

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

<b>In the Matter of:</b>  USAA, Federal Savings Bank San Antonio, Texas	) ) ) ) )	AA-EC-2022-2
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**CONSENT ORDER**

**WHEREAS**, the Office of the Comptroller of the Currency (“OCC”) has supervisory authority over USAA Federal Savings Bank, San Antonio, Texas (“Bank”);

**WHEREAS**, the OCC intends to initiate cease and desist proceedings against the Bank pursuant to 12 U.S.C. § 1818(b), through the issuance of a Notice of Charges, for deficiencies in the Bank’s Bank Secrecy Act/Anti-Money Laundering (“BSA/AML”) compliance program which resulted in violations of law, rule, or regulation, including 12 U.S.C. §1818(s), 12 C.F.R. § 21.21 (requiring a reasonably designed BSA/AML compliance program), and 12 C.F.R. § 163.180(d) (requiring timely filing of suspicious activity reports (“SARs”));

**WHEREAS**, the Bank has begun corrective action, and is committed to taking all necessary and appropriate steps to remedy the deficiencies identified by the OCC;

**WHEREAS**, in the interest of cooperation and to avoid additional costs associated with administrative and judicial proceedings with respect to the above matter, the Bank, by and through its duly elected and acting Board of Directors (“Board”), consents to the issuance of this Consent Order (“Order”), by the OCC through the duly authorized representative of the Comptroller of the Currency (“Comptroller”);

**NOW, THEREFORE**, pursuant to the authority vested in the OCC by Section 8(b) of the Federal Deposit Insurance Act, as amended, 12 U.S.C. § 1818(b), the OCC hereby orders that:

## **ARTICLE I**

### **JURISDICTION**

(1) The Bank is an “insured depository institution” as that term is defined in 12 U.S.C. § 1813(c)(2).

(2) The Bank is a Federal savings association within the meaning of 12 U.S.C. § 1813(q)(1)(C), and is chartered and examined by the OCC. *See* 12 U.S.C. §§ 1461 *et seq.*, 5412(b)(2)(B).

(3) The OCC is the “appropriate Federal banking agency” as that term is defined in 12 U.S.C. § 1813(q) and is therefore authorized to initiate and maintain this cease and desist action against the Bank pursuant to 12 U.S.C. § 1818(b).

## **ARTICLE II**

### **COMPTROLLER’S FINDINGS**

The Comptroller finds, and the Bank neither admits nor denies, the following:

(1) The Bank has failed to implement and maintain a BSA/AML Compliance Program (“BSA/AML Program”) that adequately covers the required BSA/AML program components. Deficiencies include inadequate internal controls and risk management practices; suspicious activity identification, evaluation, and reporting; staffing; training; and third-party risk management, among others. These deficiencies resulted in a BSA/AML compliance program violation under 12 U.S.C. § 1818(s)(3)(A) and its implementing regulation, 12 C.F.R. § 21.21.

(2) The Bank has failed to correct problems with its BSA/AML Program that the OCC previously reported to the Bank relating to BSA/AML internal controls, resulting in a violation of 12 U.S.C. § 1818(s)(3)(B).

(3) The Bank has failed to file timely SARs as required by 12 C.F.R. § 163.180(d).

### **ARTICLE III**

#### **COMPLIANCE COMMITTEE**

(1) Within fifteen (15) days of the date of this Order, the Board shall appoint a Compliance Committee of at least three (3) members, of which a majority shall be directors who are not employees or officers of the Bank or any of its subsidiaries. The Board shall submit in writing to the Assistant Deputy Comptroller the names of the members of the Compliance Committee within ten (10) days of their appointment. In the event of a change of the membership, the Board shall submit in writing to the Assistant Deputy Comptroller within ten (10) days the name of any new or resigning committee member. The Compliance Committee shall monitor and oversee the Bank's compliance with the provisions of this Order. The Compliance Committee shall meet at least every 60 days and maintain minutes of its meetings.

(2) Within thirty (30) days of the submission of the BSA/AML Action Plan pursuant to Article IV, Paragraph (1), below, and thereafter within fifteen (15) days after each Compliance Committee meeting, the Compliance Committee shall submit to the Board a written progress report setting forth in detail:

- (a) a description of the corrective actions needed to achieve compliance with each Article of this Order, including executing the Action Plan described in Article IV, and the party or parties responsible for the completion of outstanding corrective actions;

- (b) the specific corrective actions undertaken to comply with each Article of this Order and execute the Action Plan; and
- (c) the results and status of the corrective actions, including improvements to the BSA/AML Program.

