

FEDERAL DEPOSIT INSURANCE CORPORATION

WASHINGTON, D.C.

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)	
In the Matter of)	
)	CONSENT ORDER, ORDER
COMENITY CAPITAL BANK)	FOR RESTITUTION, AND
SALT LAKE CITY, UTAH)	ORDER TO PAY
)	CIVIL MONEY PENALTY
)	
)	FDIC-14-0398b
(INSURED STATE NONMEMBER BANK))	FDIC-14-0401b
)	FDIC-14-0399k
_____)	

The Federal Deposit Insurance Corporation (“FDIC”) is the appropriate Federal banking agency under section 3(q) of the Federal Deposit Insurance Act (“FDI Act”), 12 U.S.C. § 1813(q), for Comenity Capital Bank, Salt Lake City, Utah, formerly World Financial Capital Bank (the “Bank”).

The FDIC determined that the Bank has engaged in unfair and deceptive acts and practices in or affecting commerce, in violation of section 5 of the Federal Trade Commission Act (“Section 5”), 15 U.S.C. § 45(a)(1), stemming from the marketing, promotion, and sale of certain add-on products associated with its credit card programs.

The Bank, by and through its duly elected and acting Board of Directors, has executed a STIPULATION AND CONSENT TO THE ISSUANCE OF A CONSENT ORDER, ORDER FOR RESTITUTION, AND ORDER TO PAY CIVIL MONEY PENALTY (“CONSENT AGREEMENT”), dated September 4, 2015, that is accepted by the FDIC. With the CONSENT AGREEMENT, the Bank has consented, without admitting or denying any violations of law or regulation, to the issuance of this CONSENT ORDER, ORDER FOR

RESTITUTION AND ORDER TO PAY CIVIL MONEY PENALTY (the “ORDER”) by the FDIC.

Having determined that the requirements for issuance of an order under sections 8(b) and 8(i)(2) of the FDI Act, 12 U.S.C. §§ 1818(b) and 1818(i)(2), have been satisfied, the FDIC hereby issues the following ORDER:

DEFINITIONS

For purposes of this ORDER, the following definitions shall apply to all capitalized terms not otherwise defined elsewhere in this ORDER:

A. “Account Assure” shall mean the payment protection/debt cancellation Credit Card Add-On Product for Card Members whose Credit Cards were co-branded by the Bank and various retailer merchants and marketed and sold to Card Members since August 2003, and which allows Card Members who enroll to request certain benefit payments following certain life events including, but not limited to, involuntary unemployment and disability.

B. “Account Assure Disclosure Acknowledgement Form” shall mean the Account Assure acknowledgement form that was to be mailed to Card Members with the Fulfillment Kit in connection with their enrollment in the Account Assure Product.

C. “Account Assure Pro” shall mean the payment protection/debt cancellation Credit Card Add-On Product for Card Members, whose Credit Cards were co-branded by MasterCard International, Visa, or Discover, and marketed and sold by the Bank to Card Members since August 2003, that allows Card Members who enroll to request certain benefit payments following certain life events including, but not limited to, involuntary unemployment and disability.

D. “Account Assure Product” shall mean either of the payment protection/debt

cancellation products Account Assure or Account Assure Pro, and the term “Account Assure Products” shall mean those two products collectively.

E. “Account Assure Product Restitution Plan” shall mean the restitution plan the Bank is required to submit to the FDIC as required by the Order For Restitution set forth in this ORDER.

F. “Account Credit” shall mean the \$25 account credit that was offered by the Bank to a Card Member as an incentive to purchase the Account Assure Product.

G. “Affiliate” shall mean Alliance Data Systems Corporation (“ADSC”) and any entity controlled, directly or indirectly, by ADSC, including ADS Alliance Data Systems, Inc. (“ADSI”), Comenity LLC, Comenity Servicing LLC, and Comenity Operating Co., LLC.

H. “Bank’s Third Party” or “Bank’s Third Parties” shall mean any Third Party or Third Parties insofar as they offer or provide products or services to, on behalf of, or in conjunction with the Bank that affect prospective, current, or former Bank customers, including but not limited to, those who are offered Account Assure Products, any other Credit Card Add-On Products, or any deferred interest program.

I. “Board” shall mean the Bank’s duly elected and acting Board of Directors.

J. “Card Member” shall mean any consumer who has applied for and received, or applies for and receives, a Credit Card.

K. “Clear and Conspicuous” shall mean:

(a) As to written information, written in a type size and location sufficient for an ordinary consumer to read and comprehend it, and disclosed with language and syntax that would be easily recognizable and understandable to an ordinary consumer; and

(b) As to non-recorded oral information, spoken and disclosed in a volume, cadence,

and syntax sufficient for an ordinary consumer to hear and comprehend.

