

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

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<b>In the Matter of:</b>		)	
		)	AA-EC-13-76
JPMorgan Chase Bank, N.A.		)	
Columbus, Ohio		)	
		)	
JPMorgan Bank and Trust Company, N.A.		)	
San Francisco, California		)	
		)	
Chase Bank USA, N.A.		)	
Wilmington, Delaware		)	
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**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 an examination of the sworn document and collections litigation practices (excluding the home lending line of business) of JPMorgan Chase Bank, N.A., Columbus, Ohio, JPMorgan Bank and Trust Company, N.A., San Francisco, California, and Chase Bank USA, N.A., Wilmington, Delaware (collectively, “Bank”). The OCC has identified unsafe or unsound practices in connection with (i) the Bank’s sworn document and collections litigation practices and (ii) the Bank’s efforts to comply with the Servicemembers Civil Relief Act (“SCRA”). The OCC has informed the Bank of the findings resulting from the examination.

The Bank, by and through its duly elected and acting Boards of Directors (collectively referred to as “Board”), has executed a “Stipulation and Consent to the Issuance of a Consent Order,” dated September 18, 2013, that is accepted by the Comptroller. By this Stipulation and

Consent, which is incorporated 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, and is committed to taking all necessary and appropriate steps to remedy the deficiencies and unsafe or unsound practices identified by the OCC, and to enhance the Bank’s sworn document, collections litigation, and SCRA compliance practices.

Each plan, program, policy, or procedure required by this Order shall be applicable to all of the institutions that comprise the Bank, as defined above.

## ARTICLE I

### COMPTROLLER’S FINDINGS

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

- (1) For purposes of this Order, the following definitions shall apply:
  - (a) “Accounts” refers to accounts for an extension of credit in all lines of business, except home lending, regardless of whether they are in Collections Litigation.
  - (b) “Collections Litigation” refers to attempts by the Bank (or a third party acting on its behalf), through legal proceedings in the United States, to (i) collect, or establish liability for, debts or liabilities in connection with Accounts in all lines of business, except home lending, or (ii) establish the Bank’s right, title, and interest in and to collateral and/or realize on and liquidate collateral in connection with such Accounts.
  - (c) “Collections Litigation Accounts” refers to Accounts in Collections Litigation where sworn documents were filed by or on behalf of the Bank

in state or federal courts, with respect to all lines of business except home lending.

- (d) “Legal Requirements” refers to all applicable: federal and state laws (including the U.S. Bankruptcy Code and the Servicemembers Civil Relief Act (“SCRA”)); rules; regulations; court orders, rules and requirements; and attorney ethics requirements.
- (e) “SCRA benefits” refers to the benefits provided by 50 U.S.C. app. § 527 (“Section 527”). Section 527 provides that, upon a servicemember’s providing both written notice and a copy of his/her military orders to the creditor (and any orders further extending that military service), which shall occur no later than 180 days after the servicemember’s termination or release from military service, an obligation or liability that was incurred by the servicemember, or by the servicemember and his or her spouse jointly, before the servicemember entered military service, shall not bear interest (as that term is defined in 50 U.S.C. app. § 527(d)(1)) at a rate in excess of six percent (6%) per year during:
  - (i) The period of military service (i.e., active duty, as defined in 10 U.S.C. § 101(d)), and one year thereafter for an obligation or liability consisting of a mortgage, trust deed, or other security in the nature of a mortgage, and, pursuant to 50 U.S.C. app § 516, in the case of reservists, during the period beginning on the date of receipt of the order to report and ending on the date on which the reservist reports for military service;

- (f) “SCRA protection” refers to all of the protections provided by the SCRA other than the SCRA benefits, including protections related to default judgments provided by 50 U.S.C. app. § 521 (“Section 521”). SCRA protection is to be provided whether or not a servicemember has made a request for such protection.
- (g) “SCRA-Protected Servicemember” includes servicemembers as defined in 50 U.S.C. app. § 511(1) and (2).

(2) In connection with the Bank’s sworn document and Collections Litigation processes, and the Bank’s efforts to comply with the SCRA, the Bank:

- (a) Filed or caused to be filed in courts affidavits executed by its employees or employees of third-party service providers making various assertions in which the affiant represented that the assertions in the affidavit were made based on personal knowledge or based on a review by the affiant of the relevant books and records, when, in many cases, they were not based on such personal knowledge or review of the relevant books and records;
- (b) In some instances, filed or caused to be filed in courts inaccurate sworn documents that resulted in obtaining judgments with financial errors in favor of the Bank;
- (c) Filed or caused to be filed in courts numerous affidavits that were not properly notarized, including those not signed or affirmed in the presence of a notary, where required;
- (d) Failed to have in place effective policies and procedures across the Bank to ensure compliance with the SCRA;

- (e) Failed to devote sufficient financial, staffing and managerial resources to ensure proper administration of its sworn document and Collections Litigation processes;
- (f) Failed to devote to its sworn document and Collections Litigation processes adequate internal controls, policies, and procedures, compliance risk management, internal audit, third party management, and training; and
- (g) Failed to sufficiently oversee outside counsel and other third-party providers handling sworn document and Collections Litigation services.

(3) The unsafe or unsound practices identified by the OCC were most prevalent in the Bank's consumer and community banking lines of business, including credit card services, auto lending, and student lending.

(4) By reason of the conduct set forth above, the Bank engaged in unsafe or unsound banking practices.

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 shall appoint and maintain a Compliance Committee of at least three (3) directors of the Bank or its holding company, of which a majority may not be employees or officers of the Bank or any of its subsidiaries or affiliates. The Compliance Committee may include one or more directors of the Bank's holding company, if acceptable to the Examiner-in-Charge for Large Bank Supervision ("Examiner-in-Charge"). 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 to the Deputy Comptroller for Large Bank Supervision (“Deputy Comptroller”) and the Examiner-in-Charge for a written determination of no supervisory objection by the Examiner-in-Charge. The Compliance Committee shall be responsible for monitoring and coordinating the Bank’s compliance with the provisions of this Order, and approving measures necessary to ensure compliance with the remaining articles of this Order (unless other specific approvals are required). The Compliance Committee shall meet at least monthly and maintain minutes of its meetings.

(2) Within ninety (90) 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 Compliance Committee’s report, with any additional comments by the Board, to the Deputy Comptroller and 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) 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 XVI of this Order (“Action Plan”). The Bank shall submit the Action Plan to the Deputy Comptroller and Examiner-in-Charge, within sixty (60) days of the effective date of this Order, for prior written determination of no supervisory objection by the Deputy Comptroller. 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 address, at a minimum:
  - (a) Financial resources to develop and implement an adequate infrastructure to support existing and projected future sworn document and Collections Litigation, and SCRA compliance activities and ensure compliance with this Order;
  - (b) Organizational structure, managerial resources, and staffing to support existing and projected future sworn document and Collections Litigation, and SCRA compliance activities and ensure compliance with this Order;
  - (c) Metrics to measure and ensure the adequacy of staffing levels relative to existing and projected future sworn document and Collections Litigation, and SCRA compliance activities; and
  - (d) Governance and controls to ensure compliance with the applicable Legal Requirements, and the requirements of this Order.

