

**UNITED STATES OF AMERICA
DEPARTMENT OF THE TREASURY
OFFICE OF THE COMPTROLLER OF THE CURRENCY**

IN THE MATTER OF: §
§
PROVIDIAN NATIONAL BANK, §
TILTON, NEW HAMPSHIRE §

**STIPULATION AND CONSENT TO
THE ISSUANCE OF A CONSENT ORDER**

WHEREAS, the Comptroller of the Currency of the United States of America (“Comptroller”) is the primary Federal regulator of Providian National Bank, Tilton, New Hampshire (“Bank”);

WHEREAS, pursuant to Federal law and regulation, including 12 U.S.C. § 484 and 12 C.F.R. § 7.4000, no national bank, including the Bank, shall be subject to any visitorial powers except as authorized by Federal law, vested in the courts of justice or such as shall be, or have been exercised or directed by Congress or by either House thereof or by any committee of Congress or of either House duly authorized, except with respect to State enforcement of unclaimed property or escheat laws;

WHEREAS, the Comptroller, pursuant to Federal law, has the authority to enforce State law against national banks and the Bank;

WHEREAS, the Bank has done a substantial amount of business with consumers throughout the United States, including in the State of California;

WHEREAS, the Comptroller, through his National Bank Examiner, has conducted an examination and other investigation of the Bank in order to determine whether the Bank has complied with certain laws, rules, regulations, including the Truth in Lending Act, Regulation Z,

the Federal Trade Commission Act, and the false advertising and unfair business practices laws of California, including California Business and Professions Codes sections 17200 and 17500;

WHEREAS, the Comptroller intends to charge the Bank with violations of the Truth in Lending Act, Regulation Z, the Federal Trade Commission Act, and the false advertising and unfair business practices laws of California, including California Business and Professions Codes sections 17200 and 17500;

WHEREAS, the Bank neither admits nor denies that it has violated the provisions of the Truth in Lending Act, Regulation Z, the Federal Trade Commission Act, or any false advertising and unfair business practices laws, including California Business and Professions Codes sections 17200 and 17500;

WHEREAS, the Bank, in the interest of compromise and settlement, consents to the issuance of a Consent Order, dated June 28, 2000 (“Order”); and

WHEREAS, the Comptroller has determined that the restitution and prospective relief required by the Order is a suitable and equitable remedy for the conduct which is the subject of the Order.

NOW THEREFORE, in consideration of the above premises, the Comptroller, by and through his authorized representative, and the Bank, by and through its duly elected and acting Board of Directors, hereby stipulate and agree to the following:

ARTICLE I

JURISDICTION

(1) The Bank is a national banking association chartered and examined by the Comptroller pursuant to the National Bank Act of 1864, as amended, 12 U.S.C. §1 *et seq.*

(2) The Bank is an “insured bank” and an “insured depository institution” as defined in 12 U.S.C. § 1813(c) and within the meaning of 12 U.S.C. § 1818(b).

(3) The Comptroller is the “appropriate Federal banking agency” regarding the Bank, pursuant to 12 U.S.C. §§ 1813(q) and 1818(b)(1).

ARTICLE II

STIPULATION AND CONSENT

(1) The Bank hereby agrees and consents to the issuance of the Order by the Comptroller. The Bank further agrees and consents that the Order shall be deemed an “order issued with the consent of the depository institution” as defined in 12 U.S.C. § 1818(h)(2), and that the Order shall become effective upon its issuance and shall be fully enforceable by the Comptroller under the provisions of 12 U.S.C. § 1818(i).

(2) The agreement and consent of the Bank shall not be deemed or represent a determination on the merits of any violation of law or regulation.

ARTICLE III

WAIVERS

(1) The Bank, by entering into this Stipulation and Consent, hereby waives:

(a) The issuance of a Notice of Charges pursuant to 12 U.S.C. § 1818(b);

(b) Any and all procedural rights available in connection with the issuance of the Order, including any requirement that findings be made as a condition of the Order under 12 U.S.C. § 1818, and nothing in this Stipulation and Consent or the Order shall constitute such a finding;

(c) Any and all rights to seek any type of administrative or judicial review of the Order; and

(d) Any and all rights to challenge or contest the validity of the Order.

