

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

In the Matter of:

USAA Federal Savings Bank
San Antonio, Texas

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) AA-ENF-2020-67
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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 and the Bank entered into a Consent Order dated January 7, 2019, docket number AA-EA-2018-90 (“2019 Order”) citing *inter alia*, unsafe or unsound banking practices relating to the Bank’s compliance risk management program and information technology (“IT”) risk governance program;

WHEREAS, the OCC intends to initiate civil money penalty proceedings against the Bank pursuant to 12 U.S.C. § 1818(i), through the issuance of a Notice of Assessment of a Civil Money Penalty for engaging in unsafe or unsound practices related to the Bank’s compliance risk management program and IT risk governance program that resulted in numerous violations of law;

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”); and

NOW, THEREFORE, pursuant to the authority vested in the OCC by Section 8(i) of the Federal Deposit Insurance Act, as amended, 12 U.S.C. § 1818(i), 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 civil money penalty action against the Bank pursuant to 12 U.S.C. § 1818(i).

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 an effective compliance risk management program and an effective IT risk governance program commensurate with the Bank’s size, complexity, and risk profile. The Bank has deficiencies in all three lines of defense (first-line business units, independent risk management, and internal audit) in its compliance risk management program.

(2) As a result of the deficiencies described in Paragraph (1) above, the Bank engaged in violations of law, including but not limited to violations of the Military Lending Act and the Servicemembers Civil Relief Act. Such violations are being remediated pursuant to Article VI

of the 2019 Order.

(3) By reason of the foregoing conduct, the Bank engaged in unsafe or unsound practices and violations of law, which were part of a pattern of misconduct.

ARTICLE III

ORDER FOR A CIVIL MONEY PENALTY

Pursuant to the authority vested in him by the Federal Deposit Insurance Act, 12 U.S.C. § 1818(i), the Comptroller orders, and the Bank consents to the following:

(1) The Bank shall make payment of a civil money penalty in the total amount of eighty-five million dollars (\$85,000,000), which shall be paid upon the execution of this Order.

(2) Such payment shall be made by a wire transfer sent in accordance with instructions provided by the OCC and the docket number of this case (AA-ENF-2020-67) shall be entered on the wire confirmation. A copy of the wire confirmation shall be sent immediately, by overnight delivery, to the Director of Enforcement, Office of the Comptroller of the Currency, 400 7th Street, S.W., Washington, D.C. 20219.

ARTICLE IV

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 V

CLOSING

(1) This Order is a settlement of the civil money penalty proceeding against the Bank contemplated by the OCC, based on the unsafe or unsound practices resulting from the Bank's deficient compliance risk management program and IT risk governance program described in the Comptroller's Findings set forth in Article II of this Order. This settlement includes civil money penalties for violations of laws or regulations pursuant to 12 U.S.C. § 1818(i) occurring prior to the date of this Order to the extent that (a) such past violations were caused by the Bank's deficient compliance risk management program or deficient IT risk governance program, and (b) such past violations have been identified or are identified by the

Bank and remediated no later than December 31, 2021, pursuant to Article VI, paragraph (2) of the 2019 Order.

(2) The OCC releases and discharges the Bank from all potential liability for a civil money penalty order pursuant to 12 U.S.C. § 1818(i) that has been or might have been asserted by the OCC based on the practices and/or violations described in Article II of this Order, to the extent they are included in the scope of settlement as set forth in paragraph (1) of this Article.

Nothing in this Order, however, shall prevent the OCC from:

- (a) instituting enforcement actions other than a civil money penalty 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, including but not limited to noncompliance with, or violation of, the 2019 Order or any other outstanding and effective enforcement action against the Bank;
- (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) an “order issued with the consent of the depository institution” within the meaning of 12 U.S.C. § 1818(h)(2);
- (b) an “effective and outstanding . . . order” within the meaning of 12 U.S.C. § 1818(i)(1); and
- (c) 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.

(6) 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.

(7) 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.

(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.

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

//s// Digitally Signed, Dated: 2020.10.14

Terri Landa
Associate Deputy Comptroller
Midsize Bank Supervision

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.

/s/ _____ 10/12/2020 _____
Chad Borton

/s/ _____ 10/13/2020 _____
Brad Conner

/s/ _____ 10/12/2020 _____
David Darnell

/s/ _____ 10/11/2020 _____
Karen. E. Dyson

/s/ _____ 10/11/2020 _____
Rhett A. Hernandez

/s/ _____ 10/10/2020 _____
Karin Hirtler-Garvey

/s/ _____ 10/12/2020 _____
Leo S. Mackay

/s/ _____ 10/10/2020 _____
Wendy Murdock

/s/ _____ 10/12/2020 _____
Wayne Peacock

/s/ _____ 10/12/2020 _____
G. Patrick Phillips

/s/ _____ 10/12/2020 _____
Robert Qutub

/s/ _____ 10/12/2020 _____
Patricia Watson