L. “Compliance ROE” shall mean the FDIC Compliance Report of Examination for the Bank dated August 26, 2013.

M. “Credit Card” shall mean any consumer credit card issued by the Bank.

N. “Credit Card Add-On Product” (“CCAP”) shall mean any fee-based product or service that the Bank markets or offers to Card Members, including but not limited to: Account Assure, Account Assure Pro, My Card Extras, My Card Extras Plus, Identity Protector, Direct Alert, StyleMatches, Lifestyle Perks and Statement Marketing.

O. “Effective Date” shall mean the date on which this ORDER is issued.

P. “Eligible Consumers” shall mean all Card Members who enrolled in Account Assure or Account Assure Pro, or both, between January 1, 2008 and September 30, 2014 and who are determined to be entitled to restitution in accordance with the Account Assure Product Restitution Plan.

Q. “Fulfillment Kit” shall mean the welcome letter, Account Assure Product terms and conditions, Account Assure Product disclosure statement, and the Account Assure Disclosure Acknowledgement Form that was to have been mailed to each Card Member who enrolled in an Account Assure Product.

R. “Gift Card” shall mean the gift card that was offered by the Bank to a Card Member as an incentive to purchase the Account Assure Product.

S. “Regional Director” shall mean the FDIC Regional Director for the New York Region.

T. “Third Party” or “Third Parties” shall mean any person or entity other than the Bank, and shall include any Affiliate of the Bank.

I. CONSENT ORDER

IT IS HEREBY ORDERED that the Bank cease and desist from engaging in unsafe or unsound banking practices and violations of law and/or regulations as described in this ORDER, and as more fully set forth in the Compliance ROE.

IT IS FURTHER ORDERED that the Bank shall take the following affirmative actions:

A. Correct Violations Of Law

Within 60 days of the Effective Date, the Bank shall, to the extent not already accomplished, correct all violations of law, as more fully set forth in the Compliance ROE and as described in paragraph I.A.1.b. in this ORDER, and implement procedures to prevent their recurrence. The Bank's actions required by this paragraph I.A. shall be satisfactory to the Regional Director as determined at subsequent examinations and/or visitations.

1. Deceptive Acts and Practices

a. The Bank shall take all action necessary to eliminate all violations of Section 5 and ensure future compliance with Section 5. The Bank, whether acting directly or through Third Parties, shall not make, or allow to be made, any deceptive representations, statements, or omissions, expressly or by implication, in the marketing materials, telemarketing scripts, and/or sales presentations used by the Bank or by any Third Party on behalf of the Bank to solicit any Card Member or prospective Card Member to enroll in CCAPs, including but not limited to, the Account Assure Products.

b. Without limiting the generality of paragraph I.A.1.a. above, with respect to the Account Assure Products, the Bank shall ensure that the following representations, unless true, not be used in any solicitations:

i. That the Account Assure Product “coverage” begins on the date the Card Member enrolls in the Account Assure Product;

ii. That there is a “30-day review period” that begins on the Card Member’s enrollment date and continues for 30 consecutive calendar days, such that if a Card Member calls the program administrator to cancel the coverage within this “review period,” the Card Member would be automatically entitled to or eligible for a refund or credit of any Account Assure Product fees paid;

iii. That Card Members will not be assessed Account Assure Product fees if they pay the balances of their Credit Card accounts on or before the due dates on their Credit Card billing statements; and

iv. That Card Members are eligible to receive Account Credits or Gift Cards for enrolling in the Account Assure Product without Clearly and Conspicuously informing them of all requirements to receive the Account Credits or Gift Cards.

B. Board And Senior Management Oversight

1. Board Oversight of Compliance Management System

The Board shall continue to enhance its participation in the oversight of the Bank's Compliance Management System (“CMS”), and shall be responsible for the approval of sound policies and objectives, implementation of an adequate compliance program that addresses all consumer compliance risks associated with the Bank’s operations, and effectively supervise all the Bank’s compliance-related activities, consistent with the role and expertise commonly expected for directors of banks of comparable size and complexity and offering comparable banking products and services. The Board minutes shall document the review and, where appropriate, approval of all items before the Board, including all Compliance and Complaint

Committee items, and record the names of any dissenting directors in connection with all Board voting. Nothing in this ORDER shall diminish the responsibility of the entire Board to ensure compliance with the provisions of this ORDER.

