

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

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<b>In the Matter of:</b>	)	
	)	
Citibank, N.A.	)	
Sioux Falls, South Dakota	)	AA-EC-2015-52
	)	
Department Stores National Bank	)	
Sioux Falls, South Dakota	)	
_____	)	

**CONSENT ORDER**

The Comptroller of the Currency of the United States of America (“Comptroller”), through his national bank examiners and other staff of the Office of the Comptroller of the Currency (“OCC”), has conducted examinations of Citibank, N.A., Sioux Falls, South Dakota and Department Stores National Bank (“DSNB”), Sioux Falls, South Dakota (collectively, “Bank”). The OCC has identified deficiencies in the Bank’s practices that resulted in violations of Section 5 of the Federal Trade Commission Act (“FTC Act”), 15 U.S.C. § 45(a)(1), related to billing practices with regard to identity protection products and marketing and sales practices with regard to debt cancellation products, and has informed the Bank of the findings resulting from the examinations.

The Bank, by and through its duly elected and acting Boards of Directors (collectively, “Board”), has executed a Stipulation and Consent to the Issuance of a Consent Order, dated July 20, 2015, that is accepted by the Comptroller (“Stipulation”). By this Stipulation, which is incorporated herein by reference, the Bank has consented to the issuance of this Consent Cease and Desist Order (“Order”) by the Comptroller. The Bank has begun corrective action

with respect to the practices addressed in this Order, and is committed to taking all necessary and appropriate steps to remedy the deficiencies and violations of law identified by the OCC.

## ARTICLE I

### COMPTROLLER'S FINDINGS

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

(1) From March 2000 to September 2011, the Bank and its vendors marketed and sold identity protection products, the advertised benefits of which included triple bureau credit monitoring and credit report retrieval, to certain Bank customers and other consumers.

(2) Bank customers or other consumers who enrolled in the identity protection products were required to provide sufficient personal verification information or authorization before each of their credit bureau reports could be accessed. Customers of the identity protection products were provided the materials necessary to submit this information or authorization, but until the information or authorization was submitted, the customers could not receive the full credit monitoring and/or credit report retrieval services of the identity protection product in which they were enrolled.

(3) From 2000 to February 2013, the Bank, through its vendors, billed customers of identity protection products who were not receiving the full credit monitoring and/or credit report retrieval services for the full fee of the product, even though those customers were not receiving all of the benefits of the product.

(4) By reason of the foregoing billing practices for its identity protection products as described in Paragraphs (1) to (3) of this Article, the Bank engaged in unfair practices in violation of Section 5 of the FTC Act, 15 U.S.C. § 45(a)(1). This violation of Section 5 of the FTC Act caused substantial consumer injury or was likely to cause substantial consumer injury.

(5) Since 2003, the Bank has marketed and sold debt cancellation products in connection with certain Bank-branded and store-branded credit cards issued by the Bank. These products included cancellation of a portion of a customer's credit card balance upon the occurrence of certain defined qualifying events.

(6) From 2003 through August 2012, the Bank's telemarketing and telesales practices for the debt cancellation products could have misled reasonable consumers about material information regarding the Bank's debt cancellation products. Specifically, telesales agents (i) omitted information during the sales calls that was necessary to correct or clarify apparent consumer misunderstandings about product cost, features, or eligibility requirements; (ii) made affirmative false statements about product cost and benefits; and (iii) failed to obtain consumers' informed and affirmative consent prior to enrolling them in the products.

(7) From 2008 through August 2012, the point-of-sale application process for one of the DSNB store-branded credit card products included solicitation via pin-pad for Credit Protection. The Bank failed to provide adequate and conspicuous disclosure during the point-of-sale application process that the Credit Protection product was separate from the credit card product, and failed to implement appropriate controls to ensure consumers provided informed and affirmative consent to purchase the optional product. As a result, consumers may have unintentionally enrolled in Credit Protection or mistakenly believed that enrollment in Credit Protection was a required part of the credit application process.

(8) In selling debt cancellation products, Bank telesales agents' oral disclosures were not readily understandable, as required by 12 C.F.R. Part 37.

(9) By reason of the foregoing telemarketing, telesales, and point-of-sale practices for its debt cancellation products as described in Paragraphs (5) to (8) of this Article, the Bank

engaged in unfair and deceptive practices in violation of Section 5 of the FTC Act, 15 U.S.C. § 45(a)(1) and violated 12 C.F.R. Part 37. These violations of Section 5 of the FTC Act and Part 37 are part of a pattern of misconduct and resulted in financial gain to the Bank.

(10) Pursuant to the authority vested in him by the Federal Deposit Insurance Act, as amended, 12 U.S.C. § 1818(b), the Comptroller hereby ORDERS that:

## ARTICLE II

### COMPLIANCE COMMITTEE

(1) The Board of Citibank, N.A. shall appoint and maintain a Compliance Committee of at least three (3) directors, of which a majority may not be employees or officers of Citibank, N.A. or any of its subsidiaries or affiliates. At formation and thereafter in the event of a change in the membership, the names of the members of the Compliance Committee shall be submitted in writing to the Examiner-in-Charge for Large Bank Supervision at the Bank (“Examiner-in-Charge”). The Compliance Committee shall be responsible for monitoring and coordinating the Bank’s compliance with the provisions of this Order. The Compliance Committee shall meet at least monthly and maintain minutes of its meetings.