(3) Upon receiving each written progress report, the Board shall forward a copy of the report, with any additional comments by the Board, to the Assistant Deputy Comptroller within ten (10) days of the first Board meeting following the Board's receipt of such report.

#### **ARTICLE IV**

##### **BSA/AML ACTION PLAN**

(1) Within thirty (30) days of the date of this Order, the Bank shall develop and implement a written plan detailing the remedial actions necessary to achieve and sustain compliance with the Bank Secrecy Act, as amended (31 U.S.C. § 5311, *et seq.*), the regulations promulgated thereunder, and the rules and regulations of the Office of Foreign Assets Control and relevant Executive Orders ("OFAC"), and that incorporates the substantive requirements of Articles V through XIII of this Order ("BSA/AML Action Plan"). The Bank shall submit the BSA/AML Action Plan to the OCC for prior written determination of no supervisory objection by the Assistant Deputy Comptroller. The BSA/AML Action Plan, at a minimum, shall specify:

- (a) a description of the corrective actions needed to achieve compliance with each Article of this Order;
- (b) reasonable and well-supported timelines for completion of the corrective actions required by this Order; and
- (c) the person(s) responsible for completion of the corrective actions required by this Order.

(2) The timelines contained in the BSA/AML Action Plan shall be consistent with any deadlines set forth in this Order, including any deadlines adjusted pursuant to Article XVII, Paragraph (6).

(3) In the event the Assistant Deputy Comptroller requires changes to the BSA/AML Action Plan, the Bank shall promptly incorporate the required changes into the BSA/AML Action Plan and submit the revised BSA/AML Action Plan to the Assistant Deputy Comptroller for review and prior written determination of no supervisory objection.

(4) Upon receipt of a prior written determination of no supervisory objection from the Assistant Deputy Comptroller, the Board shall adopt the BSA/AML Action Plan and ensure management has timely implemented, and is adhering to, the BSA/AML Action Plan, including the timelines set forth within the BSA/AML Action Plan.

(5) The Bank shall not take any action that will cause a significant deviation from, or material change to, the BSA/AML Action Plan, unless and until the Bank has received a prior written determination of no supervisory objection from the Assistant Deputy Comptroller. Should the Bank consider modifications to the BSA/AML Action Plan appropriate, the Bank shall submit a revised BSA/AML Action Plan containing the proposed modifications to the OCC for prior written determination of no supervisory objection by the Assistant Deputy Comptroller. Upon receipt of a prior written determination of no supervisory objection from the Assistant Deputy Comptroller, the Board shall adopt the revised BSA/AML Action Plan and ensure management has timely implemented all corrective actions required by this Order, and shall verify the Bank adheres to the revised BSA/AML Action Plan.

## ARTICLE V

### **SUSPICIOUS ACTIVITY IDENTIFICATION, EVALUATION, AND REPORTING**

(1) Consistent with the timeframes set forth in the BSA/AML Action Plan, the Bank shall develop, implement, and thereafter adhere to a written suspicious activity monitoring and reporting program to ensure the timely and appropriate review and disposition of suspicious activity alerts and case investigations, and the filing of SARs consistent with 12 C.F.R. § 163.180(d). At a minimum, this written program shall:

- (a) include procedures for identifying, evaluating, and reporting suspicious activity, known or suspected violations of Federal law, violations of the BSA, terrorist financing and other illicit financial activity, or suspicious transactions related to potential money laundering activity across all lines of business, including suspicious activity relating to the opening of new accounts, the monitoring of current accounts, and the transfer of funds through the Bank, including but not limited to remote deposit capture and electronic payment services;
- (b) include standards for dispositioning different types of alerts that are reasonable, communicated in writing to relevant staff and are adhered to by the alert investigators;
- (c) include standards that ensure accounts with high volumes of unusual or potentially suspicious activity alerts and/or case investigations are identified, elevated, and properly categorized;
- (d) provide for maintenance of adequate documentation to support the disposition of alerts and case investigations;

- (e) require BSA Department staff to consider appropriate Customer Due Diligence (“CDD”) information when conducting alert reviews and suspicious activity investigations; and
- (f) ensure the Bank has an effective SAR decision-making process and that it documents individual decisions on whether to file SARs, and the key facts and circumstances supporting each decision to not file a SAR.