2. Evaluation of CCAPs

The Board and senior management shall promptly evaluate the effectiveness of the procedures, operations, and administration of the Bank's CCAPs and shall ensure that all such CCAPs, including those provided by Third Parties on behalf of the Bank, comply with Section 5 and all other applicable consumer protection laws, implementing rules and regulations, regulatory guidance, and statements of policy (collectively "Consumer Protection Laws") by means, including but not limited to, the Independent Third Party Review procedures as set forth in paragraph I.B.14. below.

3. Compliance Program

The Bank has been developing a more comprehensive CMS framework which the Bank's Board approved in October 2013. Within 90 days from the Effective Date, the Board and senior management shall have reviewed and revised such CMS framework as necessary to ensure that it constitutes a comprehensive, written, sound, risk-based CMS ("Compliance Program"), and shall have implemented such Compliance Program, subject to the provisions of paragraph I.B.4. below, for the purpose of ensuring that all acts and practices of the Bank and the Bank's Third Parties comply with Section 5 and with all other applicable Consumer Protection Laws. At a minimum, the written Compliance Program shall include the following:

a. Comprehensive written policies and procedures, including detailed operating procedures and controls designed to prevent violations of Consumer Protection Laws

and prevent associated risks of harm to consumers, particularly with regard to oversight of the Bank's Third Parties and Section 5;

b. An effective training program commensurate with individual job functions and duties for appropriate personnel, which shall incorporate training for high-risk compliance areas, including compliance with Section 5 and other Consumer Protection Laws and includes regular, specific, comprehensive training of the Board, senior management and Bank personnel having responsibilities that relate to Section 5 and other Consumer Protection Laws and/or to oversight of the Bank's Third Parties.

c. An enhanced, well-documented, and proactive internal CMS monitoring process, incorporated into the routine work of Bank personnel, that is designed to detect and promptly correct compliance weaknesses within the Bank or within the Bank's Third Parties, particularly weaknesses that impact consumer accounts;

d. An effective consumer complaint monitoring and handling process, including the maintenance of adequate records of all written, oral, or electronic complaints or inquiries, formal or informal, received by the Bank, and/or any of the Bank's Third Parties, and the resolution of those complaints and inquiries; and

e. An effective, independent audit by a Third Party, including, at the Bank's option, the internal audit department of Alliance Data Systems Corporation, of the Compliance Program and the Bank's compliance operations, including the Bank's products or services offered through the Bank's Third Parties, to ensure compliance with Section 5 and all other Consumer Protection Laws and the Bank's policies and procedures.

4. Board Review and Approval of Compliance Program

Prior to implementation, the Board shall review the written Compliance Program and/or any subsequent modification thereto. Once the Board determines that the Compliance Program and any subsequent modification thereto is acceptable, the Board shall approve it and record the approval in the Board minutes. The foregoing actions shall be completed within 90 days of the Effective Date. The Bank shall thereafter take all steps necessary to implement and comply with such Compliance Program, including any subsequent modifications thereto.

5. Policies and Procedures

Within 90 days from the Effective Date, the Bank shall perform a full review of all compliance policies and procedures and ensure compliance with all Consumer Protection Laws, particularly with regard to oversight of the Bank's Third Parties and Section 5.

6. Training Program Review

Within 90 days from the Effective Date, the Bank shall perform a full review of the Bank's program for training its employees on how to comply with all Consumer Protection Laws.

7. Compliance Monitoring Procedures Review

Within 90 days from the Effective Date, the Bank shall perform a full review of all compliance monitoring procedures, including any areas identified as requiring enhancement in the Compliance ROE, to verify the Bank has adopted adequate monitoring procedures to ensure compliance with all Consumer Protection Laws. Monitoring procedures should include reviews of marketing, promotional, enrollment, and other activities of the Bank's Third Parties to ensure regulatory compliance, and reviews of both the Bank's and the Bank's Third Parties' complaint-processing procedures.

