

**FEDERAL DEPOSIT INSURANCE CORPORATION**

**WASHINGTON, D.C.**

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In the Matter of	)	
	)	ORDER FOR RESTITUTION AND
	)	ORDER TO PAY CIVIL MONEY
	)	PENALTY
	)	
CITIZENS BANK OF PENNSYLVANIA	)	FDIC 14-0336k
PHILADELPHIA, PENNSYLVANIA	)	FDIC 14-0337b
	)	
(Insured State Nonmember Bank)	)	

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The Federal Deposit Insurance Corporation (“FDIC”) is the appropriate Federal banking agency for Citizens Bank of Pennsylvania, Philadelphia, Pennsylvania (“Bank”), under section 3(q) of the Federal Deposit Insurance Act (“FDI Act”), 12 U.S.C. § 1813(q).

The FDIC considered the matter and determined that the Bank engaged in violations of Section 5 of the Federal Trade Commission Act, 15 U.S.C. § 45(a)(1) (“Section 5”) as a result of its unfair and deceptive disclosure and implementation of deposit reconciliation procedures for the period beginning January 1, 2008 and ending in November 2013.

The Bank, by and through its duly elected board of directors, has executed a STIPULATION AND CONSENT TO THE ISSUANCE OF AN ORDER FOR RESTITUTION AND AN ORDER TO PAY CIVIL MONEY PENALTY (“CONSENT AGREEMENT”) dated August 10, 2015. Through the CONSENT AGREEMENT, the Bank has consented, solely for the purpose of this proceeding and without admitting or denying any violations of law, rule, or regulation, to the issuance of this ORDER FOR RESTITUTION AND ORDER TO PAY CIVIL MONEY PENALTY (“ORDER”) by the FDIC.

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

**IT IS HEREBY ORDERED**, that the Bank, its institution-affiliated parties, as that term is defined in section 3(u) of the FDI Act, 12 U.S.C. § 1813(u), and its successors and assigns, cease and desist from operating in violation of Section 5 in connection with its deposit reconciliation procedures.

### **ORDER FOR RESTITUTION AND OTHER RELIEF**

1. Within thirty (30) days from the effective date of this ORDER, the Bank shall eliminate or correct all violations of Section 5 cited in the FDIC's Compliance Report of Examination dated as of November 12, 2013 ("November 12, 2013 Compliance ROE"). In addition, the Bank shall take the necessary steps to ensure future compliance with Section 5 and all other applicable federal consumer protection laws, implementing rules and regulations, regulatory guidance, and statements of policy.

#### Restitution Plan

2. Within ninety (90) days from the effective date of this ORDER, the Bank shall prepare a comprehensive restitution plan ("Restitution Plan") for all past and present individual and business accountholders who, between January 1, 2008 and October 31, 2013, were adversely affected by the Bank's deposit reconciliation procedures that form the basis of the violations of Section 5 cited in the November 12, 2013 Compliance ROE and the letters from the FDIC to the Bank dated May 16, 2014, and July 3, 2014 ("Eligible Consumers"). The Bank shall submit the Restitution Plan to the Regional Director of the FDIC's New York Regional Office ("FDIC Regional Director") for his review, comment, and non-objection prior to implementation. The Restitution Plan shall identify the Eligible Consumers, specify the methodology for calculating the

amount of restitution for each Eligible Consumer, and describe the process for providing restitution to all of the Eligible Consumers. At a minimum, the Restitution Plan shall ensure that for the period between January 1, 2008 and October 31, 2013, Eligible Consumers are reimbursed for shortfalls in deposits credited to their accounts as a result of the Section 5 violations cited above, to include Bank fees resulting from such shortfalls and any lost interest that should have accrued from the date of the deposit shortfall. The Restitution Plan shall provide for payment of restitution to all Eligible Consumers within one hundred twenty (120) days of receipt of non-objection to the plan from the FDIC Regional Director.

3. As part of the Restitution Plan, the Bank shall submit a sample of any documents that it proposes to be sent to the Eligible Consumers or that it proposes to be made available to the Eligible Consumers pertaining to the Restitution Plan - including notices, disclosures (including website or electronic disclosures), agreements, and letters to consumers - to the FDIC Regional Director for review, comment, and non-objection prior to dissemination to consumers.

4. The Bank shall fully implement the Restitution Plan, including making payment to all of the Eligible Consumers, within one hundred twenty (120) days of receipt of non-objection from the FDIC Regional Director. For Eligible Consumers who are current accountholders with the Bank, the Bank may make restitution by crediting the Eligible Consumer's account. For Eligible Consumers who are no longer accountholders with the Bank, the Bank will make cash restitution to the Eligible Consumer in the form of a bank or certified check. Restitution provided by the Bank under this ORDER shall not limit consumers' rights in any way.

### Independent Auditor

5. Within thirty (30) days from the effective date of this ORDER, the Bank shall hire an independent, third-party auditor that is acceptable to the FDIC Regional Director to audit the Bank's completion of the Restitution Plan as set forth in Paragraphs 6 and 7 below.

