CPP North America, LLC, along with their predecessors, successors, and assigns, including Metris Companies, Inc., Metris Direct, Inc., Metris Warranty Services of Florida, Inc., and Metris Warranty Services, Inc.
- s. “Credit Monitoring Products” means Add-On Products “Privacy Guard,” “DirectAlert,” “IdentityMonitor,” and “Citi Credit Monitoring Service,” or any version thereof, which included credit monitoring or credit report retrieval services, among other benefits, and were marketed or sold to Cardholders.
- t. “Debt Protection Products” means Add-On Products “AccountCare,” “Balance Protector,” “Credit Protection,” “Credit Protector,” and “Payment Safeguard,” or any version thereof, which provided balance or payment cancellation

benefits, or deferral of the payment due date, among other benefits, and were marketed or sold to Cardholders.

- u. “DSNB” means Department Stores National Bank and its predecessors, successors, and assigns.
- v. “DSNB Cardholder” means any Cardholder who opened a DSNB Credit Card Account.
- w. “DSNB Credit Card Account” means a retailer-affiliated consumer credit card account issued by DSNB.
- x. “Effective Date” means the date on which the Consent Order is issued.
- y. “Expedited Payment Fee” means the fee charged to a DSNB Cardholder by Respondent to expedite a telephone payment, using funds drawn from the cardholder’s checking account, on their DSNB Credit Card Account so that the payment would post to the DSNB Credit Card Account on the same day it was made.
- z. “OCC Consent Order” means the consent order issued in July 2015 by the Comptroller of the Currency against the Bank and DSNB.
- aa. “Regional Director” means the Regional Director for the Northeast Region for the Office of Supervision for the Bureau, or that person’s delegate.
- bb. “Related Consumer Action” means a private action by or on behalf of one or more consumers or an enforcement action by another governmental agency brought against Respondent based on substantially the same facts as described in Section V of this Consent Order.
- cc. “Respondent” means the Bank, DSNB, and CCSI USA.

dd. “Service Provider” means any service provider, as defined in Section 1002(26) of the CFPA, 12 U.S.C. § 5481, that provides or provided services with respect to an Add-On Product, or services relating to the assessment of a fee to a Cardholder to expedite telephone payments during debt collection on a credit card account, pursuant to a contractual arrangement with Respondent.

ee. “Unfulfilled” means the status of a person who, at a given time, was billed for a Credit Monitoring Product but who, for any reason did not receive full credit monitoring or credit report retrieval services.

V

Bureau Findings and Conclusions

The Bureau finds the following:

8. The Bank is a national bank with approximately \$1.336 trillion in assets as of March 31, 2015.
9. The Bank is an insured depository institution with assets greater than \$10 billion within the meaning of 12 U.S.C. § 5515(a).
10. The Bank is a “covered person” as that term is defined by 12 U.S.C. § 5481(6).
11. DSNB is a subsidiary of the Bank and an “affiliate” of the Bank within the meaning of 12 U.S.C. § 5515(a).
12. DSNB is a “covered person” as that term is defined by 12 U.S.C. § 5481(6).
13. CCSI USA is a wholly-owned non-bank subsidiary of the Bank and an “affiliate” of the Bank within the meaning of 12 U.S.C. § 5515(a).

14. CCSI USA is a “covered person” as that term is defined by 12 U.S.C. § 5481(6).

Add-On Products Telemarketing

15. Respondent marketed and sold seven Covered Add-On Products to Cardholders:
- a. Debt Protection Products: AccountCare, Balance Protector, Credit Protection, Credit Protector, and Payment Safeguard (collectively, Debt Protection Products) each included balance or payment cancellation benefits, or deferral of the payment due date, on a covered credit card account if the Cardholder (or certain others) experienced a certain qualifying event. The event type determined the benefit type, duration of benefit, and benefit dollar amount. Qualifying events, which varied by product, included job loss, disability, hospitalization, and certain life events (e.g., marriage or divorce). Each product had a monthly fee determined by a percentage of the covered credit card account’s balance as of the billing cycle end-date, i.e., the balance displayed on the Cardholder’s monthly statement.
 - b. IdentityMonitor: IdentityMonitor purportedly provided credit monitoring and credit report retrieval services with fraud protection features. The primary benefits offered consisted of daily credit monitoring and alerts, along with credit reports and educational credit scores based on a member’s credit file maintained by one or three major consumer reporting agencies (or credit reporting companies). Credit

monitoring and credit report retrieval services were available from a single major credit reporting company by default, but members could upgrade for free to coverage from all three major credit reporting companies after enrollment. IdentityMonitor features also included, among others, identity theft expense reimbursement coverage up to \$25,000 (or \$10,000 in certain states) for a limited set of expenses incurred because of identity theft. IdentityMonitor generally cost \$1 for the first month and \$12.95/month thereafter. A different version of the product, which limited benefits to a single major credit reporting company's credit monitoring and credit report retrieval services, was available for \$6.95/month.

- c. Watch-Guard Preferred: Watch-Guard Preferred provided wallet protection services. It offered notification to credit and debit card issuers on behalf of the member if the member's cards were lost or stolen. It also offered, among other things, identity theft reimbursement coverage up to \$25,000 (or \$10,000 in certain states) and emergency cash advances (billed to a member's credit card) in the event of a lost or stolen card. Watch-Guard Preferred generally cost \$1 for the first month and \$8.95/month thereafter.
16. Respondent marketed the Covered Add-On Products through, among other channels, inbound and outbound telemarketing. CCSI USA and its Service Providers operated all telemarketing channels for the Covered Add-On Products on behalf of the Bank and DSNB.

17. From at least 2003 to August 2012, Respondent enrolled Cardholders in Debt Protection Products during telemarketing calls and in many cases misrepresented or omitted the costs, terms, benefits (or material limitations thereof) of the products, including by:
 - a. misrepresenting or omitting the cost of the Debt Protection Products;
Cardholders needed to have a zero dollar account balance at the end of their billing cycle to avoid the monthly fee, but Respondent told some Cardholders they could avoid a fee by paying their balance in full before the later-in-time monthly statement due date; Respondent also failed to inform some Cardholders of the actual cost when they expressed an incorrect belief that the product would have no cost if they fully paid off their monthly statement account balance before the payment due date;
 - b. misrepresenting the cost of Balance Protector in certain telemarketing scripts by claiming a blanket “free” 30-day trial period when Balance Protector members who did not cancel within the trial period were still charged for coverage during the initial 30 days of membership; and
 - c. failing to inform some Cardholders who had disclosed information indicating they would be ineligible for certain benefits of a Debt Protection Product of their ineligibility for those benefits.
18. From at least January 2009 to October 2012, Respondent enrolled Cardholders in IdentityMonitor during telemarketing calls and in many cases misrepresented or omitted the costs, terms, benefits (or material limitations thereof) of the product, including by:

- a. misrepresenting that IdentityMonitor provided fraud alert service on credit card accounts at the transaction level when it did not; instead it provided alerts to changes in a member's credit file maintained by the major credit reporting companies;
 - b. misrepresenting that IdentityMonitor's credit score benefit was "from all three credit reporting bureaus" when the credit scores were neither generated nor provided by Equifax, Experian, or TransUnion; instead another third-party vendor generated the score using as an input the consumer's credit files separately maintained at those credit reporting companies; and
 - c. omitting that IdentityMonitor cost \$12.95 per month after a 30-day trial period and that billing would continue until the Cardholder affirmatively cancelled when some Cardholders expressed an incorrect belief they could enroll for just 30 days for \$1 without further obligation.
19. From at least January 2009 to October 2012, CCSI USA enrolled many Cardholders in Covered Add-On Products during telemarketing calls:
- a. using leading questions to obtain billing authorization from Cardholders when soliciting them for Covered Add-On Products (except Credit Protection); and
 - b. without any billing authorization or by construing ambiguous responses to requests for billing authorization as permission for enrollment.
20. From at least January 2009 to October 2012, a number of employees of TCIM, Inc. (TCIM), a CCSI USA Service Provider, intentionally and systematically misrepresented product terms and conditions to

Cardholders located in certain states during outbound telemarketing on Respondent's behalf by:

- a. knowing, in advance of call placement, which calls Respondent's third-party quality assurance Service Provider would later review in their entirety;
 - b. for calls that TCIM knew would not later be reviewed in their entirety, encouraging telemarketing agents to create their own solicitation scripts and use them on live calls when they were known to contain material misrepresentations about product benefits; and
 - c. failing to take appropriate corrective action when employees made material misrepresentations that were known to TCIM management.
21. Respondent's compliance monitoring, vendor management, and quality assurance functions failed to prevent, identify, or correct this conduct.