ARTICLE IV

RELEASE OF CLAIMS

(1) The Comptroller, by entering into this Stipulation and Consent, agrees that he shall not initiate any legal action against the Bank or any “institution affiliated party,” as defined in 12 U.S.C. § 1813(u), that alleges violations of the Truth in Lending Act, Regulation Z, the Federal Trade Commission Act, the false advertising and unfair business practices laws of California, including California Business and Professions Codes sections 17200 and 17500, or the comparable laws of any other State, arising during the period between June 15, 1995 and the Settlement Date out of the specific transactions and practices that form the basis for the relief required by the Order.

(2) The Bank agrees that the provisions of this Stipulation and Consent shall not inhibit, estop, bar, or otherwise prevent the Comptroller from taking any other action affecting the Bank if, at any time, he deems it appropriate to do so to fulfill the responsibilities placed upon him by the several laws of the United States of America.

ARTICLE V

MISCELLANEOUS PROVISIONS

(1) Nothing in this Stipulation and Consent shall be construed to be and is not intended to imply any admission or denial by the Bank as to any fact, issue of law, or violation of

law, nor shall compliance with the Order constitute or be construed as an admission or denial by the Bank of any fact, finding, conclusion, issue of law, or violation of law. The Bank's agreement to institute a practice pursuant to this Stipulation and Consent does not constitute an admission or denial that the Bank's practice was otherwise prior to the Settlement Date as defined in the Order. Payments under the Order are made to compensate consumers and do not constitute, and shall not be construed as forfeitures, fines or penalties, or payments in lieu thereof.

(2) The Comptroller and the Bank acknowledge that the Bank presently markets its products through the employees of the Bank's affiliate Provident Bancorp Services, and agree that the obligations of the Bank under the Order (*e.g.*, the making of representations and disclosures to consumers in the course of marketing the Bank's products) may be carried out by the employees of such affiliate rather than by the employees of the Bank, without violating the Order.

(3) This Stipulation and Consent constitutes the entire agreement between the Comptroller and the Bank and supersedes all prior contracts, agreements, promises, and understandings between the Parties and any contemporaneous oral agreements between the Parties, as they relate to the dispute described in this Stipulation and Consent. This Stipulation and Consent may not be altered, modified, or otherwise changed in any respect except by writing duly executed by the Comptroller's authorized representatives and the Bank's duly authorized representatives.

(4) This Stipulation and Consent may be executed in one or more counterparts which, taken together, shall constitute one and the same document. In the event that any of the

provisions of this Stipulation and Consent are held by a court to be unenforceable, the validity of the other provisions shall not be adversely affected.

(5) The undersigned are authorized to execute this Stipulation and Consent on behalf of their respective parties and have read, understood and agreed to all of the terms and conditions of this Stipulation and Consent and the Order.

(6) The titles of paragraphs are inserted solely for convenience and do not affect the construction of any provision of this Stipulation and Consent or the Order.

IN TESTIMONY WHEREOF, the undersigned, authorized by the Comptroller as his representative, has hereunto set her hand on behalf of the Comptroller.

[Original Signed By:]

[June 28, 2000]

Leann G. Britton
Senior Deputy Comptroller
for Bank Supervision Operations

Date

IN TESTIMONY WHEREOF, the undersigned, as the duly elected and acting Board of Directors of the Bank, have hereunto set their hands on behalf of the Bank.

[Original Signed By:]

[June 23, 2000]

Shailesh J. Mehta
Chairman of the Board of Directors

Date

[Original Signed By:]

[June 23, 2000]

Dianne Peterson
Director

Date

[Original Signed By:]

[June 23, 2000]

D. Hotchkiss
Director

Date

[Original Signed By:]

[June 23, 2000]

Janice Kitchen
Director

Date

[Original Signed By:]

[June 23, 2000]

Eric O'Brien
Director

Date