(3) The Action Plan shall specify timelines for completion of each of the requirements of Articles IV through XVI of this Order. The timelines in the Action Plan shall be consistent with any deadlines set forth in this Order.

(4) Following no supervisory objection to 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 prior written notice of no supervisory objection from the Deputy Comptroller.

(5) 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 effective sworn document, Collections Litigation, and SCRA compliance activities, as well as associated risk management, compliance, quality control, internal audit, training, staffing, and related functions. 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) Authorize and adopt such actions on behalf of the Bank as may be necessary for the Bank to perform its obligations and undertakings under the terms of this Order;
- (b) Require that the reporting by Bank management is timely, adequate and accurate, including reporting of such actions directed by the Board to be taken under this Order and the results of such actions; and
- (c) Remedy non-compliance with any Article of this Order by requiring timely and appropriate corrective action.



## ARTICLE IV

### SWORN DOCUMENT, COLLECTIONS LITIGATION, AND RELATED PRACTICES PLAN

(1) Within sixty (60) days of this Order, the Bank shall submit to the Deputy Comptroller and Examiner-in-Charge for a written determination of no supervisory objection by the Examiner-in-Charge an acceptable Collections Litigation plan to require and ensure that the sworn document and Collections Litigation (and related practices) operations, whether performed by the Bank or a third-party provider, comply with the applicable Legal Requirements, supervisory guidance, and the requirements of this Order and are conducted in a safe and sound manner (“Collections Litigation Plan”). The Collections Litigation Plan shall be initiated within one hundred twenty (120) days of the receipt of a written determination of no supervisory objection by the Examiner-in-Charge. The Collections Litigation Plan shall include a timeline for the completion of each element in the plan, and any deviation from such timeline must be approved by the Examiner-in-Charge through a written determination of no supervisory objection. The Collections Litigation Plan shall include, at a minimum:

- (a) Appropriate written policies and procedures to conduct, oversee, and monitor sworn document and Collections Litigation operations;
- (b) Processes to ensure that all factual assertions made in verified pleadings, declarations, or affidavits, including affidavits regarding military service, filed by or on behalf of the Bank in Collections Litigation are accurate and that affidavits are based on personal knowledge, a review of the Bank’s books and records, or other appropriate standard as set forth in the affidavit;

- (c) Processes to ensure that affidavits filed in Collections Litigation are executed and notarized in accordance with applicable Legal Requirements and applicable guidelines;
- (d) Processes to develop, review, and approve, to the extent practicable, sworn documents templates for each jurisdiction in which the Bank pursues Collections Litigation to ensure compliance with applicable Legal Requirements;
- (e) Processes to ensure that a clear and auditable trail exists for factual information contained in each affidavit or declaration, in support of each of the charges that are listed;
- (f) Processes to ensure that fees, expenses, and other charges imposed on the borrower are assessed in accordance with the terms of the underlying credit agreement or other customer authorization or applicable Legal Requirements and supervisory guidance;
- (g) Processes to ensure that the Bank has the ability to locate and secure information supporting sworn document and Collections Litigation activities, and such information is maintained pursuant to record retention requirements;
- (h) The development and implementation of written policies and procedures governing the maintenance and retrievability of sworn documents;
- (i) Processes to ensure that written Collections Litigation policies, procedures, and processes are updated on an ongoing basis as necessary to

incorporate any changes in applicable Legal Requirements and supervisory guidance;

- (j) Processes to ensure current management and supervisory personnel responsible for sworn document and Collections Litigation activities have the requisite knowledge and expertise, and a determination of whether any staffing changes or additions are needed;
- (k) Processes to ensure that staffing levels devoted to sworn document and Collections Litigation activities are adequate to meet current and projected future workload demands;
- (l) Written policies and procedures to ensure that risk management, quality assurance, internal audit, and corporate compliance address and promptly identify deficiencies in the Collections Litigation policies, procedures, or processes, and that the Bank promptly remediates such deficiencies;
- (m) Appropriate procedures for customers who file for or are in bankruptcy;
- (n) The development of internal guidance and guidelines regarding Collections Litigation activities and compliance with the Collections Litigation Plan;
- (o) Processes and procedures for ongoing monitoring, testing, and reporting within and across each applicable line of business by persons with the requisite knowledge and expertise (and, where appropriate, who are independent of the Bank's business lines) to:

- (i) Ensure compliance with the Collections Litigation Plan and the Collections Litigation Training Program, as defined in Paragraph (3) of this Article;
  - (ii) Ensure compliance with applicable Legal Requirements and supervisory guidance;
  - (iii) Verify that the policies and procedures described in this Article are being followed and are effective in detecting and preventing failures to comply with the Collections Litigation Plan; and
  - (iv) Ensure consistent adherence to guidance, guidelines, and other documentation requirements referenced in this Article.
- (p) Revised policies and procedures to ensure that the Bank's sales of charged-off consumer Accounts are consistent with the OCC's expectations regarding the Bank's debt sales activities as described in any OCC guidance, and shall include, but shall not be limited to, the following:
- (i) Processes, systems, and controls to ensure the accuracy and integrity of all information provided to any third party in connection with the sale of charged-off debt;
  - (ii) Processes to ensure that appropriate initial and ongoing due diligence is performed on all parties that purchase charged-off debt from the Bank, including an evaluation of the debt buyers' past performance with respect to consumer protection and debt collection laws and regulations and a thorough understanding by

the Bank of the scope of the debt buyers' anticipated debt collection activities;

(iii) Processes to monitor complaints about debt buyers and any allegations of adverse treatment of debtors by debt buyers;

(iv) Processes to ensure notification to customers regarding the sale of their debt to a debt buyer;

(v) Processes to ensure that credit bureau reporting is up to date and accurate reflecting the sale or transfer of the debt to a debt buyer; and

(vi) Processes to ensure that information provided to debt buyers is sufficient and appropriate for debt collection activities in compliance with federal and state laws and regulations, and to ensure that procedures are in place for debt buyers to request and receive additional information when necessary, such as during litigation;

(q) Reporting, on at least a monthly basis, by the senior manager or managers responsible for overseeing the monitoring and testing required by this Article, of the findings from the monitoring and testing to a specified senior officer of the Bank, with a copy to a senior risk manager who is independent of that particular line of business;

(r) Policies and procedures to ensure that when the Bank (or third parties acting on behalf of the Bank) otherwise engages in collections activities in connection with Collections Litigation that such collections activities

comply with the applicable Legal Requirements, are performed in accordance with safe and sound banking practices, and are based on accurate information; and

- (s) Periodic reporting of the results of the internal monitoring and testing to the Board and Compliance Committee.