**CFPA Deceptive Acts or Practices
in the Telemarketing of Covered Add-On Products**

22. Sections 1031 and 1036 of the CFPA prohibit "unfair, deceptive, or abusive" acts or practices. 12 U.S.C. §§ 5531, 5536(a)(1)(B).
23. As described in Paragraphs 17, 18, and 20, in connection with the telemarketing, offering for sale, or sale of Covered Add-On Products, in numerous instances, Respondent misrepresented or omitted the costs, terms, or benefits (or material limitations thereof) of the Covered Add-On Products.
24. The statements and omissions described in Paragraphs 17, 18 and 20 were misleading and related to material terms. Thus, Respondent's representations

and omissions, as described in Paragraphs 17, 18, and 20 constitute deceptive acts or practices in violation of Sections 1031(a) and 1036(a)(1)(B) of the CFPA, 12 U.S.C. §§ 5531(a), 5536(a)(1)(B).

TSR Violations
in the Telemarketing of Covered Add-On Products

25. Title 16 of the Code of Federal Regulations, Part 310 prohibits telemarketers from:
 - a. failing to disclose, truthfully and in a clear and conspicuous manner, before a consumer consents to pay for goods or services offered, or by misrepresenting, directly or by implication, (1) the total costs to purchase, receive, or use, and the quantity of, any goods or services that are the subject of the sales offer, or (2) material restrictions, limitations, or conditions to purchase, receive, or use the goods or services that are the subject of the sales offer, 16 C.F.R. § 310.3(a)(1) to (2);
 - b. misrepresenting “any material aspect of the performance, efficacy, nature, or central characteristics of goods or services that are the subject of a sales offer,” 16 C.F.R. § 310.4(a)(2)(iii); and
 - c. causing billing information to be submitted for payment during telemarketing without the express informed consent of the customer, 16 C.F.R. § 310.4(a)(7).
26. In connection with the telephone-based offer of Covered Add-On Products to Cardholders described in Paragraph 17, CCSI USA acted as a telemarketer, as defined by 16 C.F.R. § 310.2(cc), and conducted telemarketing, as defined by 16 C.F.R. § 310.2(dd).

27. The representations and omissions of CCSI USA described in Paragraphs 17, 18, and 20 violate 16 C.F.R. §§ 310.3(a)(1)(i) to (ii), 310.3(a)(2)(i) to (iii), and Section 1031 of the CFPA, 12 U.S.C. § 5531.
28. The conduct of CCSI USA described in Paragraph 19 violates 16 C.F.R. § 310.4(a)(7) and Section 1031 of the CFPA, 12 U.S.C. § 5531.

**Deceptive Acts or Practices
in the Online Marketing of IdentityMonitor**

29. From at least January 2009 to March 2012, Respondent marketed IdentityMonitor online through a product website that claimed IdentityMonitor provided daily credit monitoring with “Access to 3-in-1 credit reports, credit scores and monitoring from the 3 leading credit bureaus at no additional cost.”
30. As described in Paragraph 29, in connection with the advertising, marketing, promoting, offering for sale, or sale of IdentityMonitor, in numerous instances through April 1, 2012, Respondent represented, expressly or impliedly, that IdentityMonitor provided credit scores from the three leading credit reporting companies at no additional cost.
31. In fact, the credit scores provided to IdentityMonitor customers were not generated or provided by any of the three major credit reporting companies Equifax, Experian, or TransUnion. Instead, Respondent’s third-party vendor generated the credit scores by using as an input the consumer’s credit files separately maintained at the three major credit reporting companies. Thus, Respondent’s representations described in Paragraph 29 constitute deceptive

acts or practices in violation of sections 1031(a) and 1036(a)(1)(B) of the CFPA, 12 U.S.C. §§ 5531(a), 5536(a)(1)(B).

Unfair Acts or Practices
in the Billing of Credit Monitoring Products

32. From at least 2000 to 2005, Respondent marketed and sold Affinion's Privacy Guard and CPP's DirectAlert to Cardholders.
33. Affinion also marketed and sold Privacy Guard to Cardholders and performed the servicing and billing for the product pursuant to agreements with Respondent; CPP similarly marketed and sold DirectAlert to Cardholders and performed the servicing and billing for that product pursuant to product agreements with Respondent.
34. The Fair Credit Reporting Act, 15 U.S.C. § 1681b, required a "permissible purpose" for third-parties to obtain Cardholders' credit information from the credit reporting companies so as to provide the credit monitoring and credit report retrieval services. Among other reasons, a credit reporting company may release a credit report in accordance with a consumer's "written instructions." 15 U.S.C. § 1681b(a)(2).
35. Before Respondent or its Service Providers could access the Cardholders' credit reports and provide credit monitoring services to Cardholders enrolled in Privacy Guard or DirectAlert, Respondent or its Service Providers were required to obtain sufficient written authorization and personal verification information from the Cardholders.
36. In many cases, however, time passed before a Cardholder's authorization was obtained, or a Cardholder's authorization was never

obtained. In other instances, Cardholders provided their authorization, but one or more credit reporting companies could not process the authorization if they were unable to match the Cardholder's identification information with the agency's own records. In these circumstances, from at least 2000 to approximately September 2012 for Privacy Guard, and from at least 2002 to approximately February 2013 for DirectAlert, the Cardholders were billed the full fee for these products even when they were not receiving all of the purchased credit monitoring or credit report retrieval benefits.

37. From at least 2005 to 2013, Respondent marketed and sold IdentityMonitor to Cardholders. It also marketed and sold Citi Credit Monitoring Service from at least 2005 to January 2008, before it sold the product portfolio to a third-party vendor.
38. A third-party vendor performed the servicing for IdentityMonitor and Citi Credit Monitoring Service pursuant to agreements with Respondent.
39. In many cases, due to various service delivery errors preventing benefits activation and fulfillment, Cardholders were billed the full fee for IdentityMonitor or Citi Credit Monitoring Service even when they were not receiving some or all of the credit monitoring or credit report retrieval benefits.
40. Respondent's compliance monitoring, vendor management and quality assurance failed to prevent, identify, or correct in a timely manner the billing for Credit Monitoring Product services that were not fully provided.

41. The billing of Credit Monitoring Products fees and acceptance of payments of such fees while failing to provide full credit monitoring and credit report retrieval services offered has resulted in substantial injury to approximately 2,159,000 Cardholder accounts from the time of each product's inception through the Effective Date in the amount estimated to be \$196,811,000. These injuries were not reasonably avoidable by consumers and are not outweighed by any countervailing benefit to the consumers or to competition.
42. By reason of these billing practices, as described in Paragraphs 32 to 41, Respondent engaged in unfair acts or practices in violation of Sections 1031(a) and 1036(a)(1)(B) of the CFPA, 12 U.S.C. §§ 5531(a), 5536(a)(1)(B).