(2) The Bank shall ensure that the Bank’s suspicious activity monitoring and reporting program provides for:

- (a) monitoring systems that apply appropriate rules, thresholds and filters for monitoring transactions, accounts, customers, products, services, and geographic areas commensurate with the Bank’s BSA/AML risk profile that include, at a minimum:
  - (i) volumes and types of transactions and services by country or geographic location; and
  - (ii) numbers of customers that typically pose higher BSA/AML risk, both by type of risk and by geographic location;
- (b) identification of areas outside of the monitoring system’s analysis and implementation of manual processes to ensure the Bank identifies potential suspicious activity not reviewed by an automated system;
- (c) complete and accurate information available to support alerts and investigations of potentially suspicious activity, including, where applicable, information from multiple lines of business;

- (d) validation of the data inputs for the automated systems, which shall include inputs from all products, services, and transactions, including but not limited to peer to peer transactions;
- (e) sufficient management information systems and metrics to validate automated system settings and thresholds, and to measure the effectiveness of the automated system and individual scenarios and adjust the system, consistent with the Bank's money laundering, terrorist financing and other illicit financial activity risk profile and operations, as necessary;
- (f) maintenance of documentation supporting the Bank's methodology for establishing and adjusting thresholds and filters;
- (g) processes for ongoing, risk-based independent validation of alert triggers, parameters, and other settings, including factors for developing a customer risk profile; and
- (h) processes for developing adequate documentation and prompt reporting of validation findings and prompt resolution of deficiencies identified during model validation. Refer to guidance in OCC Bulletin 2011-12, "Supervisory Guidance on Model Risk Management", OCC Bulletin 2021-19 "Bank Secrecy Act/Anti-Money Laundering: Interagency Statement on Model Risk Management for Bank Systems Supporting BSA/AML Compliance", and the Comptroller's Handbook on Model Risk Management for more information.



(3) Consistent with the timelines set forth in the BSA/AML Action Plan, the Bank shall complete an independent validation of the Bank’s automated monitoring system consistent with the requirements of paragraph (2)(h) of this Article. The Bank shall report validation findings in writing to the Compliance Committee and to the Assistant Deputy Comptroller within thirty (30) days of completion.

## **ARTICLE VI**

### **TIMELINESS OF BSA/AML REVIEWS**

(1) Beginning no later than March 31, 2022, the Bank shall resolve alerts from the Bank’s automated monitoring system and high-risk customer reviews consistent with the Bank-defined service level objectives that were effective as of November 30, 2021 (“SLOs”). Beginning no later than July 31, 2022, the Bank shall resolve suspicious activity investigations consistent with the SLOs. The Bank shall not alter the SLOs without receiving a prior written determination of no supervisory objection from the Assistant Deputy Comptroller.

(2) By March 31, 2022, the Bank shall ensure that alerts from the Bank’s automated monitoring system and high-risk customer reviews are current under the SLOs and that any backlogs have been resolved. By July 31, 2022, the Bank shall ensure that suspicious activity investigations are current under the SLOs and that any backlogs have been resolved.

(3) Within ninety (90) days of completing the requirements of paragraph (2) of this Article, the Bank shall perform and complete independent testing of the population of past due alerts, investigations, and customer reviews described in paragraph (2) of this Article to test the quality of analysis and decisioning of alerts not escalated to investigations, decisions not to file SARs, and high-risk customer reviews. Within thirty (30) days of completing this independent

testing, a written report shall be submitted to the Compliance Committee and the Assistant Deputy Comptroller.

## **ARTICLE VII**

### **RISK ASSESSMENT**

(1) The Bank shall develop, implement, and maintain an institution-wide assessment of the Bank's money laundering, terrorist financing and other illicit financial activity risks and incorporate that risk assessment into the design and implementation of the BSA/AML Program, including but not limited to internal controls. The Bank's money laundering, terrorist financing and other illicit financial activity risk assessment shall include:

- (a) identification of Bank-specific risk categories that pose risks including but not limited to products, services, customers, and geographic locations;
- (b) an analysis of the pertinent data obtained regarding the specific risk categories, including but not limited to:
  - (i) volumes and types of transactions and services by country or geographic location; and
  - (ii) numbers of customers that typically pose higher risk, both by type of risk and by geographic location;
- (c) an assessment of risk both separately within the Bank's business lines and on a consolidated basis across all Bank activities and product lines;
- (d) an assessment of affiliate relationships and shared services to identify

and analyze their impact on the Bank's BSA/AML risk profile,

- (e) a provision requiring maintenance of appropriate data and information used to support the risk assessment's conclusions. The supporting documentation shall be readily accessible for third party review; and
- (f) an inventory of internal controls designed to address the risks identified through the risk assessment, and an assessment of the adequacy of those controls that incorporates findings from regulatory examinations, second-line testing, and audit reviews.