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

(3) Within one hundred twenty (120) days of receiving a written determination of no supervisory objection to the Collections Litigation Plan, the Bank shall develop a written program to require that all Collections Litigation Covered Bank Personnel, as defined herein, are trained on all applicable Legal Requirements and the Collections Litigation Plan (“Collections Litigation Training Program”). For the purpose of this Paragraph, “Collections Litigation Covered Bank Personnel” refers to all Bank employees and other staff (including temporary employees, agents, third parties, and contractors) who prepare, execute, and/or file sworn documents or otherwise engage in any aspect of Collections Litigation, Bank employees responsible for developing, implementing, and/or ensuring adherence to the Collections Litigation Plan (including employees who are responsible for conducting the monitoring and testing required by Paragraph (1) of this Article), and Bank employees involved in providing

customer service on Accounts. At a minimum, the Collections Litigation Training Program shall require that:

- (a) The training is developed and provided by individuals or an entity with requisite knowledge and expertise;
- (b) The training is conducted:
  - (i) On at least an annual basis for all Collections Litigation Covered Bank Personnel whose responsibilities, and the Legal Requirements applicable to those responsibilities, have not substantially changed since their previous Collections Litigation training and who are not new hires;
  - (ii) Within a reasonable time frame from the date of hire for a new hire who is Collections Litigation Covered Bank Personnel; and
  - (iii) Within a reasonable time frame after policies and procedures are updated to reflect new or updated requirements, or from the date of change in responsibilities for any Collections Litigation Covered Bank Personnel whose responsibilities have substantially changed such that his or her previous Collections Litigation training is not specific to his or her new responsibilities;
- (c) The training is specific to the Collections Litigation Covered Bank Personnel's responsibilities; and
- (d) Additional, enhanced training is provided to Collections Litigation Covered Bank Personnel in the Bank's Legal, Internal Audit, Quality

Assurance, Quality Control, and Compliance units, and to senior management in each line of business involving Accounts.

(4) The Board shall ensure that there is oversight of the Collections Litigation Plan required by this Article by the Bank's senior risk managers and senior management.

## ARTICLE V

### THIRD PARTY MANAGEMENT

(1) Within sixty (60) days of this Order, the Bank shall submit to the Deputy Comptroller and the Examiner-in-Charge for a written determination of no supervisory objection by the Examiner-in-Charge acceptable policies and procedures for outsourcing Collections Litigation and any related functions (as set forth in the Collections Litigation Plan) to any agent, independent contractor, consulting firm, law firm, or other third-party (including any affiliate of the Bank) ("Third-Party Providers"). Third-party management policies and procedures shall be implemented promptly after the receipt of a written determination of no supervisory objection by the Examiner-in-Charge. The Bank shall obtain a written determination of no supervisory objection from the Examiner-in-Charge in order to use Third-Party Providers for Collections Litigation before it fully implements the policies and procedures required by this Article. The policies and procedures shall include, at a minimum:

- (a) Appropriate oversight to ensure that Third-Party Providers comply with the applicable Legal Requirements, OCC supervisory guidance (including applicable portions of OCC Bulletin 2001-47), and the Bank's standards as appropriate;



- (b) Measures to ensure that all original records transferred from the Bank to a Third-Party Provider remain within the custody and control of the Third-Party Provider (unless filed with the appropriate court or the Account is otherwise transferred to another party), and are returned to the Bank or designated custodians at the conclusion of the performed service, along with all other documents necessary for the Bank's files, and that the Bank retains imaged copies of significant documents sent to Third-Party Providers;
- (c) Measures to ensure the accuracy of documents filed or otherwise utilized on behalf of the Bank in any Collections Litigation proceeding;
- (d) Processes to perform appropriate due diligence on potential and current Third-Party Provider qualifications, expertise, capacity, reputation, complaints, information security, document custody practices, business continuity, and financial viability, and to ensure adequacy of Third-Party Provider staffing levels, training on Bank standards and Legal Requirements as appropriate, and work quality;
- (e) Processes to ensure that contracts with Third-Party Providers provide for adequate oversight, including uniform standards covering sworn document filings, computation of fees, interest, and payment allocation, to require Third-Party Provider adherence to Bank standards, measures to evaluate compliance with Third-Party Provider contractual obligations, and processes to ensure timely action with respect to Third-Party Provider performance failures;

- (f) Processes to ensure periodic audits or reviews, as appropriate, of the work of Third-Party Providers to assess timeliness, competence and completeness, and to ensure compliance with the applicable Legal Requirements and supervisory guidance, and to ensure that Collections Litigation activities are conducted in a safe and sound manner, and in accordance with Bank standards;
- (g) Processes to review customer complaints, legal action, investigations, and negative media about significant Third-Party Provider services;
- (h) Processes to prepare contingency and business continuity plans for each Third-Party Provider that ensure the continuing availability of critical third-party services and business continuity for the Bank, consistent with supervisory guidance and federal banking agency guidance, both to address short-term and long-term service disruptions and to ensure an orderly transition to new service providers should that become necessary;
- (i) A review of fee structures for Third-Party Providers to ensure that the method of compensation considers the accuracy, completeness, and legal compliance of Collections Litigation filings and is not based solely on increased volume and/or meeting processing timelines;
- (j) An approval process for law firms (and reapproval of existing law firms), on a periodic basis, as qualified to serve as Third-Party Providers to the Bank, including a process to review customer complaints, legal action, and investigations about Third-Party Provider services; and

- (k) A detailed assessment of Third-Party Provider system vulnerabilities, including interface between Third-Party Provider and Bank systems and information security.

## ARTICLE VI

### COLLECTIONS LITIGATION ACCOUNT REVIEW

(1) Within sixty (60) days of this Order, the Bank shall submit an acceptable plan for conducting the Collections Litigation Account Review (“Collections Litigation Account Review Plan”) to the Deputy Comptroller and the Examiner-in-Charge for prior written determination of no supervisory objection by the Examiner-in-Charge. The Collections Litigation Account Review Plan shall include:

- (a) Expertise and resources to be dedicated to this review; and
- (b) A written commitment that any (including all draft and finalized) communications, workpapers, or work product associated with the Collections Litigation Account Review shall be made available to the OCC immediately upon request.

(2) Within one hundred and eighty (180) days of receiving a written determination of no supervisory objection to the Collections Litigation Account Review Plan, the Bank shall conduct a review of the Collections Litigation Accounts where litigation was pending, or initiated, on or after January 1, 2009, including those Collections Litigation Accounts where the borrower subsequently filed for bankruptcy, became deceased, and/or the Collections Litigation Account was sold to a third-party debt buyer (“Collections Litigation Account Review”) to

identify Collections Litigation Accounts eligible for remediation (“Eligible Collections Litigation Accounts”).