**Deceptive Acts or Practices
in the Point-of-Sale Marketing of
Credit Protection and Balance Protector**

43. Some consumers successfully applying for retailer-affiliated credit cards issued by Respondent were enrolled in Credit Protection at point-of-sale terminals or Balance Protector at point-of-sale terminals at specialty services desks, without adequate disclosure they had also purchased debt protection coverage for the newly obtained credit card accounts.
44. From at least 2008 to August 2012 for Credit Protection and January 2009 to August 2012 for Balance Protector, Respondent's improper sales marketing practices at point of sale included:
 - a. omitting material information regarding the benefits (or material limitations thereof), conditions, or restrictions of the debt protection

coverage during the pin-pad session before the customer could enroll in Credit Protection or Balance Protector;

- b. using a pin-pad screen sequence, with the debt protection offer occurring before the completion of the credit application, that conflated the two processes and increased the likelihood that consumers would not realize that they were both applying for credit and purchasing debt protection coverage;
 - c. using ambiguous text on the pin-pad offer screens that consumers could reasonably interpret to mean that they were acknowledging receipt of product literature instead of enrolling in debt protection coverage;
 - d. failing to format some confirmation screens to clearly and prominently notify the consumer of the debt protection purchase; and
 - e. failing to ensure in-store retail associates consistently provided the products' terms and conditions to the consumer before the pin-pad enrollment process concluded.
45. As described in Paragraph 44 in connection with the advertising, marketing, promoting, offering for sale, or sale of Credit Protection at point of sale and Balance Protector at point of sale at specialty services desks, Respondent in numerous instances misrepresented or omitted the costs, terms, or benefits (or material limitations thereof) of the products or did not adequately disclose that consumers had also purchased debt protection coverage for the newly obtained credit card account.

46. The representations, omissions, and practices of Respondent described in Paragraph 44 constitute deceptive acts or practices in violation of Sections 1031(a) and 1036(a)(1)(B) of the CFPA, 12 U.S.C. §§ 5531(a), 5536(a)(1)(B).

Deceptive Acts or Practices
in the Membership Retention of IdentityMonitor

47. From at least January 2009 to October 2012, consumers contacted Respondent over the telephone and sought to cancel their IdentityMonitor membership; many members did not cancel after Respondent misrepresented or omitted the costs, terms, or benefits (or material limitations thereof) of IdentityMonitor.
48. Respondent's improper retention practices included:
- a. offering a streamlined version of IdentityMonitor at a reduced price, i.e., a "downsell," and falsely stating that the member's benefits would not change or omitting that the downsell product had reduced benefits with the accompanying price decrease; and
 - b. misrepresenting the identity theft expense reimbursement benefit or omitting material limitations to the benefit provided.
49. As described in Paragraph 48, in connection with the advertising, marketing, promoting, offering for sale, and telephone-based retention of IdentityMonitor, Respondent in numerous instances misrepresented or omitted the terms or benefits (or material limitations thereof) of IdentityMonitor.

50. Respondent's representations and omissions described in Paragraph 48 constitute deceptive acts or practices in violation of Sections 1031(a) and 1036(a)(1)(B) of the CFPA, 12 U.S.C. §§ 5531(a), 5536(a)(1)(B).

Deceptive Acts or Practices
in the Assessment of the DSNB Credit Card Account
Expedited Telephone Payment Fee

51. DSNB issued retailer-affiliated general purpose and private label in-store credit card accounts (DSNB Credit Card Accounts).
52. DSNB's Service Provider performed collections on DSNB Credit Card Accounts delinquent for 90 days or less; DSNB directly performed collections on DSNB Credit Card Accounts delinquent for more than 90 days.
53. DSNB and its Service Provider generally charged DSNB Cardholders a \$14.95 fee to expedite a telephone payment made through a checking account so that payment would post to the DSNB Credit Card Account on the same day it was made (Expedited Payment Fee).
54. Since January 1, 2009, approximately 1,776,000 delinquent DSNB Cardholders collectively paid approximately \$23,860,000 to DSNB through the Expedited Payment Fee.
55. From at least January 2009 to March 2013, DSNB or its Service Provider in many instances:
- a. failed to disclose the purpose of the Expedited Payment Fee to DSNB Cardholders or, in the case of DSNB's Service Provider, also misrepresented the fee as a "processing" fee during collections calls;

- b. misrepresented in the written DSNB Credit Card Account agreement that the purpose of the fee was to allow payment by telephone, when the actual purpose was to post payment to the account on the same day it was made;
 - c. suggested to DSNB Cardholders that they pay by telephone (if the DSNB Cardholder had available funds in their checking account) and if the Cardholder agreed, set the payment to post to the account on the same day, thereby triggering the Expedited Payment Fee;
 - d. failed to disclose the existence of no-cost payment alternatives, including free options for next-day payment; and
 - e. charged the fee even though it was almost never in the DSNB Cardholder's financial interest to ensure same-day payment on their account.
56. As described in Paragraph 55, in connection with the imposition of Expedited Payment Fees during telephone calls with delinquent DSNB Cardholders and in the course of attempting to collect debt, DSNB and its Service Provider in numerous instances misrepresented or omitted material information regarding the Expedited Payment Fee.
57. DSNB's and its Service Provider's representations and omissions described in Paragraph 55 constitute deceptive acts or practices in violation of Sections 1031(a) and 1036(a)(1)(B) of the CFPA, 12 U.S.C. §§ 5531(a), 5536(a)(1)(B).

ORDER

VI

Conduct Provisions

IT IS ORDERED, under Sections 1053 and 1055 of the CFPA, that:

58. Respondent and its officers, agents, servants, employees, and attorneys who have actual notice of this Consent Order, whether acting directly or indirectly, may not violate, and must take reasonable measures to ensure that its Service Providers, affiliates, and other agents do not violate, Sections 1031 and 1036 of the CFPA, 12 U.S.C. §§ 5531, 5536, or the Telemarketing Sales Rule, 16 C.F.R. §§ 310.3(a), 310.4(a)(7), in connection with the advertising, marketing, promoting, offering for sale, selling, billing, or administration of any Add-On Product, the retention of members enrolled in any Add-On Product, or with charging Cardholders a fee to expedite telephone payment on a credit card account issued by Respondent.
59. Respondent must correct all violations of law, to the extent not already corrected, as described herein, and must implement procedures to prevent their recurrence.
60. Respondent and its officers, agents, servants, employees, and attorneys who have actual notice of this Consent Order, whether acting directly or indirectly, must discontinue the marketing and sale of all Add-On Products by telephone or at point of sale, or engaging in telephone-based membership retention for consumers enrolled in Add-On Products, and may not market or sell Add-On Products by telephone or at point of sale, or engage in telephone-based

membership retention for Add-On Products, without first securing a determination of non-objection from the Regional Director, as follows:

- a. Respondent must submit to the Regional Director an Add-On Product Compliance Plan, as described in Section VII of this Consent Order.
- b. The Regional Director has discretion to make a determination of non-objection to the Add-On Product Compliance Plan or to direct Respondent to revise it. If the Regional Director directs Respondent to revise the Add-On Product Compliance Plan, Respondent must make the revisions and resubmit the Add-On Product Compliance Plan to the Regional Director.
- c. Respondent may market or sell Add-On Products by telephone or at point of sale, and engage in telephone-based membership retention for Add-On Products, only after receiving notification that the Regional Director has made a determination of non-objection to the Add-On Product Compliance Plan and only after adhering to the steps, recommendations, deadlines, and timeframes outlined in the Add-On Product Compliance Plan.