6. Within sixty (60) days of receipt of non-objection from the FDIC Regional Director to the Bank's Restitution Plan, the independent, third-party auditor shall verify that:

(a) The Bank accurately identified the Eligible Consumers eligible for restitution pursuant to the Restitution Plan required by this ORDER;

(b) The Bank accurately calculated the restitution amount for each Eligible Consumer pursuant to the Restitution Plan required by this ORDER; and

(c) The Bank made the appropriate restitution payments to each Eligible Consumer as required by this ORDER.

7. Within thirty (30) days of receiving the FDIC Regional Director's non-objection to the Restitution Plan, the independent, third-party auditor shall prepare a detailed written report describing the status of the Bank's Restitution Plan and payment distribution and submit it to the FDIC Regional Director for review, comment and non-objection, and shall continue to submit such reports every thirty (30) days thereafter until completion of the restitution required by this ORDER. Restitution under this ORDER shall not be deemed complete until the FDIC Regional Director notifies the Bank, in writing, that the requirements of this ORDER have been satisfied.

### Mailing Refunds

8. When the Bank makes cash restitution by certified or bank check made payable to an Eligible Consumer, it shall send the certified or bank check by United States Postal Service first-class mail, address correction service requested, to the Eligible Consumer's last address as maintained by the Bank's records. The Bank shall make reasonable attempts to obtain a current

address for any Eligible Consumer whose notification letter and/or restitution check is returned for any reason, using standard address search methodologies, and shall promptly re-mail all returned letters and/or restitution checks to current addresses, if any. If the certified or bank check for an Eligible Consumer is returned to the Bank after such second mailing by the Bank, or if a current mailing address cannot be identified using standard address search methodologies, the Bank shall retain the restitution amount of such Eligible Consumer for a period of three-hundred sixty (360) days from the date the restitution check was originally mailed, during which period such amount may be claimed by such Eligible Consumer upon appropriate proof of identity. After such time, these monies will be disposed of in accordance with applicable state law.

#### Recordkeeping

9. For five (5) years from the effective date of this ORDER, the Bank shall retain all records pertaining to the restitution required by this ORDER, including, but not limited to: documentation of the processes and procedures used to identify the Eligible Consumers, the names, contact and account information of the Eligible Consumers, mailing records, and any other documentation confirming that the restitution required by this ORDER was made.

#### Progress Reports and Shareholder Notification

10. On or before the 30th day after the end of the first calendar quarter following the effective date of this ORDER, and on or before the 30<sup>th</sup> day after the end of every calendar quarter thereafter, the Bank shall furnish written progress reports to the FDIC Regional Director, detailing the form and manner of any actions taken to secure compliance with this ORDER and the results thereof.

11. Following the effective date of this ORDER, the Bank shall send to its sole shareholder Citizens Financial Group, Inc. a copy of this ORDER or a description of this ORDER in conjunction both with the Bank's next shareholder communication and with its notice and/or proxy statement preceding the Bank's next shareholder meeting. If the Bank sends its shareholder a description of this ORDER rather than a copy of it, the description shall fully describe this ORDER in all respects. The description and any accompanying communication, statement, or notice shall be sent to the FDIC, Accounting and Securities Section, Washington, D.C. 20429, at least fifteen (15) days prior to dissemination to shareholders. Any changes requested to be made by the FDIC shall be made prior to dissemination of the description, communication, notice, or statement.

Effect of Prior Determinations or Other Monetary Relief

12. If the Bank has provided restitution to an Eligible Consumer pursuant to the order issued on August 12, 2015, by the Consumer Financial Protection Bureau, then this ORDER shall not be construed as requiring the Bank to make duplicate restitution to that Eligible Consumer for deposit discrepancies, fees, and/or interest charges covered by the Consumer Financial Protection Bureau's order during the same time period. The Bank shall provide appropriate proof of such restitution to the Regional Director for review and approval.

**ORDER TO PAY CIVIL MONEY PENALTY**

**IT IS FURTHER ORDERED** that, by reason of the violations set forth herein and after taking into account the appropriateness of the penalty with respect to the financial resources and good faith of the Bank, the gravity of the violations by the Bank, the history of previous violations by the Bank, and such other matters as justice may require, a civil money penalty of \$3,000,000 (Three Million Dollars) is assessed against the Bank. The Bank shall pay such amount to the Treasury of the United States. The Bank itself shall pay such amount to the Treasury of the United

States, and is prohibited from seeking or accepting indemnification for such payment from any third party.

Miscellaneous

The provisions of this ORDER shall not bar, estop or otherwise prevent the FDIC or any other federal or state agency or department from taking any other action against the Bank, or any of the Bank's current or former institution-affiliated parties, and their respective successors and assigns.

This ORDER shall become effective upon its issuance by the FDIC.

The provisions of this ORDER shall be binding upon the Bank, its institution-affiliated parties, and their successors and assigns.

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

Issued pursuant to delegated authority.

Dated at Washington, D.C. this 12<sup>th</sup> day of August, 2015.

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/s/  
Sylvia H. Plunkett  
Senior Deputy Director  
Division of Depositor and Consumer Protection  
Federal Deposit Insurance Corporation