(3) Upon receipt of a written determination of no supervisory objection to the Collections Litigation Account Review Plan submitted pursuant to Paragraph (1) of this Article, the Board shall ensure that the Collections Litigation Account Review is conducted in accordance with the Collections Litigation Account Review Plan to which a determination of no supervisory objection has been provided. Any proposed changes to or deviations from the approved Collections Litigation Account Review Plan shall be submitted to the Deputy Comptroller and the Examiner-in-Charge for prior review and determination of no supervisory objection by the Examiner-in-Charge.

(4) The Bank’s Internal Audit shall conduct an assessment of the Collections Litigation Account Review Plan and the Collections Litigation Account Review to ensure the procedures and methodology used are adequate to identify Eligible Collections Litigation Accounts. Such assessment shall occur at appropriate intervals during the development and the execution of the Collections Litigation Account Review Plan and the Collections Litigation Account Review, and the findings for each phase of the assessment shall be memorialized in writing. No later than the next monthly Compliance Committee meeting after completion of the assessment, Internal Audit shall provide its written findings to the Compliance Committee, the Deputy Comptroller, and the Examiner-in-Charge.

(5) The Bank shall prepare a written report detailing the findings of the Collections Litigation Account Review (“Collections Litigation Account Review Report”), which shall be completed within thirty (30) days of completion of the Collections Litigation Account Review.

Immediately upon completion, the Collections Litigation Account Review Report shall be submitted to the Deputy Comptroller, Examiner-in-Charge, and the Board.

## ARTICLE VII

### REMEDICATION FOR ELIGIBLE COLLECTIONS LITIGATION ACCOUNTS

(1) Within sixty (60) days of the submission of the Collections Litigation Account Review Report to the Deputy Comptroller, the Examiner-in-Charge, and the Board, as required by Article VI of this Order, the Bank shall develop an acceptable plan to provide remediation to the affected owners of the Eligible Collections Litigation Accounts (“Collections Litigation Remediation Plan”), and submit it to the Deputy Comptroller and the Examiner-in-Charge for prior written determination of no supervisory objection by the Examiner-in-Charge. The Collections Litigation Remediation Plan shall include the following:

- (a) A description of the methods to be used to compile a list of Eligible Collections Litigation Accounts, the owners of the Eligible Collections Litigation Accounts, and their addresses.
- (b) A description of the procedures used to provide remediation to the owner of each Eligible Collections Litigation Account as required by Paragraph (2) of this Article.
- (c) A description of the methods used to calculate the amount of remediation to be provided to the owner of each Eligible Collections Litigation Account as required by Paragraph (2) of this Article.
- (d) A description of the procedures for providing and tracking remediation to the owners of Eligible Collections Litigation Accounts.

- (e) A description of procedures for identifying final judgments obtained in error where the customer was not in default (if any) and taking appropriate remedial action.
- (f) A description of specific actions to be taken with respect to Accounts for which Collections Litigation was suspended on or after January 1, 2009, including specifics regarding any dismissals and sales to third parties.
- (g) A description of procedures for requesting that:
  - (i) All three (3) major consumer credit bureaus amend or delete trade lines or amend or delete negative entries for owners of the Eligible Collections Litigation Accounts, as appropriate; and
  - (ii) With regard to Collections Litigation Accounts sold to unaffiliated third parties, such third parties shall request that all three (3) major consumer credit bureaus amend or delete trade lines or amend or delete negative entries for owners of the Eligible Collections Litigation Accounts, as appropriate.
- (h) A description of the procedures for monitoring compliance with the Collections Litigation Remediation Plan.

(2) The Bank shall provide remediation to the owner of each Eligible Collections Litigation Account in accordance with the Collections Litigation Remediation Plan required by Paragraph (1) of this Article.

(3) The Bank's Internal Audit shall periodically conduct an assessment of the Collections Litigation Remediation Plan and the methodology used to determine the amount of remediation for the owner of each Eligible Collections Litigation Account, the procedures used to provide and track remediation, and the procedures used for requesting the removal or

amendment of negative entries at the credit reporting agencies. Such assessments shall occur at appropriate intervals during the development and execution of the Collections Litigation Remediation Plan, and the findings shall be memorialized in writing. No later than the next monthly Compliance Committee meeting after completion of each assessment, Internal Audit shall provide its written findings to the Board and Compliance Committee, the Deputy Comptroller, and the Examiner-in-Charge.

(4) Upon receipt of a written determination of no supervisory objection to the Collections Litigation Remediation Plan submitted pursuant to Paragraph (1) of this Article, the Board shall ensure that the Bank implements and adheres to the Collections Litigation Remediation Plan. Any proposed changes to or deviations from the approved Collections Litigation Remediation Plan shall be submitted in writing to the Deputy Comptroller and the Examiner-in-Charge for prior review and determination of no supervisory objection by the Examiner-in-Charge.

## ARTICLE VIII

### SCRA COMPLIANCE PLAN

(1) Within sixty (60) days of this Order, the Bank shall submit to the Deputy Comptroller and Examiner-in-Charge for a written determination of no supervisory objection by the Examiner-in-Charge an acceptable written plan to ensure the Bank's compliance with the SCRA ("SCRA Compliance Plan"). The SCRA Compliance Plan shall be initiated within one hundred twenty (120) days of the receipt of a written determination of no supervisory objection by the Examiner-in-Charge. The SCRA Compliance Plan shall include a timeline for the completion of each element in the plan, and any deviation from such timeline must be approved

by the Examiner-in-Charge through a written determination of no supervisory objection. The SCRA Compliance Plan shall require, at a minimum:

- (a) Adequate written policies and procedures to ensure compliance with the SCRA, including, but not limited to:
  - (i) Uniform standards and processes for determining whether a servicemember who submits a request for SCRA benefits is eligible for such benefits in all accounts that the borrower may have, not just the account that is the subject of the request;
  - (ii) Policies and procedures for notifying a servicemember of the Bank's denial to provide SCRA benefits or SCRA protection;
  - (iii) Policies and procedures for determining whether real or personal secured property is owned by an SCRA-Protected Servicemember before referring a loan for foreclosure or repossession and during the foreclosure or repossession process (not including the home lending line of business) in order to determine whether a court order is required pursuant to the SCRA prior to foreclosure or repossession;
  - (iv) Processes to ensure that all factual assertions made in affidavits of military service filed by the Bank or on behalf of the Bank are accurate, complete, and reliable;
  - (v) Procedures for when a search of the Department of Defense Manpower Data Center ("DMDC") database, or an equivalent database acceptable to the OCC, must be conducted before filing



and obtaining a default judgment on an Account, initiating the foreclosure or repossession process, or making a determination of eligibility for SCRA benefits;

(vi) Procedures for initiating and pursuing a waiver under a written agreement, as provided in 50 U.S.C. app. § 517; and

(vii) Consistent procedures regarding state laws that provide more benefits or protection to servicemembers than those provided by the SCRA.