VII

Add-On Product Compliance Plan

61. Any Add-On Product Compliance Plan must be a comprehensive compliance plan designed to ensure that Respondent's marketing, sale, servicing (including member retention), billing, fulfillment, and administration of Add-On Products complies with all applicable Federal consumer financial laws and the terms of this Consent Order.
62. Any Add-On Product Compliance Plan also must include, at a minimum:

- a. appropriate safeguards designed to ensure that Respondent and its officers, servants, employees, attorneys, Service Providers, affiliates, or other agents refrain from engaging in violations of Federal consumer financial laws in the marketing, sale, servicing (including member retention), billing, fulfillment, and administration of Add-On Products;
- b. a plan for informing prospective and current Add-On Product customers of all fees, costs, expenses, charges, and billing arrangements associated with Add-On Products;
- c. a plan for informing prospective and current Add-On Product customers of any material conditions, benefits, and restrictions related to the Add-On Products, including how Respondent will inform prospective Add-On Product customers who disclose conditions that may make them ineligible for certain benefits (e.g., current disability or unemployment) of the restrictions and conditions relating to those conditions;
- d. a plan for ensuring that Respondent does not enroll prospective customers in Add-On Products over the telephone who have not given express informed consent to purchase the Add-On Product;
- e. a plan for ensuring that the content, formatting, and sequence of pin-pad screens used to enroll prospective customers in any Add-On Product at a retailer's point of sale are not deceptive;
- f. a plan for ensuring that current and prospective customers are billed for Credit Monitoring Products only when they receive all of the purchased credit monitoring or credit report retrieval benefits of the product; and

- g. specific timeframes and deadlines for implementation of the steps described above.

63. Vendor Management Policy – Any Add-On Product Compliance Plan also must include the development or revision of a written vendor management policy for Add-On Products (Vendor Management Policy). The Vendor Management Policy must be designed to ensure that Add-On Products that are marketed and sold by Respondent or through Respondent's Service Providers comply with applicable Federal consumer financial laws, including but not limited to Sections 1031 and 1036 of the CFPA and 16 C.F.R. Part 310. The Vendor Management Policy must require, at a minimum:
- a. an analysis to be conducted by Respondent, before Respondent enters into a contract with any Service Provider, of the ability, including operational and technical capacity, of the Service Provider to perform the marketing, sale, servicing (including member retention), billing, fulfillment, and administration of services for the Add-On Products to be in compliance with all applicable Federal consumer financial laws and Respondent's policies and procedures;
 - b. for new and renewed contracts, a written contract between Respondent and the Service Provider that sets forth the responsibilities of each party, and at a minimum must include:
 - i. the Service Provider's specific duty to maintain adequate internal controls over the marketing, sale, servicing (including member retention), billing, fulfillment, and administration of Add-On Products,

- including the Service Provider's duty to have the operational and technical capacity to perform these functions effectively;
- ii. the Service Provider's duty to provide adequate training on applicable Federal consumer financial laws and Respondent's policies and procedures to all Service Provider employees or agents engaged in marketing, sale, servicing (including member retention), billing, fulfillment, or administration of the Add-On Products;
 - iii. Respondent's authority to conduct periodic onsite reviews of the Service Provider's controls, performance, and information systems as they relate to the marketing, sale, servicing (including member retention), billing, fulfillment, or administration of the Add-On Products; this authority must permit Respondent to conduct such reviews without notice for Service Providers performing telemarketing of Add-ons; and
 - iv. Respondent's right to terminate the contract if the Service Provider materially fails to comply with the terms specified in the contract, including the terms required by this Paragraph or any other applicable provision of this Order.
- c. periodic onsite review (with and without prior notice) by Respondent of the Service Provider's controls, performance, and information systems;
 - d. comprehensive written procedures for providing appropriate training on applicable Federal consumer financial laws, including but not limited to Sections 1031 and 1036 of the CFPA and 16 C.F.R. Part 310, and Respondent's policies and procedures to appropriate employees of Respondent's Service

Providers who market or sell Add-On Products during telephone calls or who engage in membership retention efforts by telephone;

- e. comprehensive written procedures for providing appropriate training on applicable Federal consumer financial laws, including but not limited to Sections 1031 and 1036 of the CFPB and 16 C.F.R. Part 310, and Respondent's policies and procedures, to Respondent's Service Providers monitoring Add-On Product marketing, sales, or membership retention calls; and
- f. comprehensive written policies and procedures for identifying and reporting any violation of applicable Federal consumer financial laws and Respondent's policies and procedures, by Respondent's Service Providers in a timely manner, to a specified executive risk manager at Respondent who is independent of the unit overseeing the sale and marketing of the Add-On Products.

64. UDAAP Policy – Any Add-On Product Compliance Plan also must include a written UDAAP policy for Add-On Products (UDAAP Policy). The UDAAP Policy must require, at a minimum:

- a. a written analysis, to be conducted on an annual basis, of (1) any changes to the governance, control, marketing, sale, servicing (including member retention), billing, fulfillment, or administration of Add-On Products, and (2) any new Add-On Products, including at a minimum,
 - i. an assessment of the UDAAP risks of the Add-On Products and of their governance, control, marketing, sale, servicing (including member retention), billing, fulfillment, and administration; and

- ii. an evaluation of the adequacy of Respondent's internal controls and written policies and procedures to identify, measure, monitor, and control the UDAAP risks associated with the Add-On Products.
- b. when not otherwise prohibited by applicable law, the complete recording of all telephone calls in their entirety in which Add-On Products are marketed or sold by Respondent by telephone, which recordings must be retained for a period of at least 25 months from the date of the call;
- c. when not otherwise prohibited by applicable law, the complete recording of all telephone calls in their entirety in which an Add-on Product customer was subjected to membership retention efforts and remained enrolled in the Add-On Product, which recordings must be retained for a period of at least 25 months from the date of the call;
- d. comprehensive written procedures for providing appropriate training on applicable Federal consumer financial laws, including but not limited to Sections 1031 and 1036 of the CFPB and 16 C.F.R. Part 310, and Respondent's policies and procedures to appropriate Respondent employees who market or sell Add-On Products during telephone calls or who engage in retention efforts during telephone calls;
- e. comprehensive written procedures for monitoring and evaluating compliance with applicable Federal consumer financial laws, including but not limited to Sections 1031 and 1036 of the CFPB and 16 C.F.R. Part 310, and Respondent's policies and procedures, telephone calls in which Add-on Products are marketed or sold by Respondent or calls in which an Add-on Product

customer is subjected to membership retention efforts and remains enrolled in the Add-On Product;

- f. comprehensive written procedures for providing appropriate training on applicable Federal consumer financial laws, including but not limited to training on Sections 1031 and 1036 of the CFPA and 16 C.F.R. Part 310, and Respondent's policies and procedures to Respondent employees monitoring Add-On Product marketing, sales, or membership retention calls;
- g. independent telephone call monitoring by qualified personnel who have training in identifying and reporting violations of applicable Federal consumer financial laws, including but not limited to violations of Sections 1031 and 1036 of the CFPA and 16 C.F.R. Part 310, and Respondent's policies and procedures on the governance, control, marketing, sale, servicing (including member retention), billing, fulfillment, or administration of Add-On Products;
- h. comprehensive written policies and procedures for identifying and reporting any violation of applicable Federal consumer financial laws and Respondent's policies and procedures by Respondent's employees, in a timely manner, to a specified executive risk manager at Respondent who is independent of the unit overseeing the marketing and sale of the Add-On Products;
- i. development of training materials relating to identifying and responding to violations of applicable Federal consumer financial laws, including but not limited to violations of Sections 1031 and 1036 of the CFPA and 16 C.F.R. Part 310, for the governance, control, marketing, sale, servicing (including member retention), billing, fulfillment, or administration of Add-On Products that will

be incorporated into the existing annual compliance training for appropriate employees;

