



# PRESS RELEASE

Federal Deposit Insurance Corporation • Each Depositor insured to at least \$250,000

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## **FDIC Announces Settlement With American Express Centurion Bank, Salt Lake City, Utah, for Unfair Practices**

Today, the Federal Deposit Insurance Corporation (FDIC) announced a settlement with American Express Centurion Bank, Salt Lake City, Utah, for unfair practices in violation of Section 5 of the Federal Trade Commission (FTC) Act.

As part of the settlement, American Express Centurion Bank stipulated to a cease-and-desist order and agreed to pay a civil money penalty and, together with its affiliated thrift institution, reimburse more than 14,000 convenience check users for possible bounced check fees.

The bank declined to pay some convenience checks sent to card members and, thus, caused consumers monetary losses from returned check fees. As a result, complaints were filed with the FDIC's Consumer Response Center about convenience checks issued by American Express Centurion Bank.

In December 2008, American Express Centurion Bank improved its disclosures to make customers more aware that the convenience checks may be dishonored, and it subsequently discontinued its convenience check program until the bank can offer a program that does not raise these concerns.

The FDIC has reason to believe that American Express Centurion Bank's program for offering convenience checks violated the prohibition of Section 5 of the FTC Act against unfair practices in or affecting commerce. To settle such violations, the bank has agreed to pay a civil money penalty in the amount of \$250,000.



Congress created the Federal Deposit Insurance Corporation in 1933 to restore public confidence in the nation's banking system. It promotes the safety and soundness of these institutions by identifying, monitoring and addressing risks to which they are exposed. The FDIC receives no federal tax dollars — insured financial institutions fund its operations.

FDIC press releases and other information are available on the Internet at [www.fdic.gov](http://www.fdic.gov), by subscription electronically (go to [www.fdic.gov/about/subscriptions/index.html](http://www.fdic.gov/about/subscriptions/index.html)) and may also be obtained through the FDIC's Public Information Center (877-275-3342 or 703-562-2200). PR-108-2009

American Express Centurion Bank has also stipulated to a cease-and-desist order requiring cessation of violations of FTC Act Section 5; implementation of satisfactory procedures for reviewing credit limits prior to marketing and issuing convenience checks; clear disclosure of a customer's established credit limit in convenience check offers and specific marketing materials; and implementation of procedures proposed by American Express Centurion Bank whereby a customer can obtain preauthorization to use a convenience check for a specific dollar amount within a specified period of time.

In addition, American Express Centurion Bank agreed to reimburse affected customers \$160 per dishonored check; set up procedures to handle proven damage claims in excess of the reimbursement amount; and send a letter to impacted customers containing information for customers to use with creditors to clear up any negative information reported to a check system or credit reporting agency as a result of the dishonored check. In agreeing to the issuance of the order, American Express Centurion Bank did not admit or deny any liability.

"The settlement demonstrates the FDIC's commitment to protecting customers of insured depository institutions from unfair or deceptive practices," said FDIC Board member Thomas J. Curry. "Any person doing business with an insured institution can expect to be treated fairly, and any such entity that engages in unfair or deceptive acts or practices should be aware that the FDIC will pursue and stop such practices with all of the legal authority at its disposal."

The Office of Thrift Supervision today announced that it took separate action against another subsidiary of American Express for the same unfair practices in violation of Section 5 of the FTC Act.

Copies of the FDIC's Order to Cease and Desist and Order to Pay issued against American Express Centurion Bank are available at the FDIC's website at [www.fdic.gov](http://www.fdic.gov).

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