(2) Within one hundred twenty (120) days of the effective date of this Order, and thereafter within thirty (30) days after the end of each quarter, the Compliance Committee shall submit a written progress report to the Board setting forth in detail the actions taken to comply with each Article of this Order, and the results and status of those actions.

(3) Upon receiving the Compliance Committee’s report, the Board shall forward a copy of the report, with any additional comments by the Board, to the Examiner-in-Charge within ten (10) days of the first Board meeting following receipt of such report, unless additional

time is granted by the Examiner-in-Charge through a written determination of no supervisory objection.

### ARTICLE III

#### COMPREHENSIVE ACTION PLAN

(1) Within one hundred twenty (120) days of this Order, the Bank shall submit to the Deputy Comptroller and Examiner-in-Charge, for review and written determination of no supervisory objection by the Deputy Comptroller, an acceptable plan containing a complete description of the actions that are necessary and appropriate to achieve compliance with Articles IV through XI of this Order (“Action Plan”). In the event the Deputy Comptroller asks the Bank to revise the Action Plan, the Bank shall promptly make necessary and appropriate revisions and resubmit the Action Plan to the Deputy Comptroller and Examiner-in-Charge for review and determination of no supervisory objection by the Deputy Comptroller.

(2) The Action Plan shall specify timelines for completion of each of the requirements of Articles IV through XI of this Order. The timelines in the Action Plan shall be consistent with any deadlines set forth in this Order, unless modified by written agreement with the Deputy Comptroller.

(3) Upon receiving written notice of no supervisory objection from the Deputy Comptroller, the Board shall ensure that the Bank implements and thereafter adheres to the Action Plan. Following implementation of the Action Plan, the Bank shall not take any action that will cause a significant deviation from, or material change to the Action Plan, unless and until the Bank has received a prior written determination of no supervisory objection from the Deputy Comptroller.

(4) The Board shall ensure that the Bank achieves and thereafter maintains compliance with this Order, including, without limitation, successful implementation of the Action Plan. The Board shall further ensure that, upon implementation of the Action Plan, the Bank achieves and maintains a program to comply with Section 5 of the FTC Act, and its implementing regulations. In each instance in this Order in which the Board is required to ensure adherence to or undertake to perform certain obligations of the Bank, it is intended to mean that the Board shall:

- (a) Require the timely reporting by the Bank management of such actions directed by the Board to be taken under this Order;
- (b) Follow-up on any non-compliance with such actions in a timely and appropriate manner; and
- (c) Require corrective action be taken in a timely manner for any non-compliance with such actions.

#### ARTICLE IV

##### CONSUMER REIMBURSEMENT FOR UNFAIR BILLING PRACTICES

(1) The Bank shall make full reimbursement, as defined in Paragraph (3) of this Article, in accordance with the Reimbursement Plan required by Article VI of this Order, to all Eligible IP Customers as defined in Paragraph (2) of this Article.

(2) For the purposes of this Order, the following definitions shall apply:

- (a) “Eligible IP Customer” is any Identity Protection Customer who, between January 2000 and February 2013, was enrolled in an Identity Protection Product and who was Unprocessable during any portion of his or her enrollment.

- (b) “Identity Protection Customer” is a Bank customer or other consumer who enrolled in an Identity Protection Product.
- (c) “Identity Protection Product” refers to two identity theft protection products, “PrivacyGuard” and “Direct Alert,” which were marketed and sold to certain Bank customers and other consumers by the Bank or its Identity Protection Vendor.
- (d) “Identity Protection Vendor” refers to any of the Bank’s vendors, including Trilegiant Corporation (and its predecessor Cendant Membership Services, Inc.) and CPP, Ltd. (and its predecessors Metris Companies, Inc., Metris Direct Services, Inc., Metris Direct, Inc., Metris Warranty Services, Inc. and Metris Warranty Services of Florida, Inc.), that provided marketing, sales, delivery, servicing, and/or fulfillment of Identity Protection Products to Bank customers and other consumers.
- (e) “Identity Protection Product Fees” are the fees charged by the Bank or Identity Protection Vendor for an Identity Protection Product.
- (f) “Reimbursement End Date” is the date on which the Eligible IP Customer’s Unprocessable status ended.
- (g) “Reimbursement Start Date” is the date on which the Eligible IP Customer first entered Unprocessable status.
- (h) “Unprocessable” refers to the status of an Identity Protection Customer who, at a given time, was being billed for an Identity Protection Product but was not receiving the full advertised credit monitoring and/or credit report retrieval benefits of the product.

(3) The reimbursement amount paid to each Eligible IP Customer shall include, as applicable to each Eligible IP Customer:

- (a) The sum of:
  - (i) The full amount of Identity Protection Product Fees paid by an Eligible IP Customer from his or her Reimbursement Start Date through his or her Reimbursement End Date;
  - (ii) The full amount of any overlimit fees paid by an Eligible IP Customer from his or her Reimbursement Start Date through his or her Reimbursement End Date because the amount of the Identity Protection Product Fees resulted in the Eligible IP Customer exceeding his or her credit limit; and
  - (iii) The amount of the estimated finance charges, as calculated pursuant to the methodology in the Reimbursement Plan, paid by an Eligible IP Customer on Identity Protection Product Fees from his or her Reimbursement Start Date through his or her Reimbursement End Date.
- (b) Less any amount that was a previous refund of the fees and charges described above in section (a) of this paragraph.

