



PRESS RELEASE

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

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FDIC Announces Settlement With 1st Financial Bank USA, Dakota Dunes, South Dakota, for Unfair and Deceptive Practices

The Federal Deposit Insurance Corporation (FDIC) announced a settlement with 1st Financial Bank USA, Dakota Dunes, South Dakota (1st Financial), for unfair and deceptive practices in violation of section 5 of the Federal Trade Commission Act in connection with the bank's credit card billing procedures.

Under the settlement, 1st Financial has agreed to a consent order, to pay a civil money penalty in the amount of \$140,000 and to pay restitution. Restitution totaling approximately \$10 million will be paid to certain card holders who had credit card accounts with 1st Financial between June 1, 2005, and December 30, 2009.

1st Financial's cardholders who were assessed an overlimit fee in one billing cycle, and were over their credit limit on the last day of that billing cycle, were immediately charged another overlimit fee on the first day of the next billing cycle. The cardholders did not receive adequate notice and an opportunity to bring their account under the credit limit before the bank imposed the subsequent fee. The bank failed to disclose its method of assessing over-the-credit-limit fees in a meaningful manner, which the FDIC determined to be unfair and deceptive.

The FDIC has identified approximately 283,000 credit cardholders entitled to restitution. 1st Financial will notify those cardholders of the settlement and will provide a credit for the fee. For cards without a current outstanding balance, 1st Financial will send a check to the account holders. The amount of the restitution will average \$37 per credit cardholder. After 362 days from the effective date of the consent, 1st Financial will donate any unclaimed funds to a nonprofit organization providing financial education to consumers, with prior approval from the FDIC.

As part of the consent order, 1st Financial has agreed to strengthen oversight of its credit card operations, and its overall compliance management systems.



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, by subscription electronically (go to 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-19-2010

Copies of the FDIC's Consent Order and Order to Pay issued against 1st Financial are attached to this news release. In agreeing to the issuance of the order, 1st Financial did not admit or deny any liability.

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Attachment:

[Consent Order and Order to Pay - PDF](#) ([PDF Help](#))