- j. reporting, on at least a monthly basis by the independent unit responsible for conducting the required monitoring, of its findings from the telephone call monitoring to a specified executive risk manager at Respondent who is independent of the unit overseeing the marketing, sale, servicing (including member retention), billing, fulfillment, or administration of Add-On Products; and
 - k. written policies and procedures to ensure the risk management, internal audit, and corporate compliance programs have the requisite authority and status within Respondent so that appropriate reviews of Add-On Products marketed or sold by Respondent or through Service Providers may occur and deficiencies are identified and properly remedied.
65. Internal Audit Program – Any Add-On Product Compliance Plan also must include a written internal audit program for Add-On Products (Internal Audit Program). The Internal Audit Program must, at a minimum:
- a. require that Respondent's Internal Audit department periodically assess Respondent's compliance with the Vendor Management Policy and UDAAP Policy; such assessments must occur within 120 days after Respondent's receipt of a determination of non-objection to the Add-On Product Compliance Plan, and periodically but at least annually thereafter, and the findings must be memorialized in writing; within 10 days of completing each assessment, the Internal Audit department must provide its written findings

to the Compliance Committee (described in Section VIII of this Consent Order) and the Regional Director;

- b. include written policies and procedures for conducting audits of Respondent's compliance with applicable Federal consumer financial laws, including but not limited to Sections 1031 and 1036 of the CFPB and 16 C.F.R. Part 310, for marketing, sale, servicing (including member retention), billing, fulfillment, and administration of Add-On Products; these policies and procedures must specify the frequency, scope, and depth of these audits; and
- c. include written policies and procedures for expanding its sampling when exceptions based on potential violations of applicable Federal consumer financial laws are detected as part of an audit described in Paragraph 65(b).

VIII

Compliance Committee and Action Plan

- 66. The Board must appoint and maintain a compliance committee of at least three directors, of which a majority may not be employees or officers of the Bank or any of its subsidiaries or affiliates (Compliance Committee). At formation and thereafter in the event of a change in membership, the names of the members of the Compliance Committee must be submitted to the Regional Director. The Compliance Committee must be responsible for monitoring and ensuring Respondent's compliance with this Consent Order (unless other specific approvals are required). The Compliance Committee must meet at least monthly and maintain minutes of its meetings.
- 67. Within 120 days of the Effective Date, Respondent must submit to the Regional Director a plan to address the actions that are necessary and

appropriate to achieve compliance with this Consent Order (Action Plan). The Action Plan must specify timelines for completion of each of the requirements of this Consent Order that have not already been completed and must designate and certify those items that have been completed. The timelines in the Action Plan must be consistent with all deadlines in this Consent Order, unless modified in writing by the Regional Director.

68. The Action Plan must include provisions requiring the Compliance Committee, within 120 days of the Effective Date, and thereafter within 30 days after the end of each quarter until all items in the Action Plan have been completed, to submit a written progress report (Quarterly Progress Report) to the Board setting forth in detail the actions taken to comply with this Consent Order, and the results and status of those actions.
69. The Action Plan must also include provisions requiring that, upon receiving the Quarterly Progress Report, the Board must forward a copy of the Quarterly Progress Report, with any additional comments by the Board, to the Regional Director within 10 days of the first Board meeting following receipt of such report.
70. The Action Plan must also include the following if Respondent does not submit an Add-On Products Compliance Plan:
 - a. a plan for informing current Add-On Product customers of all fees, costs, expenses, charges, and billing arrangements associated with Add-On Products;
 - b. a plan for informing current Add-On Product customers of any material conditions, benefits, and restrictions related to the Add-On Products;

- c. a plan for ensuring that current customers are billed the full fee for Credit Monitoring Products only when they receive all of the purchased credit monitoring or credit report retrieval benefits of the product; and
 - d. specific timeframes and deadlines for implementation of the steps described above.
- 71. The Action Plan and all Quarterly Progress Reports must also report on the status of the Add-On Products Compliance Plan, if applicable.
 - 72. The Compliance Committee must ensure the Action Plan is submitted to the Regional Director for review and determination of non-objection. In the event that the Regional Director directs Respondent to revise the Action Plan, Respondent must make the revisions and resubmit the Action Plan to the Regional Director within 30 days of the date of notification of the need for revisions.
 - 73. Upon receipt of a determination of non-objection from the Regional Director to the Action Plan, the Compliance Committee must ensure Respondent's adoption, implementation, and adherence to the Action Plan.
 - 74. Any material proposed changes or deviations from the approved Action Plan must be submitted in writing to the Regional Director for review and determination of non-objection. In the event that the Regional Director directs Respondent to revise the changes to the Action Plan, Respondent must make the revisions and resubmit the Action Plan to the Regional Director within 30 days of the date of notification of the need for revisions.

IX

Role of the Board

75. The Board will ensure that all submissions (including plans, reports, and programs) required by this Consent Order are submitted to the Regional Director.
76. Although this Consent Order requires Respondent to submit certain documents for prior determination of non-objection by the Regional Director, the Board will have the ultimate responsibility for proper and sound management of Respondent and for ensuring that Respondent complies with Federal consumer financial laws and this Consent Order.
77. In each instance that this Consent Order requires Respondent to ensure adherence to this Consent Order, or perform certain obligations of Respondent, the Board must:
 - a. authorize whatever actions are necessary for Respondent to fully comply with the Consent Order;
 - b. require the timely reporting by Respondent management to the Board on the status of compliance obligations; and
 - c. require timely and appropriate corrective action to remedy any material non-compliance with Board directives related to this Section.
78. The Board may delegate the authority to perform the obligations required by Paragraphs 75 to 77 to an appropriate committee of at least three Board directors; ultimate responsibility for these obligations will remain vested with the Board. At formation and thereafter in the event of a change in

membership, the names of the members of this committee must be submitted to the Regional Director.

MONETARY PROVISIONS

X

Order to Pay Redress

IT IS FURTHER ORDERED that:

79. For the purpose of providing redress to Affected Customers as required by this Section, within 15 days of the Effective Date, Respondent must reserve or deposit into a segregated deposit account an amount not less than \$700,000,000 (Payment Floor), which represents the estimated amount of restitution to be paid to approximately 8,800,000 Cardholder accounts due to the practices described in Section V. Respondent may reduce this reserve or the deposit by the amount of any restitution Respondent made prior to the Effective Date that complies with the requirements of this Consent Order, for the purpose of providing redress to Affected Customers as required by this Section, and the amount of any estimated restitution Respondent will make to Affected Debt Protection Customers and Affected Pre-2009 Debt Protection Customers pursuant to the OCC Consent Order.
80. If Respondent has made any restitution prior to the Effective Date of this Consent Order that complies with the requirements of this Consent Order, Respondent must provide appropriate proof of such restitution to the Regional Director concurrent with the Redress Plan required by Paragraph 81. If Respondent is making any restitution to an Affected Customer after the

Effective Date pursuant to the OCC Consent Order, this Consent Order must not be construed to require that Respondent provide duplicative restitution to that Affected Customer.

81. Within 60 days of the Effective Date, Respondent must submit to the Regional Director for prior determination of non-objection a comprehensive written plan for providing redress consistent with this Consent Order (Redress Plan). The Regional Director will have the discretion to make a determination of non-objection to the Redress Plan or direct Respondent to revise it. If the Regional Director directs Respondent to revise the Redress Plan, Respondent must make the revisions and resubmit the Redress Plan to the Regional Director within 15 days. After receiving notification that the Regional Director has made a determination of non-objection to the Redress Plan, Respondent must implement and adhere to the steps, recommendations, deadlines, and timeframes outlined in the Redress Plan.
82. The Redress Plan must apply to all Affected Customers and, at a minimum, specify how Respondent will identify all Affected Customers and reimburse all Affected Customers for the applicable redress amount.
83. The Redress Plan must provide that the redress amount paid to each Affected Fulfillment Customer includes:
 - a. all Credit Monitoring Product fees paid by an Affected Fulfillment Customer during any period in which the customer was Unfulfilled; and
 - b. all over-limit fees, all late fees, and estimated finance charges, as calculated pursuant to the methodology in the Redress Plan, paid by an Affected

Fulfillment Customer during any period in which the customer was Unfulfilled.