(b) The development and implementation of written policies and procedures governing documentation and record retention requirements, which shall include:

(i) Written procedures and processes to ensure that the requirements of this subparagraph are consistently applied and complied with throughout the Bank;

(ii) Written procedures requiring that the Bank obtain and maintain sufficient documentation to evidence: (1) the dates of SCRA-protected military service for servicemembers who request SCRA benefits or who are otherwise potentially entitled to SCRA protection; (2) the method, date, and results of military status verifications prior to seeking or obtaining a default judgment on an Account of a SCRA-Protected Servicemember; (3) dates of correspondence with the SCRA-Protected Servicemember; and (4)

the calculation of benefits provided pursuant to 50 U.S.C. app. § 527;

(iii) Written procedures and processes for documenting the basis of the Bank's determination of an Account's eligibility for SCRA benefits or protections or of the Bank's denial of such benefits or protections; and

(iv) The establishment of an effective record retention system to assure the maintenance and accessibility of complete records within the Bank that demonstrates its compliance with the SCRA and the requirements of this Paragraph.

(c) The development of standard internal guidance, guidelines, checklists or other documentation formats that convey complete and accurate information regarding the SCRA that is to be used by all Bank employees, irrespective of their duties, and third party vendors who are involved in:

(i) Providing customer service to servicemembers in connection with the servicing of their Accounts;

(ii) Servicing of Accounts; or

(iii) Foreclosure or repossession proceedings (not including the home lending line of business).

(d) Written policies and procedures for conducting periodic reviews and updating, as applicable, the guidance, guidelines, checklists, and other documentation formats required by Paragraph (1)(c) of this Article.

(e) Written policies and procedures to ensure that risk management,

quality assurance, internal audit, and corporate compliance have the requisite authority and status within the Bank to promptly identify deficiencies in the SCRA policies, procedures, or processes and to ensure that the Bank promptly remediates such deficiencies.

- (f) Processes and procedures for ongoing monitoring, testing, and reporting within and across each applicable line of business by persons with the requisite knowledge and expertise (and, where appropriate, who are independent of the Bank's business lines) to:
  - (i) Ensure compliance with the SCRA, the SCRA Compliance Plan, and the SCRA Training Program, as defined in Paragraph (3) of this Article;
  - (ii) Verify that the policies and procedures described in Paragraphs (1)(a) and (1)(b) of this Article are being followed and are effective in detecting and preventing violations of the SCRA; and
  - (iii) Ensure consistent adherence to the guidance, guidelines, checklists and other documentation formats described in Paragraph (1)(c) of this Article.
- (g) Reporting, on at least a monthly basis, by the senior manager or managers responsible for conducting and overseeing the monitoring and testing required by Paragraph (1)(f) of this Article, the findings from the monitoring and testing to a specified senior manager of the Bank, with a copy to the risk manager who is independent of that particular line of business.

- (h) Periodic reporting of the results of the internal monitoring and testing to the Board and Compliance Committee.
- (i) Processes to ensure that policies, procedures, and processes are updated on an ongoing basis as necessary to incorporate any changes in the SCRA or applicable state laws.

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

(3) Within one hundred twenty (120) days of receiving a determination of no supervisory objection to the SCRA Compliance Plan, the Bank shall develop a written program to ensure that all SCRA Covered Bank Personnel, as defined herein, are trained on the requirements of the SCRA, all applicable Legal Requirements, and the SCRA Compliance Plan, as well as on identifying violations of the SCRA (“SCRA Training Program”). For the purpose of this Paragraph, “SCRA Covered Bank Personnel” refers to all Bank employees and other staff (including temporary employees, contractors, agents, or third parties) who engage in any aspect of Bank operation where the SCRA may be applicable (including, but not limited to, Collections Litigation Covered Bank Personnel), personnel responsible for developing, implementing, and/or ensuring adherence to, the SCRA Compliance plan (including employees who are responsible for conducting the monitoring and testing required by this Article) and Bank employees involved in providing customer service to servicemembers in connection with the servicing of their

Accounts, or in foreclosure or repossession proceedings (not including the home lending line of business). At a minimum, the SCRA Training Program shall require that:

- (a) The training is developed and provided by individuals or an entity with sufficient knowledge and expertise;
- (b) The training is conducted:
  - (i) On at least an annual basis for all SCRA Covered Bank Personnel whose responsibilities, and the SCRA, have not substantially changed since their previous SCRA training and who are not new hires;
  - (ii) Within a reasonable time frame from the date of hire for a new hire who is SCRA Covered Bank Personnel; and
  - (iii) Within a reasonable time frame after policies and procedures are updated to reflect new or updated requirements, or from the date of change in responsibilities for any SCRA Covered Bank Personnel whose responsibilities have substantially changed such that his or her previous SCRA training is not specific to his or her new responsibilities;
- (c) The training is specific to the SCRA Covered Bank Personnel's responsibilities; and
- (d) Additional, enhanced training is provided to SCRA Covered Bank Personnel in the Bank's Legal, Internal Audit, and Compliance units, and to senior management in each line of business.

(4) The Board shall ensure that there is oversight of the SCRA Compliance Plan required by this Article by the Bank's senior risk managers, senior management and the Compliance Committee.

## ARTICLE IX

### REVIEW OF ACCOUNTS FOR SCRA COMPLIANCE

(1) For purposes of this Article, "Enrolled" describes Accounts that are eligible to receive the SCRA benefits as requested by the borrower or eligible for SCRA protection.

(2) Within sixty (60) days of this Order, the Bank shall submit an acceptable plan for conducting the SCRA Review ("SCRA Review Plan") to the Deputy Comptroller and the Examiner-in-Charge for prior written determination of no supervisory objection by the Examiner-in-Charge. The SCRA Review Plan shall include:

- (a) Expertise and resources to be dedicated to this review; and
- (b) A written commitment that any (including all draft and finalized) communications, workpapers, or work product associated with the SCRA Review shall be made available to the OCC immediately upon request.

(3) Within one hundred and eighty (180) days of receiving a written determination of no supervisory objection to the SCRA Review Plan, the Bank shall review Accounts in all lines of business, except home lending, for compliance with the SCRA ("SCRA Review").