#### ARTICLE V

#### CONSUMER REIMBURSEMENT FOR UNFAIR AND DECEPTIVE SALES AND MARKETING PRACTICES

(1) The Bank shall make full reimbursement, as defined in Paragraph (3) of this Article, in accordance with the Reimbursement Plan required by Article VI of this Order, to all Eligible DC Customers as defined in Paragraph (2) of this Article.

- (2) For the purposes of this Order, the following definitions shall apply:
- (a) “Debt Cancellation Customer” is a Bank credit card, and/or store-branded and Bank-issued credit card, customer who enrolled in a Debt Cancellation Product and paid Debt Cancellation Product Fees.
  - (b) “Debt Cancellation Product” refers to products marketed and sold by the Bank to Debt Cancellation Customers, as described in Paragraphs (5) through (8) of Article I, the benefits of which included cancellation of a defined portion of a Debt Cancellation Customer’s credit card balance upon the occurrence of certain qualifying events defined in the relevant agreement with such customer.
  - (c) “Eligible DC Customer” is any Debt Cancellation Customer who, between January 2003 and August 2012, enrolled in a Debt Cancellation Product and was harmed as a result of the Bank’s unfair or deceptive telemarketing and/or sales practices described in Paragraphs (5) through (8) of Article I.
  - (d) “Debt Cancellation Product Fees” are the fees charged by the Bank to Debt Cancellation Customers for Debt Cancellation Products.

(3) The reimbursement amount paid to each Eligible DC Customer shall include, as applicable to each Eligible DC Customer:

- (a) The sum of:
  - (i) The portion of Debt Cancellation Product Fees paid by Eligible DC Customers as a result of the Bank’s unfair or deceptive telemarketing and/or sales practices, as calculated pursuant to the methodology in the Reimbursement Plan; and

- (ii) The full amount of any overlimit fees paid by an Eligible DC Customer because the amount of the Debt Cancellation Product Fees described in subsection (i) resulted in the Eligible DC Customer exceeding his or her credit limit; and
  - (iii) The amount of the estimated finance charges, as calculated pursuant to the methodology in the Reimbursement Plan, paid by an Eligible DC Customer on Debt Cancellation Product Fees described in subsection (i).
- (b) Less any amount that was a previous refund of the fees and charges described above in section (a) of this paragraph.

## ARTICLE VI

### REIMBURSEMENT PLAN

(1) Within sixty (60) days of this Order, the Bank shall develop a reimbursement plan (“Reimbursement Plan”) and submit it to the Deputy Comptroller, with a copy to the Examiner-in-Charge, for prior determination of no supervisory objection by the Deputy Comptroller. The Reimbursement Plan shall include the following:

- (a) A description of the methods used and the time necessary to compile a list of potential Eligible IP Customers and Eligible DC Customers (collectively, “Eligible Customers”).
- (b) A description of the methods used to calculate the amount of reimbursement to be paid to each Eligible Customer as required by Paragraph (1) of Articles IV and V of this Order.

- (c) A description of the procedures for issuance and tracking of reimbursement payments to Eligible Customers, including procedures for locating Eligible Customers whose contact information has changed.
- (d) With regard to Eligible Customers who receive the reimbursement required by Paragraph (1) of Articles IV and V of this Order in the form of a credit to their Bank credit card account, a description of procedures:
  - (i) for reporting updated balances, as applicable, to each credit reporting agency to which the Bank had previously furnished balance information for the account; and
  - (ii) with regard to accounts sold to unaffiliated third parties, for requesting such third parties to report updated balances, as applicable, to each credit reporting agency to which the Bank or the third party had previously furnished balance information for the account.
- (e) A description of the procedures for monitoring compliance with the Reimbursement Plan.

(3) The Bank represents that it has completed a plan to reimburse Eligible IP Customers and that it has prepared and initiated a plan to reimburse Eligible DC Customers. These plans shall be documented as part of the Reimbursement Plan required by this Article, shall be subject to the requirements of this Article, and shall include an accounting of amounts the Bank has already reimbursed to Eligible IP Customers.

(4) Upon receipt of a determination of no supervisory objection to the Reimbursement Plan, the Board shall ensure that the Bank implements and adheres to the

Reimbursement Plan. Any proposed changes to or deviations from the approved Reimbursement Plan shall be submitted in writing to the Deputy Comptroller for prior supervisory review and non-objection.

## ARTICLE VII

### ASSESSMENT OF REIMBURSEMENT

(1) Within ninety (90) days from the completion of reimbursement under the Reimbursement Plan, as detailed in Article VI, the Bank's Internal Audit shall review and assess compliance with the terms of the Reimbursement Plan ("Reimbursement Review").

(2) The Reimbursement Review shall include an assessment of the Reimbursement Plan and the methodology used to determine the population of Eligible Customers, the amount of reimbursement for each Eligible Customer, the procedures used to issue and track reimbursement payments, the procedures used for reporting and requesting the reporting of updated balances to the credit reporting agencies, and the work of any independent consultants that the Bank has used to assist and review its execution of the Reimbursement Plan.