84. The Redress Plan must provide that the redress amount paid to each Affected Debt Protection Customer includes:

- a. the following product fees:
 - i. if the Affected Debt Protection Customer enrolled in the product for 12 months or less, all product fees charged to the customer; or
 - ii. if the Affected Debt Protection Customer enrolled in the product for greater than 12 months, 12 months of product fees (based on the average monthly fee paid by the customer over the entire course of their membership);
- b. and an estimated finance charge, to be set forth in the Redress Plan, on the product fees described in Paragraph 84(a);
- c. but if an Affected Debt Protection Customer is eligible for a greater amount of redress pursuant to the OCC Consent Order than the amount otherwise available under Paragraph 84(a) and (b), then the Redress Plan must provide that the customer will receive the amount paid pursuant to the OCC Consent Order and not the amount available under Paragraph 84(a) and (b).

85. The Redress Plan must provide that the redress amount paid to each Affected Pre-2009 Debt Protection Customer will be the amount of redress paid to that customer after the Effective Date pursuant to the OCC Consent Order.

86. The Redress Plan must provide that the redress amount paid to each Affected IdentityMonitor Enrollment Customer and to each Affected Watch-Guard Preferred Customer includes:

- a. the following product fees:
 - i. if enrolled in the product for 12 months or less, all product fees charged to the customer; or
 - ii. if enrolled in the product for greater than 12 months, 12 months of product fees (based on the average monthly fee paid by the customer over the entire course of their membership);
 - b. and an estimated finance charge, to be set forth in the Redress Plan, on the product fees described in Paragraph 86(a).
87. The Redress Plan must provide that the redress amount paid to each Affected TCIM Customer includes:
- a. all product fees charged to that customer (Respondent may propose a methodology for identifying those not subject to the practices identified in Paragraph 20 and therefore not eligible for redress under this Paragraph); and
 - b. an estimated finance charge, to be set forth in the Redress Plan, on the product fees described in Paragraph 87(a).
88. The Redress Plan must provide that the redress amount paid to each Affected IdentityMonitor Retained Customer includes:
- a. the following product fees:
 - i. if enrolled in IdentityMonitor for 12 months or less after their first retention in the product, all product fees charged to the customer after that retention; or
 - ii. if enrolled in IdentityMonitor for longer than 12 months after their first retention in the product, 12 months of product fees (based on the

average monthly fee paid by the customer over the entire course of their membership);

- b. and an estimated finance charge, to be set forth in the Redress Plan, on the product fees described in Paragraph 88(a).
89. The Redress Plan must provide that the redress amount paid to each Affected DSNB Cardholder includes all Expedited Payment Fees paid by the Affected DSNB Cardholder since January 1, 2009 when their DSNB Credit Card Account was delinquent.
90. The Redress Plan must provide that:
- a. any Affected Customer who is eligible for more than one category of redress under Paragraphs 83 to 89 will receive remediation under all of those Paragraphs, except that no Affected Customer may be reimbursed more than once for the same product fees; and
 - b. a consumer who does not meet one of the definitions of an Affected Customer under Paragraph 7 remains eligible to meet one of the other definitions of an Affected Customer under that Paragraph.
91. The Redress Plan may permit Respondent to reduce the redress amounts described in Paragraphs 83 to 89 by:
- a. any amount that was a previous refund of the fees and charges described in Paragraphs 83 to 89; and
 - b. any restitution previously provided by Respondent, as described in Paragraph 80 of this Consent Order.
92. The Redress Plan must provide processes covering all Affected Customers regardless of their current account status with Respondent, including:

- a. for any open account, Respondent must provide a credit posted to the account, regardless of whether the crediting of an Affected Customer's account results in a credit balance, except that for DSNB Cardholders, Respondent may propose in the Redress Plan an alternative methodology for delivering redress;
- b. for any closed account with no balance outstanding, Respondent must mail a certified or Bank or DSNB check, as applicable, to any Affected Customer;
- c. for any closed account with a balance outstanding, Respondent must provide a credit posted to the account, except that for DSNB Cardholders, Respondent may propose in the Redress Plan an alternative methodology for delivering redress; where the redress amount is greater than the existing balance, Respondent must mail to the Affected Customer a certified or Bank or DSNB check, as applicable, in the amount of the excess;
- d. for any charged-off account that Respondent has not sold to an unaffiliated third party, either a credit will be issued decreasing the charged-off balance by the amount of redress, or Respondent must issue redress consistent with the requirements for closed accounts in Paragraph 92(b); where the redress amount is greater than the existing charged-off balance, Respondent must mail to the Affected Customer a certified or Bank or DSNB check, as applicable, in the amount of the excess; any Redress Notification Letter, as described in Paragraph 93 below, sent with regard to a charged-off account must notify the Affected Customer of the credit decreasing the charged-off balance as well as any additional money the Affected Customer is receiving; and

- e. for any bankruptcy, estate, and accounts in litigation, Respondent must make a refund in accordance with applicable law.
93. The Redress Plan must include: (1) the form of the letter (Redress Notification Letter) to be sent notifying Affected Customers of the redress; and (2) the form of the envelope that will contain the Redress Notification Letter. The letter must include language explaining how the amount of redress was calculated; an explanation of the use of a credit or check as applicable; and a statement that the provision of refund payment is in compliance with the terms of this Consent Order. Respondent may not include in any envelope containing a Redress Notification Letter any materials other than the approved letters, and when appropriate, redress checks, unless Respondent has obtained written confirmation from the Regional Director that the Bureau does not object to the inclusion of the additional materials.
94. The Redress Plan must describe the:
- a. methods used and the time necessary to compile a list of Affected Customers;
 - b. methods used to calculate the amount of redress to be paid to each Affected Customer as required in this Consent Order;
 - c. procedures for issuing and tracking redress to Affected Customers; and
 - d. procedures for monitoring compliance with the Redress Plan.
95. Respondent must make reasonable attempts to locate Affected Customers whose Redress Notification Letter or check is returned, including performing a standard address search using the National Change of Address System. Respondent must re-mail any returned letters and redress checks to corrected

addresses within 90 days of receiving a return. Any unclaimed funds must be disposed of in compliance with the Redress Plan.

96. With respect to any Affected Customer's account that receives redress as a credit that decreases the existing balance or charged-off balance, Respondent must, as permitted by law, report the updated balance to each credit reporting company to which Respondent had previously furnished balance information for the account or delete the account tradeline if the updated balance is zero dollars or less. In the case of an Affected Customer account sold to an unaffiliated third party, Respondent must request that such third-party owner of the debt report the updated balance to, or delete the account tradeline at, each credit reporting company to which Respondent or the third-party owner of the debt had previously furnished balance information for the account.
97. After receiving notification that the Regional Director has made a determination of non-objection to the Redress Plan, Respondent must implement and adhere to the steps, recommendations, deadlines, and timeframes outlined in the Redress Plan. Any proposed changes to or deviation from the approved Redress Plan must be submitted in writing to the Regional Director for prior determination of non-objection.
98. Within 90 days from the completion of the Redress Plan, Respondent's Internal Audit department must review and assess compliance with the terms of the Redress Plan (Redress Review).
99. The Redress Review must include an assessment of the Redress Plan and the methodology used to determine the population of Affected Customers; the amount of redress for each Affected Customer; the procedures used to issue

and track redress payment; the procedures used for reporting and requesting the reporting of updated balances, deleting or requesting the deletion of account tradelines, as applicable, to the credit reporting companies; and the work of any independent consultants that Respondent has used to assist and review its execution of the Redress Plan.