(2) Bank management shall regularly update its money laundering, terrorist financing and other illicit financial activity risk assessment as needed when changes in risk factors, events, or operations occur that result in the existing risk assessment no longer accurately reflecting the Bank's risk profile. Results of the risk assessment, including updates thereto, shall be timely provided to all relevant business lines across the Bank, the Board, and senior management.

(3) The Bank shall conduct annual independent testing of the Bank's money laundering, terrorist financing and other illicit financial activity risk assessment and methodology that concludes on the accuracy and completeness of the risk assessment and the reasonableness of the chosen methodology and approach. A written report of this review shall be submitted to the Compliance Committee and the Assistant Deputy Comptroller within thirty (30) days of completion.

## **ARTICLE VIII**

### **BSA/AML INTERNAL CONTROLS**

(1) The Bank shall revise, adopt, implement and thereafter ensure adherence to a system of internal controls reasonably designed to provide for ongoing compliance with BSA regulatory requirements including appropriate suspicious activity monitoring and reporting. The Bank's system of internal controls must include, at a minimum:

- (a) appropriate risk-based transaction limits for Bank products and services, consistent with the Board's risk appetite, including but not limited to peer to peer payments, transaction limits for automated teller machine ("ATM") cash withdrawals, ATM PIN access attempts, Remote Deposit Capture daily deposits, and other electronic banking products identified by the Bank's independent audit function;
- (b) effective management information systems, commensurate with the Bank's size and risk profile, that provide timely and accurate periodic reporting to senior management and the Board of the status of the Bank's BSA/AML Program, including, but not limited to, trends in SARs and other filings, alert and investigation volumes, and compliance with the BSA and this Order; and
- (c) effective independent, risk-based quality assurance and quality control methodologies and processes, which shall include but not be limited to assessment of suspicious activity alerts and investigations, SAR and Currency Transaction Report ("CTR") filings, and periodic review of high-risk customers, with a focus on decision quality. The quality

assurance and quality control processes shall review work performed by Bank personnel and third parties performing Bank BSA/AML functions.

## ARTICLE IX

### **CUSTOMER IDENTIFICATION PROGRAM, CUSTOMER DUE DILIGENCE, CUSTOMER RISK IDENTIFICATION, AND HIGH RISK ACCOUNT REVIEWS**

(1) The Board shall ensure the Bank revises, adopts, and promptly implements and adheres to an appropriate written Customer Identification Program (“CIP”), and appropriate risk-based policies and procedures for collecting CDD information when opening new accounts and periodically thereafter based on risk for existing accounts, and also when events indicate information is missing or incomplete, profiles need to be updated, or activity does not match the customer profile. Such policies and procedures shall be in accordance with applicable law and regulations and be commensurate with the Risk Assessments conducted pursuant to Article VII. These policies and procedures must provide for ongoing customer due diligence; must be adequate to ensure that the Bank understands the nature and purpose of customer relationships for the purpose of developing a customer risk profile. They must also provide for ongoing monitoring to identify and report suspicious transactions and, on a risk basis, to maintain and update customer information. At a minimum the policies, procedures, and CDD shall include:

- (a) policies and procedures to outline ongoing high-risk account review expectations to provide for meaningful analysis and documentation of information, which among other information shall include:

- (i) evidence of transactional analysis, including trend analysis and analysis of significant and unexplained variances in account activity;
  - (ii) development of triggering criteria to maintain and update customer information; and
  - (iii) standards for tracking, monitoring, and analyzing customer activity findings as part of the CDD review;
- (b) assigned accountability and oversight for account opening and review, including provisions for escalation to Bank management of decisions to open higher risk accounts;
  - (c) procedures to ensure accounts are accurately risk-rated and CDD performed is appropriate, including risk-based procedures for obtaining additional information for higher-risk accounts; and
  - (d) documented explanations for changes in account activity.