8. Compliance Committee

The Bank shall continue to maintain its compliance committee as currently composed: at least one outside director who is not an officer of the Bank or any Affiliate of the Bank, at least one member of senior management, and the Compliance Officer ("Compliance Committee").

a. The Compliance Committee shall meet at least monthly and, at a minimum, the following areas shall be reviewed and approved: minutes of the Compliance Committee, Compliance Officer reports, Compliance Program audit reports, Compliance Program policies, and progress reports concerning compliance with this ORDER that include, at a minimum, corrective action pending and implemented, due dates, names of individuals assigned responsibility for the corrective action, and any follow-up testing and reporting to ensure corrective action is completed and effective.

b. The Compliance Committee shall report the minutes of its meetings to the Board at each regularly scheduled Board meeting.

c. The Board, in conjunction with the Compliance Committee, shall allocate resources that are commensurate with the level of complexity of the Bank's operations to ensure the establishment and implementation of an adequate CMS, as described in the FDIC's Compliance Examination Manual, Sections 11-2.1 to 2.4, and shall include specific procedures to ensure the Bank's compliance with all Consumer Protection Laws. The allocated resources shall be sufficient to ensure the Bank's timely compliance with this ORDER.

d. The Board, in conjunction with the Compliance Committee, shall:

i. Ensure that the Bank has appropriate oversight of all processing systems, including systems provided by any of the Bank's Third Parties, to maintain compliance with all Consumer Protection Laws and to ensure compliance with all Consumer Protection

Laws prior to offering any CCAP.

ii. Ensure that in the event the Bank's current Compliance Officer should leave that position, the Bank replaces such officer with a qualified Compliance Officer who possesses the requisite knowledge and experience to administer an effective CMS.

iii. Ensure that the Bank's disclosures regarding CCAPs provided to Card Members over the telephone, online, or through direct mail, including materials prepared by Third Parties for or on behalf of the Bank, are reviewed and approved by the Bank prior to their use, are Clear and Conspicuous, and comply with all Consumer Protection Laws.

iv. Ensure that the duties and responsibilities of the Compliance Officer are clearly defined and provide the Compliance Officer access to both Board and Compliance Committee members.

v. Ensure that the Compliance Officer has and retains sufficient authority and independence to implement policies related to Consumer Protection Laws and to effectuate corrective action as needed. This authority shall include the ability to oversee the Bank's Third Parties and across all departmental lines within the Bank, to have access to all areas of the Bank's operations, and to effectuate corrective action upon discovering deficiencies.

vi. Ensure that the Compliance Officer and all individuals with compliance oversight responsibilities receive ongoing training, sufficient time, and adequate resources to effectively oversee, coordinate, and implement the Bank's CMS.

vii. Require the Compliance Officer to provide to the Compliance Committee and the Board monthly written reports, including, but not limited to, reports related to the enactment and/or promulgation of new Consumer Protection Laws and changes to existing Consumer Protection Laws, training performed, compliance monitoring completed, independent

compliance audits performed, corrective action taken, and compliance with this ORDER.

viii. Ensure proper and timely follow-up and resolution to audit and examination findings indicating the need for corrective action(s). The compliance audit must be independent to ensure appropriate oversight of the Bank's operations.

ix. Develop and implement an internal monitoring system of employees' performance to ensure that compliance policies, procedures, and regulatory requirements are adequately followed and employees are held accountable for following adopted policies, procedures, and regulatory requirements. This requirement should be followed for all of the Bank's Third Parties.

9. Compliance Officer

Within 30 days from the Effective Date, the Bank shall have its Compliance Officer report directly to the Board. The Compliance Officer shall have sufficient resources to effectively manage the Bank's CMS, including Third Parties where appropriate. The Compliance Officer shall provide a monthly presentation to the Board regarding the enhancements made to the Bank's Compliance Program and compliance with each provision of this ORDER.

10. Audit

a. Within 30 days from the Effective Date, the Bank shall create a schedule of audits to be conducted at least annually by ADSC's internal audit department or such other independent auditor selected by the Bank and designed to ensure compliance with all Consumer Protection Laws. The audits shall be conducted by qualified personnel with experience in conducting audits of compliance programs of banks of comparable complexity. The audits identified on the schedule will assess the Bank's CMS and Compliance Program, and at a

minimum, shall:

- i.** Define a comprehensive scope to include appropriate aspects of each Consumer Protection Law based on a risk analysis;
 - ii.** Identify the number of transactions sampled by category or product type;
 - iii.** Identify deficiencies;
 - iv.** Provide descriptions of, or suggestions for, corrective actions and timeframes for correction; and
 - v.** Establish follow-up procedures to verify that corrective actions are implemented and effective. Audit findings, deficiencies, and recommendations must be documented in a written report and provided to the Bank's Audit Committee within 15 days after completion of the independent internal audit. In addition, the audit report should be thoroughly reviewed by the Board and such review shall be fully documented in the Board's minutes.
- b.** Within 30 days from receipt of the auditor's written report, the Board shall take action to address the audit's findings and develop and implement a plan to complete the following:
- i.** Correct any deficiencies noted; and
 - ii.** Implement any recommendations or explain in a written document acceptable to the Regional Director and signed by all Board members why a particular recommendation is not being implemented.