(3) The Reimbursement Review shall be summarized in a written report (the "Reimbursement Review Report"), which shall be completed within sixty (60) days of completion of the Reimbursement Review. Within ten (10) days of its completion, the Reimbursement Review Report shall be submitted to the Examiner-in-Charge and the Board.

(4) Any (including all draft and finalized) communications, workpapers, or work product related to the Reimbursement Review shall be made available to the OCC immediately upon request of the Examiner-in-Charge.

## ARTICLE VIII

### BANK VENDOR MANAGEMENT

(1) For the purposes of this Article and this Order, “Bank Vendor” refers to any third-party vendor that, pursuant to a contractual obligation to the Bank, provides marketing, sales, delivery, servicing, and/or fulfillment of services for consumer products offered as optional add-on products to Bank credit cards and/or as optional add-on products to other consumer products of the Bank.

(2) Within ninety (90) days of this Order, the Bank shall develop a new or revised written policy governing the management of Bank Vendors (“Bank Vendor Management Policy”). The Bank shall approve and submit this Bank Vendor Management Policy to the Examiner-in-Charge for prior determination of no supervisory objection. At a minimum, the Bank Vendor Management Policy shall require:

- (a) An analysis, to be conducted by the Bank prior to the Bank entering into a contract with the Bank Vendor, of the ability of the Bank Vendor to perform the marketing, sales, delivery, servicing, and fulfillment of services for the product(s) in compliance with all applicable consumer protection laws and Bank policies and procedures.
- (b) For new and renewed contracts, a written contract between the Bank and the Bank Vendor, which sets forth the responsibilities of each party, especially:
  - (i) The Bank Vendor’s specific performance responsibilities and duty to maintain adequate internal controls and monitoring over the marketing, sales, delivery, servicing, and fulfillment of services for the products;

- (ii) The Bank Vendor's responsibilities and duty to provide adequate training on applicable consumer protection laws and Bank policies and procedures to all Bank Vendor employees or agents engaged in the marketing, sales, delivery, servicing, and fulfillment of services for the product(s);
- (iii) The Bank Vendor's responsibility to provide periodic reports confirming compliance with contractual responsibilities;
- (iv) Granting the Bank the authority to conduct periodic onsite reviews of the Bank Vendor's controls, performance, and information systems as they relate to the marketing, sales, delivery, servicing, and fulfillment of services for the product(s); and
- (v) The Bank's right to terminate the contract if the Bank Vendor materially fails to comply with the terms specified in the contract, including the terms required by this paragraph.

- (c) Periodic onsite review by the Bank of the Bank Vendor's controls, performance, and information systems.

(3) Upon receipt of a determination of no supervisory objection to the Bank Vendor Management Policy submitted pursuant to Paragraph (2) of this Article, the Board shall ensure that the Bank implements and adheres to the Bank Vendor Management Policy. Any proposed changes or deviations from the approved Bank Vendor Management Policy shall be submitted in writing to the Examiner-in-Charge for prior supervisory review and non-objection.

(4) The Bank's Internal Audit department shall periodically conduct an assessment of the Bank's adherence to the Bank Vendor Management Policy. Such assessments shall occur

within one hundred twenty (120) days after the Bank's receipt of a determination of no supervisory objection to the Bank Vendor Management Policy, and periodically but at least annually thereafter, and the findings shall be memorialized in writing. Within ten (10) days of completing each assessment, Internal Audit shall provide its written findings to the Audit Committee and the Examiner-in-Charge.

(5) The Board shall ensure that there is oversight of the Bank Vendor Management Policy required by this Article by the Bank's senior risk managers and senior management.

## ARTICLE IX

### RISK MANAGEMENT PROGRAM AND OVERSIGHT

(1) Within ninety (90) days of this Order, the Bank shall develop a new or revised written enterprise-wide risk management program ("Risk Management Program") for consumer products offered as optional add-on products to Bank credit cards and/or as optional add-on products to other consumer products of the Bank, to the Bank's customers, including, but not limited to, the Bank's credit cardholders and other consumers of the Bank's consumer products (collectively "Bank Customers"). The Board shall approve and cause the Bank to submit this Risk Management Program to the Examiner-in-Charge for prior determination of no supervisory objection. At a minimum, the Risk Management Program shall require:

- (a) A written comprehensive assessment, to be conducted on an annual basis, of the unfair and deceptive practices ("UDAP") risk for these products and for changes to these products, including, but not limited to the UDAP risk of the governance, control, marketing, sales, delivery, servicing, and fulfillment of services for new products and existing products, including the UDAP risk of marketing and sales practices.

- (b) The development and implementation of written policies and procedures to effectively manage, prevent, detect, and mitigate, on an on-going basis, the risks identified in the written assessment required by Paragraph (1)(a) of this Article.
- (c) The recording of all telephone calls in which products are marketed or sold by the Bank or through a Bank Vendor to Bank Customers, which recordings shall be retained for a period of at least twenty-five (25) months from the date of the call.
- (d) The recording of all telephone calls in which a Bank Customer enrolled in a product marketed or sold by the Bank or through a Bank Vendor indicates that he or she did not authorize, does not want, does not need, or wishes to cancel the product, which recordings shall be retained for a period of at least twenty-five (25) months from the date of the call.
- (e) Comprehensive written procedures for providing appropriate training on applicable consumer protection laws and Bank policies and procedures, including but not limited to unfair or deceptive practices, to appropriate Bank employees and Bank Vendor call agents who market, sell, or service products during in-bound or out-bound telephone calls or who engage in retention efforts during telephone calls in which a Bank Customer indicates that he or she did not authorize, does not want, does not need, or wishes to cancel the product.
- (f) Comprehensive written procedures for providing appropriate training on applicable consumer protection laws and Bank policies and procedures,

including, but not limited to, Section 5 of the FTC Act, to appropriate Bank employees and Bank Vendor employees or agents monitoring telephone calls.