(2) The BSA Officer or their designee(s) shall monitor for higher-risk customers, including their transactions and related accounts, to determine whether activity is consistent with the purpose of the customer relationship and the customer's risk profile. The BSA Officer or his/her designee(s) shall keep customer profiles updated as defined in the Bank's BSA/AML policy.

## ARTICLE X

### **BANK SECRECY ACT OFFICER AND STAFFING**

(1) Effective immediately, the Board shall ensure that the Bank has a qualified BSA Officer vested with sufficient independence, authority, and resources to fulfill the duties and responsibilities of the position and ensure compliance with the requirements of the Bank Secrecy Act (31 U.S.C. § 5311 *et seq.*) and its implementing regulations. The BSA Officer shall provide timely and accurate periodic reporting to the Board and senior management about the status of the Bank's BSA/AML Program, including compliance with the BSA, the BSA/AML Action Plan, and this Order.

(2) In the event that the position is vacated, the Board shall promptly appoint a new BSA Officer. Prior to appointing a new BSA Officer, the Board shall submit to the Assistant Deputy Comptroller the following:

- (a) the information sought in the "Changes in Directors and Senior Executive Officers" and "Background Investigations" booklets of the Comptroller's Licensing Manual, together with a legible fingerprint card for the proposed individual;
- (b) a written statement of the Board's reasons for selecting the proposed officer;
- (c) a written description of the proposed officer's duties and responsibilities;  
and
- (d) a written request for no supervisory objection to the proposed new BSA Officer.

(3) The Assistant Deputy Comptroller shall have the power to object to the appointment of any proposed new BSA Officer. The requirement to submit information and the prior written no supervisory objection provisions of this paragraph are based on the authority of 12 U.S.C. § 1818(b)(6)(E) and do not require the Assistant Deputy Comptroller to complete his review and act on any such information within ninety (90) days. The lack of supervisory objection to such individual shall not constitute an approval or endorsement of the proposed BSA Officer.

(4) The Board shall ensure that the Bank has sufficient staff with appropriate skills and expertise needed to support the BSA Officer and the Bank's BSA/AML Program, and that they are vested with sufficient authority to fulfill their respective duties and responsibilities.

(5) Within one hundred eighty (180) days of this Order, and no less than annually thereafter, the Board shall review the adequacy of the Bank's BSA Officer and supporting staff, and shall document its determinations in writing. The review shall evaluate and consider the effectiveness of the Bank's BSA/AML Program, as well as the leadership, knowledge, training, and skills of the BSA Officer and staff, appropriate oversight and governance structures for BSA/AML staff, and appropriate staffing levels for the BSA/AML compliance function consistent with the Bank's money laundering, terrorist financing and other illicit financial activity risk assessment, including anticipated risks from new or expanded lines of business, products, and services. The Board shall promptly take action to correct any deficiencies identified following each review.

(6) Effective immediately, the Bank shall not contract with any third party to perform BSA/AML functions unless the Bank has conducted and documented an assessment of the adequacy of the skills and training of the third party for the proposed services. The Bank shall



adopt, implement, and adhere to a program to provide adequate oversight of all third parties performing BSA/AML functions, including a quality control program to evaluate third parties' performance against specific standards, with consequences for failure to meet these standards (including but not limited to termination of any agreement with the third party).

## **ARTICLE XI**

### **BSA/AML TRAINING**

(1) The Board shall ensure the Bank develops, implements, and adheres to a written training program for all appropriate Bank employees and Board members to ensure their awareness of their responsibility for compliance with the requirements of the BSA and the Bank's BSA/AML Program. This training program shall:

- (a) provide for relevant and appropriate periodic training for operational and supervisory personnel assigned to the Bank's BSA compliance function, which shall specifically address changes to regulatory requirements, supervisory guidance, and the Bank's money laundering, terrorist financing and other illicit financial activity risk profile; high risk customers; suspicious activity monitoring and reporting; and development of appropriate controls to address higher risk activities;
- (b) provide for targeted training for other personnel focusing on the individual's specific duties and responsibilities; and
- (c) include the frequency of training, procedures, and timing for updating the training program and materials, the method for delivering training, and procedures to ensure employee training completion is tracked and documented.

(2) The training program shall require the Bank to confirm that third parties performing BSA/AML functions receive sufficient and ongoing training to perform their tasks effectively.

(3) Within sixty (60) days of this Order, the Board shall ensure the Bank develops and implements tailored training for personnel performing alert reviews, suspicious activity investigations, and high-risk customer reviews.