11. Audit Committee

a. The Audit Committee must ensure that the internal auditor and audit staff are independent and possess the necessary qualifications and expertise to review for compliance with the Consumer Protection Laws.

b. The Audit Committee shall ensure that the internal auditor timely completes audits to detect potential violations and CMS deficiencies.

12. Oversight of Third-Party Agreements and Services

a. Within 60 days from the Effective Date, the Bank shall develop and submit to the Regional Director a proposal for an effective Third-Party oversight program based on the principles set forth in *Guidance for Managing Third-Party Risk* (Financial Institutions Letter 44-2008, issued June 6, 2008). Upon receipt of non-objection by the Regional Director of the proposed plan for the Third-Party oversight program, the Bank shall implement such program. The program shall, at a minimum, include specific procedural steps for the following:

i. Review of all aspects of the Bank's agreements with all Third Parties that provide products or services to or on behalf of the Bank ("Third-Party Agreements") and the acts and practices pursuant to these agreements by the Bank's Third Parties;

ii. Procedures for effective monitoring, training, record-keeping, and audit of the Bank's Third Parties;

iii. Access by Bank employees to all systems of the Bank's Third Parties necessary for the Bank to determine whether the Bank's Third Parties are in compliance with all Consumer Protection Laws and are performing their duties, including their duties relating to monitoring, training, and fulfilling regulatory requests;

iv. Monitoring of Third-Party Agreements to ensure that they are formalized, enforceable, and contain the specific expectations, obligations, and consequences, for both the Bank and the Third Parties;

v. Maintenance of records of all Third Party Agreements and marketing and solicitation materials developed by the Bank's Third Parties, including any changes or amendments with respect to such materials;

vi. Prompt notification to the Bank by the Bank's Third Parties of all regulatory agencies' inquiries, customer complaint correspondence, and/or legal action received (other than routine requests such as requests to cease and desist collection contact);

vii. Procedures for promptly addressing and resolving consumer complaints and inquiries regarding the services performed for, or on behalf of, the Bank by the Bank's Third Parties, regardless of the source; and

viii. Procedures for effective complaint analysis, including identification of the root cause and any discernable patterns/trends in complaints about specific products or practices of the Bank's Third Parties in connection with their performance of Third-Party Agreements.

b. The Bank's Compliance Committee shall, on at least a quarterly basis, submit a written report to the Board and senior management addressing whether the Bank's Third Parties are in compliance with their respective Third-Party Agreements. The written report shall include potential violations, deficiencies, trends and analyses related to consumer complaints and inquiries, or other concerns. The Board shall be responsible for ensuring that corrective actions are taken, as appropriate, to address the findings of the written report and for

assuring that a comprehensive annual compliance-related review of Third-Party Agreements is performed.

13. Complaint Review Committee

a. Within 60 days from the Effective Date, the Board shall establish and maintain a complaint review committee comprised of at least one outside director who is not an officer of the Bank or any Affiliate of the Bank, at least one member of senior management, and the Compliance Officer ("Complaint Review Committee"). The Complaint Review Committee may be comprised of members that are the same as the Compliance Committee.

b. The Complaint Review Committee shall meet at least monthly and, at a minimum, the following areas shall be reviewed and, if applicable, approved:

- i.** minutes of the Complaint Review Committee;
- ii.** the process for handling and monitoring all complaints, including the resolution of complaints;
- iii.** complaint trends analyses;
- iv.** identification of weaknesses within the Bank and the Bank's Third Parties associated with complaint trends that impact the Bank's compliance operations, policies, procedures, consumer accounts, products or services offered by the Bank and/or the Bank's Third Parties, or compliance with all Consumer Protection Laws;
- v.** recommended corrective actions (pending and implemented) related to complaints, including due dates, names of individuals assigned responsibility for the corrective action; and
- vi.** any follow-up testing and reporting to ensure corrective actions are completed and effective.

c. The Complaint Review Committee shall report the minutes of its meetings to the Board at each regularly scheduled Board meeting. Complaint Review Committee minutes shall include its review and identification of complaint trends, its analysis of root causes of complaints, and its recommendations for and progress on corrective actions to reduce complaints. The Board, in conjunction with the Complaint Review Committee, shall allocate resources that are commensurate with the recommended corrective actions approved and any follow-up testing and reporting, sufficient to ensure corrective actions are completed and effective to ensure the Bank's compliance with all Consumer Protection Laws.