(4) The purpose of the SCRA Review shall be to identify SCRA-Protected Servicemembers eligible for remediation ("Eligible SCRA-Protected Servicemembers") and consist of a review of:

- (a) Default judgments obtained in any line of business, except home lending, between January 1, 2005 and the effective date of this Order to evaluate whether the judgments were obtained against any SCRA-Protected Servicemembers, including those Accounts where the borrower subsequently filed for bankruptcy, became deceased, and/or the Account was sold to a third-party debt buyer;
- (b) Repossessions of collateral or foreclosures obtained in connection with an Account in any line of business, except home lending, between January 1, 2005 and the effective date of this Order to evaluate whether the repossessions or foreclosures were obtained against any SCRA-Protected Servicemembers and were in compliance with 50 U.S.C. app. § 532 or 50 U.S.C. app. § 533, as appropriate, including those Accounts where the borrower subsequently filed for bankruptcy, became deceased, and/or the Account was sold to a third-party debt buyer;
- (c) Accounts that were Enrolled, between January 1, 2005 and the effective date of this Order, for SCRA benefits to evaluate whether the calculation of the benefits provided was in compliance with 50 U.S.C. app. § 527, including those Accounts where the borrower subsequently filed for bankruptcy, became deceased, and/or the Account was sold to a third-party debt buyer;
- (d) Accounts where a borrower, between January 1, 2005 and the effective date of this Order, submitted a request for SCRA benefits, but the account was not Enrolled, to evaluate whether the Bank complied with 50 U.S.C.

app. § 527, including those Accounts where the borrower subsequently filed for bankruptcy, became deceased, and/or the Account was sold to a third-party debt buyer; and

- (e) Accounts involving motor vehicle leases, between January 1, 2005 and the effective date of this Order, so as to evaluate whether the Bank complied with 50 U.S.C. app. § 535, including those Accounts where the borrower subsequently filed for bankruptcy, became deceased, and/or the Account was sold to a third-party debt buyer.

(5) Upon receipt of a written determination of no supervisory objection to the SCRA Review Plan submitted pursuant to Paragraph (3) of this Article, the Board shall ensure that the SCRA Review is conducted in accordance with the SCRA Review Plan to which a determination of no supervisory objection has been provided. Any proposed changes to or deviations from the approved SCRA Review Plan shall be submitted to the Deputy Comptroller and the Examiner-in-Charge for prior review and determination of no supervisory objection by the Examiner-in-Charge.

(6) The Bank's Internal Audit shall conduct assessments of the SCRA Review Plan and the SCRA Review to ensure the procedures and methodology used are adequate to identify Eligible SCRA-Protected Servicemembers. Such assessments shall occur at appropriate intervals during the development and the execution of the SCRA Review Plan and the SCRA Review, and the findings for each phase of the assessment shall be memorialized in writing. No later than the next monthly Compliance Committee meeting after completing the assessment, Internal Audit shall provide its written findings to the Compliance Committee, the Deputy Comptroller, and the Examiner-in-Charge.



(7) The Bank shall prepare a written report detailing the findings of the SCRA Review (“SCRA Review Report”), which shall be completed within thirty (30) days of completion of the SCRA Review. Immediately upon completion, the SCRA Review Report shall be submitted to the Deputy Comptroller, the Examiner-in-Charge, and the Board.

## ARTICLE X

### REMEDICATION FOR ELIGIBLE SCRA-PROTECTED SERVICEMEMBERS

(1) Within sixty (60) days of the submission of the SCRA Review Report to the Deputy Comptroller, the Examiner-in-Charge, and the Board, as required by Article IX of this Order, the Bank shall develop an acceptable SCRA remediation plan (“SCRA Remediation Plan”) and submit it to the Deputy Comptroller and the Examiner-in-Charge for prior written determination of no supervisory objection by the Deputy Comptroller. The SCRA Remediation Plan shall include the following:

- (a) A description of the methods to be used to compile a list of Eligible SCRA-Protected Servicemembers and their addresses.
- (b) A description of the procedures used to provide remediation to each Eligible SCRA-Protected Servicemember as required by Paragraph (2) of this Article.
- (c) A description of the methods used to calculate the amount of remediation to be provided to each Eligible SCRA-Protected Servicemember as required by Paragraph (2) of this Article.
- (d) A description of the procedures for providing and tracking remediation to Eligible SCRA-Protected Servicemembers.

- (e) A description of procedures for requesting that:
  - (i) All three (3) major consumer credit bureaus amend or delete trade lines or amend or delete negative entries, as appropriate, for Eligible SCRA-Protected Servicemembers that are attributable specifically to wrongful repossession, default judgment, inaccurate balances, or interest overcharges; and
  - (ii) With regard to Accounts sold to unaffiliated third parties, such third parties shall request that all three (3) major consumer credit bureaus amend or delete trade lines or amend or delete negative entries, as appropriate, for Eligible SCRA-Protected Servicemembers that are attributable specifically to wrongful repossession, default judgment, inaccurate balances, or interest overcharges.
- (f) A description of the procedures for monitoring compliance with the SCRA Remediation Plan.

(2) The Bank shall provide remediation to each Eligible SCRA-Protected Servicemember in accordance with the SCRA Remediation Plan required by Paragraph (1) of this Article.

(3) The Bank's Internal Audit shall periodically conduct assessments of the SCRA Remediation Plan and the methodology used to determine the amount of remediation for each Eligible SCRA-Protected Servicemember, the procedures used to provide and track remediation, and the procedures used for requesting the updating or removal of negative entries at the credit reporting agencies. Such assessments shall occur at appropriate intervals during the development and execution of the SCRA Remediation Plan, and the findings shall be

memorialized in writing. No later than the next monthly Compliance Committee meeting after completion of each assessment, Internal Audit shall provide its written findings to the Compliance Committee, the Deputy Comptroller, and the Examiner-in-Charge.

(4) Upon receipt of a written determination of no supervisory objection to the SCRA Remediation Plan submitted pursuant to Paragraph (1) of this Article, the Board shall ensure that the Bank implements and adheres to the SCRA Remediation Plan. Any proposed changes to or deviations from the approved SCRA Remediation Plan shall be submitted in writing to the Deputy Comptroller and the Examiner-in-Charge for prior review and determination of no supervisory objection by the Deputy Comptroller.

## ARTICLE XI

### INTERNAL AUDIT – COLLECTIONS LITIGATION AND RELATED PRACTICES

(1) Within ninety (90) days of this Order, the Bank shall develop comprehensive written sworn document, Collections Litigation, and SCRA compliance audit programs (“Audit Programs”). A copy of these programs shall be contemporaneously provided to the Deputy Comptroller and the Examiner-in-Charge. At a minimum, the Audit Programs shall be sufficient to:

- (a) Detect irregularities and weak practices in the Bank's sworn document, Collections Litigation, and SCRA compliance operations;
- (b) Determine the Bank's level of compliance with all applicable Legal Requirements related to the Bank's sworn document, Collections Litigation, and SCRA compliance operations;

- (c) Assess and report on the effectiveness of policies, procedures, controls, and management oversight relating to the Bank's sworn document, Collections Litigation, and SCRA compliance operations; and
  - (d) Evaluate the Bank's adherence to established policies and procedures relating to the Bank's sworn document, Collections Litigation, and SCRA compliance operations.
- (2) At a minimum, the Audit Programs shall include:
- (a) Written policies and procedures for conducting audits of the Bank's compliance with this Order. These policies and procedures shall specify the frequency, scope, and depth of these audits.
  - (b) Written procedures for testing the calculations used by the Bank or a Third-Party Provider for calculating the amount of the SCRA benefits that the Bank has provided to servicemembers eligible for the benefits under 50 U.S.C. app. § 527.
  - (c) A written plan for testing whether SCRA benefits were timely applied, as required by 50 U.S.C. app. §§ 516 and 527.
  - (d) A written plan for testing the Bank's default judgment processes to ensure compliance with 50 U.S.C. app. § 521, including compliance with military status verification procedures to ensure that sufficient documentation is created and maintained.
  - (e) Written policies and procedures for expanding its sampling when exceptions are detected, including based on potential violations of the SCRA.