(4) The Bank shall perform an independent assessment of the Bank's BSA/AML training to include its operational effectiveness and promptly provide a written report to the Compliance Committee and the Assistant Deputy Comptroller.

## **ARTICLE XII**

### **BSA/AML INDEPENDENT TESTING**

(1) The Board shall ensure the Bank adheres to an effective BSA/AML independent testing program ("Audit Program") commensurate with the Bank's money laundering, terrorist financing and other illicit financial activity risk profile. The Audit Program shall include an annual audit plan to evaluate compliance with the BSA. Through execution of the audit plan, the Audit Program must:

- (a) test the adequacy of internal controls and evaluate compliance with applicable laws, rules, and regulations;
- (b) evaluate the Bank's adherence to established policies and procedures;
- (c) provide adequate audit coverage and audit frequency using a risk-based approach;
- (d) perform sufficient transaction testing to support audit findings, particularly in areas of higher risk or concern; and

- (e) maintain sufficient documentation to support audit findings and conclusions.

(2) The Board shall ensure the Audit Program is adequately staffed, with respect to experience level, specialty expertise regarding BSA/AML compliance, and number of individuals employed, to execute the annual audit plan fully and promptly.

(3) The Audit Program shall require prompt reporting of all deficiencies in BSA/AML processes and controls identified through the Audit Program to the Bank's Board or Audit Committee and to senior management. The reports shall indicate the severity of the deficiencies, the risks, and the required corrective actions. The Board or Audit Committee shall ensure that management takes prompt action to remedy deficiencies cited in audit reports and that the Audit Program reviews and validates corrective action promptly.

### **ARTICLE XIII**

#### **OFAC COMPLIANCE PROGRAM**

(1) The Board shall ensure that the Bank develops, implements, and adheres to an effective, written OFAC compliance program commensurate with its OFAC risk profile. The OFAC compliance program shall include:

- (a) the timely development, execution, and maintenance of an effective written OFAC risk assessment methodology and process, which shall include:
  - (i) an analysis of the products, services, customers, entities, transactions, and geographic locations in which the Bank is engaged, including those that are processed by, through, or to the

- Bank, the quantity of OFAC risk and the identification of potential OFAC exposure;
- (ii) an analysis of the nature and complexity of OFAC risks inherent in the Bank's operations;
  - (iii) identification of controls implemented by the Bank to address the identified risks; and
  - (iv) analysis of those controls to determine their effectiveness;
- (b) a system of internal controls commensurate with the Bank's OFAC risk assessment that includes processes for identifying and incorporating changes to OFAC-administered sanctions programs;
  - (c) maintenance of sufficient, adequately trained Bank staff to achieve and sustain compliance with OFAC requirements;
  - (d) periodic independent testing of the OFAC Compliance Program, to assess compliance with OFAC regulations and requirements for prompt internal reporting and correction of issues identified during independent reviews or by regulators; and
  - (e) periodic, risk-based independent validation of automated systems that support the Bank's OFAC Compliance Program, including filters.

#### **ARTICLE XIV**

##### **GENERAL BOARD RESPONSIBILITIES**

- (1) The Board shall ensure that the Bank has timely adopted and implemented all corrective actions required by this Order, and shall verify that the Bank adheres to the corrective actions and they are effective in addressing the Bank's deficiencies that resulted in this Order.

(2) In each instance in which this Order impose responsibilities upon the Board, it is intended to mean that the Board shall:

- (a) authorize, direct, and adopt corrective actions on behalf of the Bank as may be necessary to perform the obligations and undertakings imposed on the Board by this Order;
- (b) ensure that the Bank has sufficient processes, management, personnel, control systems, and corporate and risk governance to implement and adhere to all provisions of this Order;
- (c) require that Bank management and personnel have sufficient training and authority to execute their duties and responsibilities pertaining to or resulting from this Order;
- (d) hold Bank management and personnel accountable for executing their duties and responsibilities pertaining to or resulting from this Order;
- (e) require appropriate, adequate, and timely reporting to the Board by Bank management of corrective actions directed by the Board to be taken under the terms of this Order; and
- (f) address any noncompliance with corrective actions in a timely and appropriate manner.