14. Independent Third Party Review

a. Within 30 days from the Effective Date, the Bank shall submit to the Regional Director for non-objection the name and qualifications of an independent Third Party (“Add-On Review Consultant”) who possesses the appropriate expertise and qualifications to review all CCAPs offered by the Bank, including but not limited to: Account Assure, Account Assure Pro, My Card Extras, My Card Extras Plus, Identity Protector, Direct Alert, StyleMatches, Lifestyle Perks and Statement Marketing. At a minimum, the Add-On Review Consultant shall:

i. Review and assess all CCAPs for compliance with Section 5 and all other applicable Consumer Protection Laws; and

ii. Provide to the Board a detailed written report containing its analysis, assessments, and recommendations, which the Board shall review within 60 days of receipt. This review shall be recorded and noted in the Board minutes.

b. Within 60 days from the receipt of non-objection by the Regional Director of the selection of the Add-On Review Consultant, the Bank shall develop, in consultation with

the Add-On Review Consultant, and submit to the Regional Director for non-objection, a CCAP review schedule that shall include, at a minimum:

i. A list grouping all CCAPs to be reviewed with a prioritized review schedule;

ii. The date by which the review will be, or has been, completed for each such CCAP; and

iii. The date that the final written report(s) will be, or have been, completed for the subject CCAPs.

c. The Bank shall, within 15 days of the Board's review of any Add-On Review Consultant's report, provide the Regional Director with a copy of the report.

d. If a report provided by the Add-On Review Consultant identifies any issues regarding compliance with Section 5 or other applicable Consumer Protection Laws that require correction, other than those specific issues for which restitution is required pursuant to Article II of this ORDER, the Bank shall submit a remediation and implementation plan for corrective measures within 120 days of receiving the report. The plan shall address the issues contained in such report, include the appropriate restitution to Card Members, and shall be submitted to the Regional Director for non-objection prior to implementation.

e. The Bank shall, to the extent it has not already done so, develop and implement a record-keeping system and internal audit procedures that are reasonably designed to allow the FDIC to:

i. Review and monitor the Bank's practices relating to the CCAPs;
and

ii. Confirm that the Bank is in compliance with this ORDER and all

applicable Consumer Protection Laws, including Section 5.

II. ORDER FOR RESTITUTION

IT IS ORDERED that the Bank provide restitution to Eligible Consumers as follows:

A. Restitution Plan

1. Within 30 days from the Effective Date, the Bank shall prepare a comprehensive Restitution and Other Relief Plan for all Eligible Consumers (“Account Assure Product Restitution Plan”).

2. Within 45 days from the Effective Date, the Bank shall submit the Account Assure Product Restitution Plan identifying all Eligible Consumers entitled to receive restitution related to the Section 5 violations noted in the Compliance ROE, including samples of letters and/or electronic mail to the Eligible Consumers, to the Regional Director for review, comment, and non-objection prior to implementation. The text of letters and/or electronic mail to be sent to Eligible Consumers shall include language explaining the reason the Bank is providing them with restitution, including that the Bank is doing so as the result of an enforcement action by the FDIC. The letters and/or electronic mail shall also include reference to and the website addresses for any FDIC press releases related to the ORDER and shall not, in any manner, condition the payment of any redress to any Eligible Consumer under this ORDER on the Eligible Consumer waiving any right. The letters and/or electronic mail, incorporating any changes that may be required in response to comments by the Regional Director, shall be sent by United States Postal Service first-class mail and/or electronic mail to all Eligible Consumers entitled to receive restitution in accordance with this ORDER.

3. The Account Assure Product Restitution Plan shall, at a minimum, require the Bank to provide restitution to Eligible Consumers as follows:

a. Provide restitution, in accordance with this ORDER and as provided in the Account Assure Product Restitution Plan, to Eligible Consumers who enrolled in the Account Assure Products and who called to cancel their Account Assure Product coverage within the first 30 days following enrollment during the period when the Bank advertised a free review period, and to whom the Bank failed to provide a refund when the customer requested a cancellation of the Account Assure Product;

b. Provide restitution, in accordance with this ORDER and as provided in the Account Assure Product Restitution Plan, to Eligible Consumers who were entitled to receive and did not receive Account Credits and/or Gift Cards for enrolling in the Account Assure Products;

c. Provide restitution, in accordance with this ORDER and as provided in the Account Assure Product Restitution Plan, to Eligible Consumers who enrolled in the Account Assure Product when the Bank represented that there would be no fee for the Account Assure Product coverage if the Card Member's account had no balance and who were charged the fee.