- (g) Comprehensive written policies and procedures for identifying and reporting any violation of applicable consumer protection laws and Bank policies and procedures by Bank employees and Bank Vendor employees or agents, in a timely manner, to a specified executive risk manager at the Bank. The manager to whom such reports are made shall be independent of the unit overseeing the sales and marketing of the products.
- (h) Independent telephone call monitoring by qualified personnel who have training in identifying and reporting violations of applicable consumer protection laws and Bank policies and procedures, including, but not limited to, Section 5 of the FTC Act.
- (i) Reporting, on at least a monthly basis by the independent unit responsible for conducting the monitoring required by Paragraph (1)(h) of this Article, of its findings from the telephone call monitoring to a specified executive risk manager who is independent of the unit overseeing the sales and marketing of these products.
- (j) Written policies and procedures to ensure that risk management, internal audit, and corporate compliance programs have the requisite authority and status within the Bank so that appropriate reviews of products marketed or sold by the Bank or through Bank Vendors may occur and deficiencies are identified and properly remedied.

(2) Upon receipt of a determination of no supervisory objection to the Risk Management Program submitted pursuant to Paragraph (1) of this Article, the Board shall ensure that the Bank implements and adheres to the Risk Management Program. Any proposed changes to or deviations from the approved Risk Management Program shall be submitted in writing to the Examiner-in-Charge for prior supervisory review and non-objection.

(3) The Bank's Internal Audit department shall periodically conduct an assessment of the Bank's compliance with the Risk Management Program. Such assessments shall occur within one hundred twenty (120) days after the Bank's receipt of a determination of no supervisory objection to the Risk Management Program, and periodically but at least annually thereafter, and the findings shall be memorialized in writing. Within ten (10) days of completing each assessment, Internal Audit shall provide its written findings to the Audit Committee and the Examiner-in-Charge.

(4) Within ninety (90) days of this Order, the Bank shall develop training materials relating to identifying and responding to unfair and deceptive practices and incorporate the new training materials into the existing annual compliance training for appropriate employees.

(5) The Board shall ensure that there is oversight of the Risk Management Program required by this Article by the Bank's senior risk managers and senior management.

## ARTICLE X

### ADD-ON PRODUCTS REVIEW

(1) Within sixty (60) days of this Order, the Board shall approve and cause the Bank to submit an Add-on Products Review Plan to the Examiner-in-Charge for prior determination of no supervisory objection. At a minimum, the Add-on Products Review Plan shall:

(a) Identify all products to be subject to the Add-on Products Review conducted pursuant to Paragraph (2) of this Article; and

(b) Provide a schedule and timeline for the Add-on Products Review.

(2) Within one hundred eighty (180) days of receipt of a determination of no supervisory objection to the Add-on Products Review Plan, the Bank shall review and assess consumer products offered as optional add-on products to Bank credit cards and/or as optional add-on products to other consumer products of the Bank for compliance with Section 5 of the FTC Act, 15 U.S.C. § 45(a)(1) (“Add-on Products Review”).

(3) Upon receipt of a determination of no supervisory objection to the Add-on Products Review Plan submitted pursuant to Paragraph (2) of this Article, the Board shall ensure that the Bank implements and adheres to the Add-on Products Review Plan. Any proposed changes to or deviations from the approved Add-on Products Review Plan shall be submitted in writing to the Examiner-in-Charge for prior supervisory review and non-objection.

(4) The Bank shall describe the findings of the Add-on Products Review in a written report. Within fifteen (15) days of the completion of the written report, the Bank shall submit a copy of the report to the Board and the Examiner-in-Charge.

(5) If the Add-on Products Review reveals circumstances that warrant remediation in the form of consumer reimbursement or measures to correct process, control, or other program weaknesses, the Bank shall promptly implement such remediation.

(6) Within sixty (60) days from the completion of remediation described in paragraph (5) of this Article, the Bank’s Internal Audit shall review and assess such remediation (“Add-on Remediation Assessment”). Within thirty (30) days of completion of each Add-on Remediation

Assessment, the assessment shall be summarized in a written report and submitted to the Deputy Comptroller, Examiner-in-Charge, and the Board.

(7) Any (including all draft and finalized) communications, workpapers, or work product related to the Add-on Remediation Assessment shall be made available to the OCC immediately upon request of the Examiner-in-Charge.