## **ARTICLE XV**

### **WAIVERS**

- (1) The Bank, by executing and consenting to this Order, waives:
  - (a) any and all rights to the issuance of a Notice of Charges pursuant to 12 U.S.C. § 1818;

- (b) any and all procedural rights available in connection with the issuance of this Order;
- (c) any and all rights to a hearing and a final agency decision pursuant to 12 U.S.C. § 1818 and 12 C.F.R. Part 109;
- (d) any and all rights to seek any type of administrative or judicial review of this Order;
- (e) any and all claims for fees, costs, or expenses against the OCC, or any of its officers, employees, or agents related in any way to this enforcement matter or this Order, whether arising under common law or under the terms of any statute, including, but not limited to, the Equal Access to Justice Act, 5 U.S.C. § 504 and 28 U.S.C. § 2412;
- (f) any and all rights to assert this proceeding, the consent to and/or the issuance of this Order, as the basis for a claim of double jeopardy in any pending or future proceeding brought by the United States Department of Justice or any other governmental entity; and
- (g) any and all rights to challenge or contest the validity of this Order.

## **ARTICLE XVI**

### **OTHER PROVISIONS**

- (1) As a result of this Order, the Bank is not:
  - (a) precluded from being treated as an “eligible savings association” for the purposes of 12 C.F.R. Part 5, unless the Bank fails to meet any of the requirements contained in subparagraphs (1) – (4) of 12 C.F.R. § 5.3,

Definitions, *Eligible bank or eligible savings association*, or is otherwise informed in writing by the OCC;

- (b) subject to the restrictions in 12 C.F.R. § 5.51 requiring prior notice to the OCC of changes in directors and senior executive officers or the limitations on golden parachute payments set forth in 12 C.F.R. Part 359, unless the Bank is otherwise subject to such requirements pursuant to 12 C.F.R. § 5.51(c)(7)(i), (iii).

(2) This Order supersedes all prior OCC communications issued pursuant to 12 C.F.R. §§ 5.3(g)(5) and 5.51(c)(7)(ii).

## **ARTICLE XVII**

### **CLOSING**

(1) This Order is a settlement of the cease and desist proceeding against the Bank contemplated by the OCC, based on the violations of law described in the Comptroller's Findings set forth in Article II of this Order. The OCC releases and discharges the Bank from all potential liability for a cease and desist order that has been or might have been asserted by the OCC based on the violations described in Article II of this Order, to the extent known to the OCC as of the effective date of this Order. Notwithstanding this release, the OCC expects the Bank to expeditiously undertake all necessary and appropriate actions to achieve compliance with this Order. The OCC expressly reserves its right to assess future civil money penalties, or take other supervisory and/or enforcement actions, including in circumstances where the OCC determines that the Bank is not making sufficient and sustainable progress towards achieving compliance with this Order. Such actions could include issuing a cease and desist order pursuant to 12 U.S.C. § 1818(b)(6) that imposes additional business restrictions, including possible

limitations on the declaration or payment of dividends, and/or requires the Bank to make changes to its senior executive officers or any and/or all members of the Board.

- (2) Nothing in this Order shall prevent the OCC from:
  - (a) instituting enforcement actions other than a cease and desist order against the Bank based on the Comptroller's Findings set forth in Article II of this Order;
  - (b) instituting enforcement actions against the Bank based on any other findings;
  - (c) instituting enforcement actions against institution-affiliated parties (as defined by 12 U.S.C. § 1813(u)) based on the Comptroller's Findings set forth in Article II of this Order, or any other findings; or
  - (d) utilizing the Comptroller's Findings set forth in Article II of this Order in future enforcement actions against the Bank or its institution-affiliated parties to establish a pattern or the continuation of a pattern.

(3) Nothing in this Order is a release, discharge, compromise, settlement, dismissal, or resolution of any actions, or in any way affects any actions that may be or have been brought by any other representative of the United States or an agency thereof, including, without limitation, the United States Department of Justice.

- (4) This Order is:
  - (a) a "cease-and-desist order issued upon consent" within the meaning of 12 U.S.C. § 1818(b);
  - (b) a "cease-and-desist order which has become final" within the meaning of 12 U.S.C. § 1818(b);



- (c) an “order issued with the consent of the depository institution” within the meaning of 12 U.S.C. § 1818(h)(2);
- (d) an “effective and outstanding . . . order” within the meaning of 12 U.S.C. § 1818(i)(1); and
- (e) a “final order” within the meaning of 12 U.S.C. § 1818(i)(2) and (u).

(5) This Order is effective upon its issuance by the OCC, through the Comptroller’s duly authorized representative. Except as otherwise expressly provided herein, all references to “days” in this Order shall mean calendar days and the computation of any period of time imposed by this Order shall not include the date of the act or event that commences the period of time.

