



PRESS RELEASE

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

August 8, 2012

Media Contact:
David Barr
(202) 898-6992
dbarr@fdic.gov

FDIC Announces Settlements With Higher One, Inc., New Haven, Connecticut, and the Bancorp Bank, Wilmington, Delaware for Unfair and Deceptive Practices

FOR IMMEDIATE RELEASE

The Federal Deposit Insurance Corporation (FDIC) announced settlements with Higher One, Inc., New Haven, Connecticut, (Higher One) and The Bancorp Bank, Wilmington, Delaware, for alleged unfair and deceptive practices in violation of Section 5 of the Federal Trade Commission Act (Section 5). Higher One is an institution-affiliated party of The Bancorp Bank. Under the settlements, both Higher One and The Bancorp Bank have agreed to Consent Orders and Higher One has agreed to provide restitution of approximately \$11 million to approximately 60,000 students. In addition, the FDIC has imposed civil money penalties of \$110,000 for Higher One and \$172,000 for The Bancorp Bank.

The FDIC determined that Higher One operated its student debit card account program (OneAccount) with The Bancorp Bank in violation of Section 5. Among other things, the FDIC found that Higher One and The Bancorp Bank were: charging student account holders multiple nonsufficient fund (NSF) fees from a single merchant transaction; allowing these accounts to remain in overdrawn status over long periods of time, thus allowing NSF fees to continue accruing; and collecting the fees from subsequent deposits to the students' accounts, typically funds for tuition and other college expenses. The Bancorp Bank, as issuer of the One Account debit card, was responsible to ensure that Higher One operated the One Account program in compliance with all applicable laws.

The Consent Order requires Higher One to change the manner in which it imposes NSF fees. It is required: 1) to not charge NSF fees to accounts that have been in a



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.

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continuous negative balance for more than 60 days; 2) to not charge more than three NSF fees on any single day to a single account; and 3) to not charge more than one NSF fee with respect to a single automated clearing house (ACH) transaction that is returned unpaid within any 21-day period. In addition, Higher One is required not to make misleading or deceptive representations or omissions in its marketing materials or disclosures and to institute a sound compliance management system.

Higher One has agreed to make restitution to eligible OneAccount holders for certain NSF fees for a period beginning July 16, 2008, to such time as Higher One ceased charging the fees in question. Restitution is estimated at \$11 million and may be in the form of credits to current account holders and charged-off accounts, and by check where the account is closed, to the extent that the credit exceeds any charged off amount owed to Higher One.

The Consent Order requires The Bancorp Bank to increase board oversight of all compliance matters, improve its compliance management system, enhance its audit program, correct all violations, significantly increase its management of third party risk, and provide to the FDIC details relating to the termination of its relationship with Higher One. In addition, if Higher One fails to complete restitution, the FDIC may require The Bancorp Bank to establish a restitution account in the amount of restitution unpaid by Higher One.

In agreeing to the issuance of the Consent Orders, neither The Bancorp Bank nor Higher One admits or denies any liability. A copy of the FDIC's Orders issued against The Bancorp Bank and Higher One are attached.

Attachments:

Higher One, Inc.: Consent Order, Restitution Order and Civil Money Penalty
The Bancorp Bank: Consent Order and Civil Money Penalty