## ARTICLE XI

### CONSUMER COMPLIANCE INTERNAL AUDIT PROGRAM

(1) Within one hundred twenty (120) days of this Order, the Bank shall develop a new or revised written Consumer Compliance Internal Audit Program for consumer products offered as optional add-on products to Bank credit cards and/or as optional add-on products to other consumer products of the Bank. The Audit Committee shall ensure that the Bank submits this Consumer Compliance Internal Audit Program to the Examiner-in-Charge for prior no supervisory objection. At a minimum, the Consumer Compliance Internal Audit Program shall include:

- (a) Written policies and procedures for conducting audits of the Bank's compliance with consumer protection laws and regulations, including but not limited to Section 5 of the FTC Act. These policies and procedures shall specify the frequency, scope, and depth of these audits.
- (b) Written policies and procedures for expanding its sampling when exceptions based on potential violations of consumer protection laws and regulations are detected.

(2) Upon receipt of a determination of no supervisory objection to the Consumer Compliance Internal Audit Program submitted pursuant to Paragraph (1) of this Article, the

Audit Committee shall ensure that the Bank implements and adheres to the Consumer Compliance Internal Audit Program. Any proposed changes to or deviations from the Consumer Compliance Internal Audit Program shall be submitted in writing to the Examiner-in-Charge for prior supervisory review and non-objection.

## ARTICLE XII

### APPROVAL, IMPLEMENTATION, AND REPORTS

(1) The Bank shall submit the written plans, programs, policies, and procedures required by this Order for review and determination of no supervisory objection to the Deputy Comptroller or the Examiner-in-Charge within the applicable time periods set forth in Articles IV through XI. The Board shall ensure that the Bank submits the plans, programs, policies, and procedures to the Deputy Comptroller or Examiner-in-Charge for prior written determination of no supervisory objection. In the event the Deputy Comptroller or Examiner-in-Charge asks the Bank to revise the plans, programs, policies, or procedures, the Bank shall promptly make necessary and appropriate revisions and resubmit the materials to the Deputy Comptroller or Examiner-in-Charge for review and determination of no supervisory objection. Upon receiving written notice of no supervisory objection from the Deputy Comptroller or Examiner-in-Charge, the Board shall ensure that the Bank implements and thereafter adheres to the plans, programs, policies, and procedures.

(2) During the term of this Order, the required plans, programs, policies, and procedures shall not be amended or rescinded in any material respect without a prior written determination of no supervisory objection from the Deputy Comptroller or Examiner-in-Charge.

(3) During the term of this Order, the Bank shall revise the required plans, programs, policies, and procedures as necessary to incorporate new, or changes to, applicable legal requirements and supervisory guidelines.

(4) The Board shall ensure that the Bank has processes, personnel, and control systems to ensure implementation of and adherence to the plans, programs, policies, and procedures required by this Order.

(5) Within the timeframe specified in Paragraph (3) of Article II, the Bank, acting through the Compliance Committee and the Board as contemplated by Paragraph (3) of Article II, shall submit to the OCC a written progress report detailing the form and manner of all actions taken to secure compliance with the provisions of this Order and the results thereof. The progress report shall include information sufficient to validate compliance with this Order. The OCC may, in writing, discontinue the requirement for progress reports or modify the reporting schedule.

(6) All communication regarding this Order shall be sent to:

(a) Vance S. Price  
Deputy Comptroller  
Large Bank Supervision  
Office of the Comptroller of the Currency  
400 7<sup>th</sup> Street S.W.  
Washington, DC 20219

and/or

(b) Tanya Smith  
Acting Examiner-in-Charge  
National Bank Examiners  
880 Third Avenue, Fifth Floor  
New York, NY 10022-4730

or such other individuals or addresses as directed by the OCC.

## ARTICLE XIII

### OTHER PROVISIONS

(1) Although this Order requires the Bank to submit certain actions, plans, programs, and policies for the review or prior written determination of no supervisory objection by the Deputy Comptroller or the Examiner-in-Charge, the Board has the ultimate responsibility for proper and sound management of the Bank.

(2) If, at any time, the Comptroller deems it appropriate in fulfilling the responsibilities placed upon him by the several laws of the United States to undertake any action affecting the Bank, nothing in this Order shall in any way inhibit, estop, bar, or otherwise prevent the Comptroller from so doing.

(3) This Order constitutes a settlement of the cease and desist proceeding against the Bank contemplated by the Comptroller, based on the violations described in the Comptroller's Findings set forth in Article I of this Order. The Comptroller 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 Comptroller based on the violations described in Article I of this Order, to the extent known to the Comptroller as of the effective date of this Order. Nothing in the Stipulation or this Order, however, shall prevent the Comptroller from:

- (a) Instituting enforcement actions, other than a cease and desist order, against the Bank based on the findings set forth in Article I of this Order;
- (b) Instituting enforcement actions against the Bank based on any other findings;

- (c) Instituting enforcement actions against the Bank's institution-affiliated parties based on the findings set forth in Article I of this Order, or any other findings; or
- (d) Utilizing the findings set forth in Article I 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.

Further, nothing in the Stipulation or this Order shall affect any right of the Comptroller to determine and ensure compliance with the terms and provisions of the Stipulation or this Order.

(4) This Order is and shall become effective upon its execution by the Comptroller, through his authorized representative whose hand appears below. The Order shall remain effective and enforceable, except to the extent that, and until such time as, any provision of this Order shall be amended, suspended, waived, or terminated in writing by the Comptroller or his authorized representative.