4. The total restitution amount for categories (a), (b) and (c) above shall be equal to approximately \$8,500,000, in accordance with this ORDER and specifically as provided in the Account Assure Product Restitution Plan. For any Credit Card account that has been charged off at the time restitution is to be provided to the Eligible Consumer, the restitution amount required by this ORDER may be reduced to the extent, but not in excess of, the charged-off balance, and the Credit Card account balance shall be revised to reflect the amount of the reduction to the restitution amount.

5. Within 30 days of receipt of non-objection from the Regional Director, the Bank shall commence implementation of the Account Assure Product Restitution Plan. Any required

restitution amount shall be provided to each of the Eligible Consumers in the form of a statement credit if the Credit Card account remains open or if the Eligible Consumer has another Credit Card account with the Bank, or a check if the Credit Card account is closed and the Eligible Consumer has no active Credit Card account with the Bank; provided, however, at the Bank's option, in the case of any Eligible Consumer who was entitled to receive and did not receive one or more Gift Cards for enrolling in any Account Assure Product(s) and whose respective Credit Card account(s) remain(s) open, restitution may be provided in the form of one or more Gift Cards or statement credits. Restitution provided by the Bank shall not, in any manner, be conditioned on the Eligible Consumer waiving any right.

6. Within 30 days from the Effective Date, the Bank shall submit to the Regional Director, for review and non-objection, a proposed announcement to be prominently posted on the Bank's and Comenity LLC's websites that describes this ORDER and the restitution payments to be made by the Bank to Eligible Consumers. The announcement shall set forth procedures whereby individuals can check their eligibility for restitution from the Bank and can provide updated electronic mail and/or United States Postal Service mailing address information, via a toll-free number and via the websites indicated above. The Regional Director shall notify the Bank in writing of any comments or non-objection to the proposed announcement. Upon receipt of the Regional Director's written non-objection, the announcement, incorporating any changes that may be required in response to comments by the Regional Director, shall be prominently and promptly posted by the Bank to the websites referenced above without further changes, but in no event later than 90 days from the Effective Date.

B. Mailing Refunds

1. When the Bank makes cash restitution by check made payable to an Eligible Consumer and/or, where permitted under this ORDER, by Gift Card, the Bank shall send the check and/or Gift Card by United States Postal Service first-class mail, address correction service requested, to the Eligible Consumer's last address as maintained by the Bank's records. The Bank shall make reasonable attempts to obtain a current address for any Eligible Consumer whose notification letter, restitution check, and/or Gift Card is returned for any reason, using standard address search methodologies, and shall promptly re-mail all returned letters, restitution checks, and/or Gift Cards to current addresses, if any. If the check and/or Gift Card for any Eligible Consumer is returned to the Bank after such second mailing by the Bank, or if a current mailing address cannot be identified using standard address search methodologies, the Bank shall retain the restitution amount of such Eligible Consumer for a period of 360 days from the date the restitution check and/or Gift Card was originally mailed, during which period such amount may be claimed by such Eligible Consumer upon appropriate proof of identity. After such time, these monies and/or the face value of these gift cards will be disposed of in accordance with the Account Assure Product Restitution Plan and, if no such disposition is provided for, then such amount(s) shall be paid to the Treasury of the United States as directed by the FDIC.

2. The Bank shall not undertake collection efforts in the same mailing as that containing any of the restitution checks, Gift Cards, and/or notification letters. Further, the Bank shall not condition, expressly or by implication, the provision of a Gift Card, credit or cash payment payable pursuant to the Account Assure Product Restitution Plan described in this ORDER on the payment of any outstanding debt.

C. Credit Reporting

For all consumer reporting agencies to which it regularly reports, within 120 days of a restitution disbursement or adjustment required by this ORDER, the Bank shall take all appropriate steps, consistent with the provisions of the Fair Credit Reporting Act, 15 U.S.C. §§ 1681 *et seq.*, and its implementing Regulation V, 12 C.F.R. § 1022, to amend and correct all negative incident reports previously made with respect to all Eligible Consumers whose accounts would not have generated a negative incident report but for the Bank charging any Account Assure Product fee(s) subject to restitution hereunder and to amend and correct all reports of Credit Card account balances of Eligible Consumers whose account balances are revised as a result of the restitution amounts required by this Order.