100. The Redress Review must be completed and summarized in a written report (Redress Review Report), which must be completed within 60 days of completion of the Redress Review. Within 10 days of its completion, the Redress Review Report must be submitted to the Regional Director and the Board.
101. After completing the Redress Plan, and any redress pursuant to a redress plan as required by the OCC Consent Order, if the amount of redress provided to Affected Customers is less than the Payment Floor, within 30 days of the completion of the Redress Plan, Respondent must pay to the Bureau, by wire transfer to the Bureau or to the Bureau's agent, and according to the Bureau's wiring instructions, the difference between the amount of redress provided to Affected Customers and the Payment Floor.
102. The Bureau may use these remaining funds to pay additional redress to Affected Customers. If the Bureau determines, in its sole discretion, that additional redress is wholly or partially impracticable or otherwise inappropriate, or if funds remain after the additional redress is completed, the Bureau will deposit any remaining funds in the U.S. Treasury as disgorgement. Respondent will have no right to challenge any actions that the Bureau or its representatives may take under this Section.

103. Respondent may not condition the payment of any redress to any Affected Customer under this Consent Order on that Affected Customer waiving any right.

XI

Order to Pay Civil Money Penalties

IT IS FURTHER ORDERED that:

104. Under Section 1055(c) of the CFPA, 12 U.S.C. § 5565(c), by reason of the violations of law described in Section V of this Consent Order, and taking into account the factors in 12 U.S.C. § 5565(c)(3), Respondent must pay a civil money penalty of \$35,000,000 to the Bureau.
105. Within 10 days of the Effective Date, Respondent must pay the civil money penalty by wire transfer to the Bureau or to the Bureau's agent in compliance with the Bureau's wiring instructions.
106. The civil money penalty paid under this Consent Order will be deposited in the Civil Penalty Fund of the Bureau as required by Section 1017(d) of the CFPA, 12 U.S.C. § 5497(d).
107. Respondent must treat the civil money penalty paid under this Consent Order as a penalty paid to the government for all purposes. Regardless of how the Bureau ultimately uses those funds, Respondent may not:
- a. claim, assert, or apply for a tax deduction, tax credit, or any other tax benefit for any civil money penalty paid under this Consent Order; or

- b. seek or accept, directly or indirectly, reimbursement or indemnification from any source, including but not limited to payment made under any insurance policy, with regard to any civil money penalty paid under this Consent Order.
108. To preserve the deterrent effect of the civil money penalty in any Related Consumer Action, Respondent may not argue that Respondent is entitled to, nor may Respondent benefit by, any offset or reduction of any monetary remedies imposed in the Related Consumer Action because of the civil money penalty paid in this action (Penalty Offset). If the court in any Related Consumer Action grants such a Penalty Offset, Respondent must, within 30 days after entry of a final order granting the Penalty Offset, notify the Bureau, and pay the amount of the Penalty Offset to the U.S. Treasury. Such a payment will not be considered an additional civil money penalty and will not change the amount of the civil money penalty imposed in this action.

XII

Additional Monetary Provisions

IT IS FURTHER ORDERED that:

- 109. In the event of any default on Respondent's obligations to make payment under this Consent Order, interest, computed under 28 U.S.C. § 1961, as amended, will accrue on any outstanding amounts not paid from the date of default to the date of payment, and will immediately become due and payable.
- 110. Under 31 U.S.C. § 7701, Respondent, unless it already has done so, must furnish to the Bureau its taxpayer identifying numbers, which may be used for

purposes of collecting and reporting on any delinquent amount arising out of this Consent Order.

111. Within 30 days of the entry of a final judgment, consent order, or settlement in a Related Consumer Action, Respondent must notify the Regional Director of the final judgment, consent order, or settlement in writing. That notification must indicate the amount of redress, if any, that Respondent paid or is required to pay to consumers and describe the consumers or classes of consumers to whom that redress has been or will be paid.

COMPLIANCE PROVISIONS

XIII

Reporting Requirements

IT IS FURTHER ORDERED that:

112. Respondent must notify the Bureau of any material development that may affect compliance obligations arising under this Consent Order, including but not limited to, a dissolution, assignment, sale, merger, or other action that would result in the emergence of a successor company; the creation or dissolution of a subsidiary, parent, or affiliate that engages in any acts or practices subject to this Consent Order; the filing of any bankruptcy or insolvency proceeding by or against Respondent; or a change in Respondent's name or address. Respondent must provide this notice at least 30 days before the development or as soon as practicable after learning about the development, whichever is sooner.

113. As described in Section VIII of this Consent Order, Respondent must submit an Action Plan to the Regional Director within 120 days of the Effective Date, and Quarterly Progress Reports thereafter, that have been approved by the Board and which, at a minimum:
- a. includes the information required by Section VIII of this Consent Order; and
 - b. attaches a copy of each Consent Order Acknowledgment obtained under Section XIV, unless previously submitted to the Bureau.

XIV

Order Distribution and Acknowledgment

IT IS FURTHER ORDERED that:

114. Within 30 days of the Effective Date, Respondent must deliver a copy of this Consent Order to each of its board members and executive officers, as well as to any managers or Service Providers who have responsibilities related to the marketing, sale, servicing (including member retention), billing, fulfillment, or administration of Add-On Products or the assessment of fees to expedite debtor payments by telephone for credit card accounts issued by Respondent. Within 60 days of the Effective Date, Respondent must deliver a copy of this Order or a summary of this Order, as to which the Regional Director has made a determination of non-objection, to the Respondent's employees or other agents and representatives who have responsibilities related to the marketing, sale, servicing (including member retention), billing, fulfillment, or administration of Add-On Products or to the assessment of fees to expedite debtor payments by telephone for credit card accounts issued by Respondent.

115. For 5 years from the Effective Date, Respondent must deliver a copy of this Consent Order to any business entity resulting from any change in structure referred to in Section XIII. Respondent must deliver a copy of this Consent Order to such business entity's future board members and executive officers, as well as to any managers or Service Providers who will have responsibilities related to the marketing, sale, servicing (including member retention), billing, fulfillment, or administration of Add-On Products or related to the assessment of fees to expedite debtor payments by telephone for credit card accounts issued by Respondent. Respondent must deliver a copy of this Order or a summary of this Order (as described in Paragraph 114), to employees of any business entity resulting from any change in structure referred to in Section XIII, or other agents and representatives of such an entity, before they begin any responsibilities related to the marketing, sale, servicing (including member retention), billing, fulfillment, or administration of Add-On Products or to the assessment of fees to expedite debtor payments by telephone for Cardholder accounts.
116. Respondent must secure a signed and dated statement acknowledging receipt of a copy of this Consent Order, ensuring that any electronic signatures comply with the requirements of the E-Sign Act, 15 U.S.C. § 7001 *et seq.*, within 30 days of delivery, from all persons receiving a copy of this Consent Order under this Section.