(5) Any time limitations imposed by this Order shall begin to run from the effective date of this Order, as shown below, unless the Order specifies otherwise. The time limitations may be extended in writing by the Deputy Comptroller for good cause upon written application by the Board. Any request to extend any time limitation shall include a statement setting forth in detail the special circumstances that prevent the Bank from complying with the time limitation, and shall be accompanied by relevant supporting documentation. The Deputy Comptroller's decision regarding the request is final and not subject to further review.

(6) The terms and provisions of this Order apply to the U.S. operations of the Bank and its subsidiaries, even though those subsidiaries are not named as parties to this Order. The Bank shall integrate any activities covered by this Order that are done by a subsidiary into its

plans, policies, programs, and processes required by this Order. The Bank shall ensure that its subsidiaries comply with all terms and provisions of this Order.

(7) This Order is intended to be, and shall be construed to be, a final order issued pursuant to 12 U.S.C. § 1818(b), and expressly does not form, and may not be construed to form, a contract binding the Comptroller or the United States. Without limiting the foregoing, nothing in this Order shall affect any action against the Bank or its institution-affiliated parties by a bank regulatory agency, the United States Department of Justice, or any other law enforcement agency.

(8) 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.

IT IS SO ORDERED, this 20<sup>th</sup> day of July, 2015.

/s/  
\_\_\_\_\_  
Vance S. Price  
Deputy Comptroller  
Large Bank Supervision

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

_____	)	
<b>In the Matter of:</b>	)	
	)	
Citibank, N.A.	)	
Sioux Falls, South Dakota	)	AA-EC-2015-52
	)	
Department Stores National Bank	)	
Sioux Falls, South Dakota	)	
_____	)	

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

**WHEREAS**, the Comptroller of the Currency of the United States of America (“Comptroller”), based upon information derived from the exercise of his regulatory and supervisory responsibilities, intends to issue a cease and desist order to Citibank, N.A., Sioux Falls, South Dakota, and Department Stores National Bank, Sioux Falls, South Dakota (collectively, “Bank”), pursuant to 12 U.S.C. § 1818(b), for the Bank’s violations of Section 5 of the Federal Trade Commission Act, 15 U.S.C. § 45(a)(1), related to billing practices with regard to identity theft protection products and marketing and sales practices with regard to debt cancellation products;

**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, through its duly elected and acting Boards of Directors (collectively, “Board”), has agreed to execute this Stipulation and Consent to the Issuance of a Consent Order (“Stipulation”), that is accepted by the Comptroller, through his duly authorized representative;

**NOW, THEREFORE**, in consideration of the above premises, it is stipulated by the Bank that:

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

(3) The Bank is an “insured depository institution” within the meaning of 12 U.S.C. § 1818(b)(1).

ARTICLE II

CONSENT

(1) The Bank, without admitting or denying any wrongdoing, consents and agrees to issuance of the accompanying Consent Order by the Comptroller.

(2) The terms and provisions of the Consent Order apply to Citibank, N.A., Sioux Falls, South Dakota, and Department Stores National Bank, Sioux Falls, South Dakota, and all their subsidiaries, even though those subsidiaries are not named as parties to the Consent Order.

(3) The Bank consents and agrees that the Consent Order shall be deemed an “order issued with the consent of the depository institution” pursuant to 12 U.S.C. § 1818(h)(2), and consents and agrees that the Consent Order shall become effective upon its execution by the Comptroller through his authorized representative, and shall be fully enforceable by the Comptroller pursuant to 12 U.S.C. § 1818(i).

(4) Notwithstanding the absence of mutuality of obligation, or of consideration, or of a contract, the Comptroller may enforce any of the commitments or obligations herein undertaken by the Bank under his supervisory powers, including 12 U.S.C. § 1818(b), and not as a matter of contract law. The Bank expressly acknowledges that neither the Bank nor the Comptroller has any intention to enter into a contract.

(5) The Bank declares that no separate promise or inducement of any kind has been made by the Comptroller, or by his agents or employees, to cause or induce the Bank to consent to the issuance of the Consent Order and/or execute this Stipulation.

(6) The Bank expressly acknowledges that no officer or employee of the Comptroller has statutory or other authority to bind the United States, the United States Treasury Department, the Comptroller, or any other federal bank regulatory agency or entity, or any officer or employee of any of those entities to a contract affecting the Comptroller's exercise of his supervisory responsibilities.

(7) The Consent Order constitutes a settlement of the cease and desist proceeding against the Bank contemplated by the Comptroller, based on the violations described in the Comptroller's Findings set forth in Article I of the Consent Order. The Comptroller 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 Comptroller based on the violations described in Article I of the Consent Order, to the extent known to the Comptroller as of the effective date of the Consent Order. Nothing in this Stipulation or the Consent Order, however, shall prevent the Comptroller from:

- (a) Instituting enforcement actions, other than a cease and desist order, against the Bank based on the findings set forth in Article I of the Consent Order;

- (b) Instituting enforcement actions against the Bank based on any other findings;
- (c) Instituting enforcement actions against the Bank's institution-affiliated parties based on the findings set forth in Article I of the Consent Order, or any other findings; or
- (d) Utilizing the findings set forth in Article I of the Consent Order in future enforcement actions against the Bank or its institution-affiliated parties to establish a pattern or the continuation of a pattern.