D. Recordkeeping

The Bank shall retain for seven years all records pertaining to the Account Assure Product Restitution Plan, including but not limited to: documentation of the processes and procedures used to determine the Eligible Consumers; the names, contact, and account information of the Eligible Consumers; any mailing records; and documentation that the appropriate restitution and equitable relief were made.

E. Independent Certified Accounting Firm

1. The Bank shall retain, at its expense, an independent certified accounting firm (“Firm”) to determine compliance with the Account Assure Product Restitution Plan. Prior to the engagement of the Firm, and contemporaneous with the submission of the Account Assure Product Restitution Plan as required by this ORDER, the Bank shall submit the name and qualifications of the Firm, together with the proposed engagement letter with the Firm and the proposed agreed-upon procedures, to the Regional Director for non-objection. The Firm shall

determine compliance in accordance with the attestation standards established by the American Institute of Certified Public Accountants for agreed-upon procedures for engagements.

2. The engagement letter between the Bank and the Firm shall grant the FDIC access to the Firm's staff, work-papers, and materials prepared in the course of the Firm's engagement to determine compliance with the Account Assure Product Restitution Plan and preparation of any related reports required by this ORDER. To be acceptable to the Regional Director, the Firm must be an objective and unaffiliated Third Party and, at a minimum, comply with the Code of Conduct of the appropriate State Board of Accountancy and meet auditor independence requirements of the Securities and Exchange Commission.

III. ORDER TO PAY CIVIL MONEY PENALTY

IT IS FURTHER ORDERED that by reason of the violations of law and/or regulations set forth herein, and after taking into account the appropriateness of the penalty with respect to the size of the financial resources and good faith of the Bank, the gravity of the violations, the history of previous violations by the Bank, and such other matters as justice may require, including the severity of harm to consumers, pursuant to 12 U.S.C. § 1818(i)(2), a civil money penalty of \$450,000 is assessed against the Bank. The Bank shall pay such amount to the Treasury of the United States, as directed by the FDIC. The Bank is prohibited from seeking or accepting indemnification from any Third Party for the civil money penalty assessed and paid in this matter.

IV. NOTIFICATION AND REPORTING REQUIREMENTS

A. Progress Reports, Parent Company and Shareholder Notification

1. On or before the 30th day after the end of the first calendar quarter following the Effective Date, and on or before the 30th day after the end of every calendar quarter thereafter,

the Bank shall furnish written progress reports to the Regional Director detailing the form and manner of any actions taken to secure compliance with this ORDER and the results thereof.

2. Following the Effective Date, the Bank shall send to its parent holding companies, a copy of this ORDER or a description of this ORDER. The Bank shall further send to its shareholders, a copy of this ORDER or a description of this ORDER, in conjunction both with the Bank's next shareholder communication and with its notice and/or proxy statement preceding the Bank's next shareholder meeting. If the Bank sends its parent holding companies or its shareholders a description of this ORDER rather than a copy of it, the description shall fully describe this ORDER in all respects. The description and any accompanying communication, statement, or notice shall be sent to the FDIC, Accounting and Securities Section, Washington, D.C. 20429, at least 15 days prior to dissemination to the parent holding companies or shareholders. Any changes to the description, communication, notice, or statement requested to be made by the FDIC shall be made prior to dissemination of the description, communication, notice, or statement.

V. SAVINGS CLAUSE

1. The provisions of this ORDER shall not bar, estop, or otherwise prevent the FDIC or any other federal or state agency or department from taking any other action against the Bank, or any of the Bank's current or former institution-affiliated parties, as that term is defined in section 3(u) of the FDI Act, 12 U.S.C. § 1813(u).

2. Calculation of time limitations for compliance with the terms of this ORDER shall be based on calendar days, unless otherwise noted. If the deadline for compliance with the terms of this ORDER falls on a weekend or federal holiday, the deadline shall be extended to the following business day.

3. The provisions of this ORDER shall be binding on the Bank, its officers, agents, servants, employees, institution-affiliated parties, and any successors and assigns thereof.

4. The provisions of this ORDER shall remain effective and enforceable except to the extent that and until such time as any provision has been modified, terminated, suspended, or set aside in writing by the FDIC.

Issued pursuant to delegated authority this 8th day of September, 2015.

/s/

Sylvia H. Plunkett
Senior Deputy Director
Division of Depositor and Consumer Protection