- (f) A written plan for testing the Bank’s collateral repossession processes to ensure compliance with the SCRA, in particular to ensure that any repossession did not occur without the necessary court order having first been obtained.
- (g) Comprehensive written procedures for providing the training required by the Collections Litigation Training Program and SCRA Training Program required by Articles IV and VIII of this Order to all Collections Litigation and SCRA Covered Bank Personnel, as defined in Articles IV and VIII of this Order.
- (h) A written plan for testing the calculations of pending litigation and post-judgment account balances, including appropriateness of incurred costs, accrued interest, and payment allocation.
- (i) A written plan to test Bank and Third-Party Provider systems supporting sworn document and Collections Litigation operations. For third-party providers the program shall include the testing of system data feeds, reconciliation processes, and information security.

(3) The Board shall ensure that the Bank implements and adheres to the Audit Programs developed pursuant to this Article.

## ARTICLE XII

### ASSESSMENT OF COLLECTIONS LITIGATION ACCOUNT REVIEW, SCRA REVIEW, AND REMEDIATION EFFORTS

(1) Within one hundred twenty (120) days from the completion of the Bank’s Collections Litigation Account Review, SCRA Review, and the Bank’s remediation efforts as

required in Article VII and Article X, the Bank's Internal Audit shall analyze and assess the implementation and execution of the:

- (a) Collections Litigation Account Review required by Article VI;
- (b) SCRA Review required by Article IX;
- (c) Collections Litigation Remediation Plan required by Article VII; and
- (d) SCRA Remediation Plan required by Article X.

(2) The required analysis and assessment shall be completed and summarized in a written report to the Compliance Committee within one hundred fifty (150) days from the completion of the Bank's Collections Litigation Account Review, SCRA Review, and the Bank's remediation efforts as required in Article VII and Article X, with copies contemporaneously delivered to the Deputy Comptroller and the Examiner-in-Charge.

(3) At a minimum, the analysis and assessment shall:

- (a) Evaluate the Collections Litigation Account Review and SCRA Review to determine that they are comprehensive and sufficient to identify customers eligible for remediation consistent with the requirements in Articles VI and IX of this Order;
- (b) Evaluate the Collections Litigation Remediation Plan and SCRA Remediation Plan to determine whether they are comprehensive and consistent with the requirements of Articles VII and X of this Order;
- (c) Evaluate the selection of the total population of Collections Litigation Accounts and Accounts for the Collections Litigation Account Review and SCRA Review, evaluate the population identified for remediation, and evaluate remediation efforts to ensure remediation is provided as planned.

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

### ARTICLE XIII

#### ASSESSMENT OF SWORN DOCUMENT, COLLECTIONS LITIGATION, AND SCRA COMPLIANCE OPERATIONS

(1) Within sixty (60) days after the Collections Litigation Plan and SCRA Compliance Plan have been implemented, which date shall be determined by the Examiner-in-Charge, the Bank's Internal Audit shall assess the adequacy and completeness of the Bank's sworn document, Collections Litigation, and SCRA compliance operations.

(2) The required assessment shall be completed and summarized in a written report to the Compliance Committee within one hundred twenty (120) days after the Collections Litigation Plan and SCRA Compliance Plan have been implemented, with copies contemporaneously delivered to the Deputy Comptroller and the Examiner-in-Charge.

(3) At a minimum, the assessment shall:

- (a) Evaluate the Bank's policies, procedures, and practices relating to the preparation and execution of sworn documents;
- (b) Evaluate the Bank's policies, procedures, and practices relating to the notarization of documents;
- (c) Evaluate the Bank's sworn documents templates and standardized forms to ensure consistency and compliance with applicable Legal Requirements;

- (d) Evaluate the Bank's policies, procedures, and practices relating to SCRA compliance;
- (e) Evaluate the Bank's policies, procedures, and practices for overseeing third-party service providers in connection with sworn document and Collections Litigation operations;
- (f) Evaluate whether there was an appropriate analysis of prior practices to determine the root cause of the deficiencies and to ensure that the failures in risk management and governance will not recur;
- (g) Evaluate the adequacy of the Bank's Collections Litigation risk assessment; and
- (h) Evaluate the Bank's control functions relative to the preparation and execution of sworn documents, Collections Litigation operations, and related systems.

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

#### ARTICLE XIV

##### MANAGEMENT INFORMATION SYSTEMS

(1) Within sixty (60) days of this Order, the Bank shall submit to the Deputy Comptroller and the Examiner-in-Charge an acceptable plan for operation of its management information systems ("MIS") for sworn document, Collections Litigation, and SCRA compliance activities for prior written determination of no supervisory objection by the Examiner-in-Charge.



The MIS plan shall be initiated within one hundred eighty (180) days of the receipt of a written determination of no supervisory objection by the Examiner-in-Charge. The MIS plan shall include a timeline for the completion of each element of the plan, and any deviation from such timeline must be approved by the Examiner-in-Charge through a written determination of no supervisory objection. The plan shall include, at a minimum:

- (a) A description of the various components of MIS used by the Bank for sworn document, Collections Litigation, and SCRA compliance activities;
- (b) A description of and timetable for any needed changes or upgrades to:
  - (i) Monitor compliance with all applicable Legal Requirements and supervisory guidance, and the requirements of this Order;
  - (ii) Ensure the ongoing accuracy of records related to sworn document, Collections Litigation, and SCRA compliance activities; and
  - (iii) Ensure that sworn document, Collections Litigation, and SCRA compliance staffs have sufficient and timely access to information provided by the borrower.
- (c) A description of testing to ensure the integrity and accuracy of the MIS and to ensure that reports generated by the system provide necessary information for adequate monitoring and quality controls.

## ARTICLE XV

### RISK ASSESSMENT AND RISK MANAGEMENT PLAN

(1) Within one hundred twenty (120) days of this Order, the Bank shall conduct a written, comprehensive assessment of the Bank's risks in sworn document, Collections

Litigation, and SCRA compliance operations, including, but not limited to, operational, compliance, transaction, legal, and reputational risks.