XV

Recordkeeping

IT IS FURTHER ORDERED that:

117. Respondent must create, for at least 5 years from the Effective Date, the following business records relating to post-Effective Date consumer enrollment in Add-On Products that include debt cancellation or debt suspension benefits, credit monitoring or credit report retrieval services, or lost/stolen card benefits:
- a. for each individual consumer and his or her enrollment in that Add-On Product:
 - i. records containing, with respect to each consumer, the consumer's name, addresses, email addresses (if available), telephone numbers, dollar amounts paid, benefits applied for and benefits received, description of the product purchased, the date on which the product was purchased, copies of any promotional materials or welcome materials provided, and, if applicable, the date and reason that the consumer cancelled the product;
 - ii. records for each customer reflecting that the customer expressly agreed to purchase the product, including, if applicable, audio recordings of telephone calls during which a customer purchased the Add-On Product; and
 - iii. for Add-On Products with credit monitoring or credit report retrieval services, a copy of each enrolled member's authorization to access his or her credit information from the credit reporting companies for purposes of activating credit monitoring or credit report retrieval, and the date the member was first charged for the Add-On Product.
 - b. for each Add-On Product in general:

- i. accounting records showing the gross and net revenues generated by the product;
 - ii. records reflecting, on an annual basis, the number of enrolled members who cancelled each product, and the number of enrolled members whose credit card accounts were charged off by Respondent;
 - iii. records of all customer complaints and refund requests received by Respondent (whether received directly or indirectly, such as through a Service Provider), and any responses to those complaints or requests; and
 - iv. copies of all telemarketing sales scripts, retention scripts, point-of-sale training materials, point-of-sale pin-pad screens, advertisements, websites, and other marketing materials, including terms and conditions, fulfillment packages, and welcome kits, and including any such materials used by a third party on behalf of Respondent, relating to Add-On Products.
118. Respondent must create, for at least 5 years from the Effective Date, the following business records relating to the post-Effective Date assessment of any fee to expedite a consumer's checking account-based payment over the telephone for a credit card account issued by the Respondent:
- a. for each instance a Cardholder paid an expedited telephone payment fee:
 - i. the recording of the call in which the expedited telephone payment was paid; and
 - ii. records containing, with respect to each consumer, his or her name, addresses, email addresses (if available), telephone numbers, credit

card account number, date of payment, date of subsequent payment due date, amount of account balance before payment was made, amount of payment made, and amount of the expedited telephone payment fee paid.

- b. for the expedited telephone payment fee in general:
 - i. copies of telephone scripts and training materials, including any such scripts or materials used by a third party on behalf of Respondent, relating to the assessment of a fee to expedite telephone payment for a credit card account issued by Respondent; and
 - ii. records reflecting, on an annual basis, the number of Cardholders who paid the fee and the collective amount they paid in such fees, and the collective amount in potential account late fees and finance charges Cardholders avoided by expediting payment before the next payment due date on their account.

119. Respondent must create, for at least 5 years from the Effective Date, the following business records:
- a. all documents and records necessary to demonstrate full compliance with each provision of this Consent Order, including all submissions to the Bureau; and
 - b. all documents and records pertaining to the Redress Plan, described in Section X, including, but not limited to, documentation of the processes and procedures used to determine the Affected Customers, the names, contact and account information of the Affected Customers, any mailing records, and documentation that the appropriate restitution was made.

120. Respondent must retain the documents identified in Paragraphs 117 to 119 for at least 5 years.
121. Respondent must make the documents identified in Paragraphs 117 to 119 available to the Bureau upon the Bureau's request.

XVI

Notices

IT IS FURTHER ORDERED that:

122. Unless otherwise directed in writing by the Bureau, Respondent must provide all submissions, requests, communications, or other documents relating to this Consent Order in writing, with the subject line, "*In re* Citibank, N.A., et al., File No. 2015-CFPB-0015," and send them either

- a. By overnight courier (not the U.S. Postal Service), as follows:

Regional Director, CFPB Northeast Region
140 East 45th Street
New York, NY 10017; or

Assistant Director for Enforcement
Consumer Financial Protection Bureau
ATTENTION: Office of Enforcement
1625 Eye Street, N.W.
Washington, D.C. 20006

- b. By first-class mail to the below address and contemporaneously by email to

Enforcement_Compliance@cfpb.gov:

Regional Director, CFPB Northeast Region
140 East 45th Street
New York, NY 10017; or

Assistant Director for Enforcement
Consumer Financial Protection Bureau
ATTENTION: Office of Enforcement
1700 G Street, NW

Washington, D.C. 20552

XVII

Cooperation with the Bureau

IT IS FURTHER ORDERED that:

123. Respondent must cooperate fully to help the Bureau determine the identity and location of, and the amount of injury sustained by, each Affected Customer. Respondent must provide such information in its or its agents' possession or control within 14 days of receiving a written request from the Bureau.

XIII

Compliance Monitoring

IT IS FURTHER ORDERED that, to monitor Respondent's compliance with this Consent Order:

124. Within 14 days of receipt of a written request from the Bureau, Respondent must submit additional compliance reports or other requested information, which must be made under penalty of perjury; provide sworn testimony; or produce documents.
125. Respondent must permit Bureau representatives to interview any employee or other person affiliated with Respondent who has agreed to such an interview. The person interviewed may have counsel present.
126. Nothing in this Consent Order will limit the Bureau's lawful use of compulsory process, under 12 C.F.R. § 1080.6.

XIX

Modifications to Non-Material Requirements

IT IS FURTHER ORDERED that:

127. Respondent may seek a modification to non-material requirements of this Consent Order (e.g., reasonable extensions of time and changes to reporting requirements) by submitting a written request to the Regional Director.
128. The Regional Director may, in his/her discretion, modify any non-material requirements of this Consent Order (e.g., reasonable extensions of time and changes to reporting requirements) if he/she determines good cause justifies the modification. Any such modification by the Regional Director must be in writing.

XX

Administrative Provisions

129. The provisions of this Consent Order do not bar, estop, or otherwise prevent the Bureau, or any other governmental agency, from taking any other action against Respondent, except as described in Paragraph 130.
130. The Bureau releases and discharges Respondent from all potential liability for law violations that the Bureau has or might have asserted based on the practices described in Section V of this Consent Order, to the extent such practices occurred before the Effective Date and the Bureau knows about them as of the Effective Date. The Bureau may use the practices described in this Consent Order in future enforcement actions against Respondent and its affiliates, including, without limitation, to establish a pattern or practice of

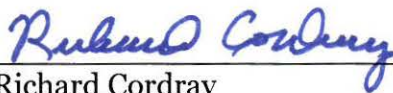
violations or the continuation of a pattern or practice of violations or to calculate the amount of any penalty. This release does not preclude or affect any right of the Bureau to determine and ensure compliance with the Consent Order, or to seek penalties for any violations of the Consent Order.

131. This Consent Order is intended to be, and will be construed as, a final Consent Order issued under Section 1053 of the CFPA, 12 U.S.C. § 5563, and expressly does not form, and may not be construed to form, a contract binding the Bureau or the United States.
132. This Consent Order will terminate 5 years from the Effective Date or 5 years from the most recent date that the Bureau initiates an action alleging any violation of the Consent Order by Respondent. If such action is dismissed or the relevant adjudicative body rules that Respondent did not violate any provision of the Consent Order, and the dismissal or ruling is either not appealed or upheld on appeal, then the Consent Order will terminate as though the action had never been filed. The Consent Order will remain effective and enforceable until such time, except to the extent that any provisions of this Consent Order have been amended, suspended, waived, or terminated in writing by the Bureau or its designated agent.
133. Calculation of time limitations will run from the Effective Date and be based on calendar days, unless otherwise noted.
134. The provisions of this Consent Order will be enforceable by the Bureau. For any violation of this Consent Order, the Bureau may impose the maximum amount of civil money penalties allowed under Section 1055(c) of the CFPA, 12 U.S.C. § 5565(c). In connection with any attempt by the Bureau to enforce

this Consent Order in federal district court, the Bureau may serve Respondent wherever Respondent may be found and Respondent may not contest that court's personal jurisdiction over Respondent.

135. This Consent Order and the accompanying Stipulations contain the complete agreement between the parties. The parties have made no promises, representations, or warranties other than what is contained in this Consent Order and the accompanying Stipulations. This Consent Order and the accompanying Stipulations supersede any prior oral or written communications, discussions, or understandings.
136. Nothing in this Consent Order or the accompanying Stipulations may be construed as allowing Respondent, its Board, officers, or employees to violate any law, rule, or regulation.

IT IS SO ORDERED, this 21st day of July, 2015.



Richard Cordray
Director