(6) The provisions of this Order shall remain effective except to the extent that, and until such time as, such provisions are amended, suspended, waived, or terminated in writing by the OCC, through the Comptroller’s duly authorized representative. If the Bank seeks an extension, amendment, suspension, waiver, or termination of any provision of this Order, or within any plan or program submitted pursuant to this Order, the Board or a Board-designee shall submit a written request to the Assistant Deputy Comptroller asking for relief. Any request submitted pursuant to this paragraph shall include a statement setting forth in detail the special circumstances that prevent the Bank from complying with the relevant provision(s) of the Order or plan or program submitted pursuant to this Order, and shall be accompanied by relevant supporting documentation. The OCC’s decision concerning a request submitted pursuant to this paragraph, which will be communicated to the Board in writing, is final and not subject to further review.

(7) The Bank will not be deemed to be in compliance with this Order until it has adopted, implemented, and adhered to all of the corrective actions set forth in each Article of this Order; the corrective actions are effective in addressing the Bank's deficiencies; and the OCC has verified and validated the corrective actions. An assessment of the effectiveness of the corrective actions requires sufficient passage of time for the Bank to demonstrate the sustained effectiveness of the corrective actions.

(8) This Order is not a contract binding on the United States, the United States Treasury Department, the OCC, or any officer, employee, or agent of the OCC and neither the Bank nor the OCC intends this Order to be a contract.

(9) Each citation, guidance, or issuance referenced in this Order includes any subsequent citation, guidance, or issuance that replaces, supersedes, amends, or revises the referenced cited citation, guidance, or issuance.

(10) No separate promise or inducement of any kind has been made by the OCC, or by its officers, employees, or agents, to cause or induce the Bank to consent to the issuance of this Order.

(11) All reports, plans, or programs submitted to the OCC pursuant to this Order shall be forwarded, by overnight mail or via email, to the following:

William Russell  
Assistant Deputy Comptroller  
Comptroller of the Currency  
Midsize Bank Supervision  
400 7<sup>th</sup> Street, SW, Suite 2000  
Washington, DC 20219

The Bank shall also provide a copy to the OCC Examiner in Charge.

(12) The terms of this Order, including this paragraph, are not subject to amendment or modification by any extraneous expression, prior agreements, or prior arrangements between the parties, whether oral or written.

**IN TESTIMONY WHEREOF**, the undersigned, authorized by the Comptroller as his duly authorized representative, has hereunto set his signature on behalf of the Comptroller.

//s// Digitally Signed, Dated: 2022.03.17

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Joel Denkert  
Deputy Comptroller  
Midsize Bank Supervision

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Date

**IN TESTIMONY WHEREOF**, the undersigned, as the duly elected and acting Board of Directors of USAA Federal Savings Bank have hereunto set their signatures on behalf of the Bank.

<u>/s/</u>	<u>4 Mar, 2022</u>
<u>Brad L. Conner</u>	<u>Date</u>
<u>/s/</u>	<u>2 Mar, 2022</u>
<u>David C. Darnell</u>	<u>Date</u>
<u>/s/</u>	<u>3 Mar, 2022</u>
<u>Karen E. Dyson</u>	<u>Date</u>
<u>/s/</u>	<u>2 Mar, 2022</u>
<u>Rhett A. Hernandez</u>	<u>Date</u>
<u>/s/</u>	<u>2 Mar, 2022</u>
<u>Karin Hirtler-Garvey</u>	<u>Date</u>
<u>/s/</u>	<u>3 Mar, 2022</u>
<u>Leo S. Mackay, Jr.</u>	<u>Date</u>
<u>/s/</u>	<u>3 Mar, 2022</u>
<u>Wendy J. Murdock</u>	<u>Date</u>
<u>/s/</u>	<u>7 Mar, 2022</u>
<u>S. Wayne Peacock</u>	<u>Date</u>
<u>/s/</u>	<u>6 Mar, 2022</u>
<u>G. Patrick Phillips</u>	<u>Date</u>
<u>/s/</u>	<u>4 Mar, 2022</u>
<u>Robert Qutub</u>	<u>Date</u>
<u>/s/</u>	<u>7 Mar, 2022</u>
<u>J. Paul Vincent</u>	<u>Date</u>

/s/

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Patricia Watson

3 Mar, 2022

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Date