(2) The Bank shall develop an acceptable plan to effectively manage or mitigate identified risks on an ongoing basis, with oversight by the Bank's senior risk managers and senior management. The assessment and plan shall be presented to the Compliance Committee for review and approval. Within thirty (30) days of Compliance Committee approval, the assessment and plan shall be provided to the Deputy Comptroller and the Examiner-in-Charge for review and written determination of no supervisory objection by the Examiner-in-Charge.

## ARTICLE XVI

### SCRA REPORTS

(1) In addition to the reporting requirements of Article II of this Order, within ninety (90) days of this Order, and thereafter within thirty (30) days after the end of each quarter, the Bank shall monitor and report, in writing, to the Compliance Committee:

- (a) The number of denials of SCRA benefit requests received ("SCRA requests");
- (b) Discussion of trends in the level of the denials of SCRA requests;
- (c) The volume of SCRA benefits; and
- (d) The volume of customer complaints involving the SCRA.

(2) Within ten (10) days of receiving the written reports required by Paragraph (1) of this Article, the Compliance Committee shall forward copies of the reports to the Deputy Comptroller and the Examiner-in-Charge.

## ARTICLE XVII

### 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, as specified above, within the applicable time periods set forth in Articles IV through XVI. The Bank shall submit the plans, programs, policies, and procedures to the Deputy Comptroller or the Examiner-in-Charge for prior written determination of no supervisory objection. In the event the Deputy Comptroller or the 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 the Examiner-in-Charge for review and determination of no supervisory objection. Upon receiving written notice of no supervisory objection from the Deputy Comptroller or the Examiner-in-Charge, the Board shall ensure the Bank implements and thereafter adheres to the plans, programs, policies, and procedures. Unless otherwise specified, following implementation of the plans, programs, policies, and procedures, the Bank shall not take any action that will cause a significant deviation from, or material change to the plans, programs, policies, and procedures, unless and until the Bank has received prior written notice of no supervisory objection from the Deputy Comptroller or the Examiner-in-Charge.

(2) 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 following the procedures above.

(3) 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.

(4) Within ninety (90) days of the effective date of this Order, and thereafter within thirty (30) days after the end of each calendar quarter following the effective date of this Order, the Bank shall submit to the Deputy Comptroller and the Examiner-in-Charge 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.

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

Sally G. Belshaw  
Deputy Comptroller  
Large Bank Supervision  
Office of the Comptroller of the Currency  
400 7<sup>th</sup> Street, SW  
Washington, DC 20219

Scott N. Waterhouse  
Examiner-in-Charge  
National Bank Examiners  
1166 Avenue of the Americas, 21<sup>st</sup> Floor  
New York, NY 10036

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

## ARTICLE XVIII

### OTHER PROVISIONS

(1) Although this Order requires the Bank to submit certain action plans, programs, policies, and procedures for review or prior written determination of no supervisory objection by the Deputy Comptroller and 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 unsafe or unsound practices 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 practices described in the Comptroller's Findings set forth in Article I of the Order, to the extent known to the Comptroller as of the effective date of the Order. Provided, however, that nothing in the Stipulation or this Order shall prevent the Comptroller from instituting other enforcement actions against the Bank or any of its institution-affiliated parties, including, without limitation, assessment of civil money penalties, based on the findings set forth in this Order, or any other findings, and nothing in the Stipulation or this Order shall preclude or 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.

(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 Bank. 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 Bank and its subsidiaries, even though those subsidiaries are not named as parties to this Order. The Bank shall integrate any activities 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 prevent 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 18<sup>th</sup> day of *Sept.*, 2013.

\_\_\_\_\_/s/  
Sally G. Belshaw  
Deputy Comptroller  
Large Bank Supervision

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

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<b>In the Matter of:</b>	)	
	)	
JPMorgan Chase Bank, N.A.	)	AA-EC-13-76
Columbus, Ohio	)	
	)	
JPMorgan Bank and Trust Company, N.A.	)	
San Francisco, California	)	
	)	
Chase Bank USA, N.A.	)	
Wilmington, Delaware	)	
	)	
	)	

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**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 JPMorgan Chase Bank, N.A., Columbus, Ohio, JPMorgan Bank and Trust Company, N.A., San Francisco, California, and Chase Bank USA, N.A., Wilmington, Delaware, and their subsidiaries (collectively referred to as “Bank”), pursuant to 12 U.S.C. § 1818(b), for unsafe and unsound banking practices in connection with (i) the Bank’s sworn document and collections litigation practices and (ii) the Bank’s efforts to comply with the Servicemembers Civil Relief Act (“SCRA”);

**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 referred to as the “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 JPMorgan Chase Bank, N.A., Columbus, Ohio, JPMorgan Bank and Trust Company, N.A., San Francisco, California, and Chase Bank USA, N.A., Wilmington, Delaware 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, which shall be deemed an “order issued with the consent of the depository institution” pursuant to 12 U.S.C. § 1818(h)(2),

will become effective upon its execution by the Comptroller through his authorized representative, and will 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 unsafe and unsound practices 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 practices described in the Comptroller's Findings set forth in Article I of the Consent Order, to the extent known to the Comptroller as of the effective date of the Consent Order. Provided, however, that nothing in this Stipulation or the Consent Order shall prevent the Comptroller from instituting

other enforcement actions against the Bank or any of its institution-affiliated parties, including, without limitation, assessment of civil money penalties, based on the findings set forth in the Consent Order, or any other findings, and nothing in the Consent Order shall preclude or affect any right of the Comptroller to determine and ensure compliance with the terms and provisions of 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), and 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) 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 JPMorgan Bank and Trust Company, N.A., San Francisco, California, have hereunto set their hands on behalf of the Bank.

                    /s/                      
Brent L. Barton

                    9/18/2013                      
Date

                    /s/                      
John J. Hyland

                    9/18/2013                      
Date

                    /s/                      
Kelly A. Mathieson

                    9/18/2013                      
Date

                    /s/                      
Jennifer A. Piepszak

                    9/18/2013                      
Date

                    /s/                      
Daniel J. Riner

                    9/18/2013                      
Date



IN TESTIMONY WHEREOF, the undersigned, as the duly elected and acting Board of Directors of Chase Bank USA, N.A., Wilmington, Delaware, have hereunto set their hands on behalf of the Bank.

/s/  
Raymond Fischer

9/18/2013  
Date

/s/  
Catherine M. Hogan

9/18/2013  
Date

/s/  
Matthew Kane

9/18/2013  
Date

/s/  
John C. Marion

September 18, 2013  
Date

/s/  
Samuel Todd Maclin

9/18/2013  
Date

/s/  
James K. Paterson

9/18/2013  
Date

/s/  
Eileen Serra

9/18/2013  
Date

Accepted by:

THE COMPTROLLER OF THE CURRENCY

By:       /s/                                  
Sally G. Belshaw  
Deputy Comptroller  
Large Bank Supervision

Sept. 18, 2013  
Date