Further, nothing in this Stipulation or the Consent Order shall affect any right of the Comptroller to determine and ensure compliance with the terms and provisions of this Stipulation or the Consent Order.

(8) The terms and provisions of this Stipulation and the Consent Order shall be binding upon, and inure to the benefit of, the parties hereto and their successors in interest. Nothing in this Stipulation or the Consent Order, express or implied, shall give to any person or entity, other than the parties hereto, and their successors hereunder, any benefit or any legal or equitable right, remedy, or claim under this Stipulation or the Consent Order.

### ARTICLE III

#### WAIVERS

(1) The Bank, by executing this Stipulation and consenting to the Consent Order, waives:

- (a) Any and all rights to 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 Consent Order;
- (c) Any and all rights to a hearing and a final agency decision pursuant to 12 U.S.C. § 1818(b) and (h), 12 C.F.R. Part 19;
- (d) Any and all rights to seek any type of administrative or judicial review of the Consent Order;
- (e) Any and all claims for fees, costs, or expenses against the Comptroller, or any of his agents or employees, related in any way to this enforcement matter or the Consent 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, this Stipulation, consent to the issuance of the Consent Order, and/or the issuance of the Consent 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 the Consent Order.

#### ARTICLE IV

##### ELIGIBLE BANK – OTHER PROVISIONS

- (1) As a result of the Consent Order:
  - (a) The Bank is an “eligible bank” pursuant to 12 C.F.R. § 5.3(g)(4) for the purposes of 12 C.F.R. Part 5 regarding rules, policies and procedures for

corporate activities, unless otherwise informed in writing by the Office of the Comptroller of the Currency (“OCC”);

- (b) The Bank is not subject to the limitation of 12 C.F.R. § 5.51(c)(6)(ii) for the purposes of 12 C.F.R. § 5.51 requiring OCC approval of a change in directors and senior executive officers, unless otherwise informed in writing by the OCC;
- (c) The Bank is not subject to the limitation on golden parachute and indemnification payments provided by 12 C.F.R. § 359.1(f)(1)(ii)(C) and 12 C.F.R. § 5.51(c)(6)(ii), unless otherwise informed in writing by the OCC;
- (d) The Bank’s status as an “eligible bank” remains unchanged pursuant to 12 C.F.R. § 24.2(e)(4) for the purposes of 12 C.F.R. Part 24 regarding community and economic development, unless otherwise informed in writing by the OCC; and
- (e) The Consent Order shall not be construed to be a “written agreement, order, or capital directive” within the meaning of 12 C.F.R. § 6.4, unless the OCC informs the Bank otherwise in writing.

## ARTICLE V

### CLOSING

(1) Except as contemplated by Paragraph (7) of Article II of this Stipulation, the provisions of this Stipulation and the Consent Order 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.

(2) Nothing in this Stipulation or the Consent Order shall preclude any proceedings brought by the Comptroller to enforce the terms of the Consent Order, and nothing in this Stipulation or the Consent Order constitutes, nor shall the Bank contend that it constitutes, 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.

(3) The terms of this Stipulation, including this paragraph, and of the Consent Order 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, as the duly elected and acting Board of Directors of Citibank, N.A., Sioux Falls, South Dakota, have hereunto set their hands on behalf of the Bank.

/s/  
\_\_\_\_\_  
Barbara J. Desoer

7/15/15  
\_\_\_\_\_  
Date

/s/  
\_\_\_\_\_  
Duncan P. Hennes

7/15/15  
\_\_\_\_\_  
Date

/s/  
\_\_\_\_\_  
Peter B. Henry

7/15/15  
\_\_\_\_\_  
Date

/s/  
\_\_\_\_\_  
Eugene M. McQuade

7/15/15  
\_\_\_\_\_  
Date

/s/  
\_\_\_\_\_  
Gary M. Reiner

7/15/15  
\_\_\_\_\_  
Date

/s/  
\_\_\_\_\_  
Anthony M. Santomero

7/15/15  
\_\_\_\_\_  
Date

/s/  
\_\_\_\_\_  
Joan E. Spero

7/15/15  
\_\_\_\_\_  
Date

/s/  
\_\_\_\_\_  
Diana L. Taylor

7/15/15  
\_\_\_\_\_  
Date

/s/  
\_\_\_\_\_  
James S. Turley

7/15/15  
\_\_\_\_\_  
Date

IN TESTIMONY WHEREOF, the undersigned, as the duly elected and acting Board of Directors of Department Stores National Bank, Sioux Falls, South Dakota, have hereunto set their hands on behalf of the Bank.

/s/  
\_\_\_\_\_  
Ricardo J. Arroyo  
Director, Department Stores National Bank

7/14/15  
\_\_\_\_\_  
Date

/s/  
\_\_\_\_\_  
Mark H. Bloom  
Director, Department Stores National Bank

7/16/15  
\_\_\_\_\_  
Date

/s/  
\_\_\_\_\_  
Karen M. Hoguet  
Director, Department Stores National Bank

7/14/2015  
\_\_\_\_\_  
Date

/s/  
\_\_\_\_\_  
William E. Johnson  
Director, Department Stores National Bank

7/14/15  
\_\_\_\_\_  
Date

/s/  
\_\_\_\_\_  
Vincent E. Nerlino  
Department Stores National Bank

7/14/15  
\_\_\_\_\_  
Date