

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

**In the Matter of:** )  
National Bank of the Great Lakes )  
Elmhurst, Illinois )

**CONSENT ORDER**

The Comptroller of the Currency of the United States of America (“Comptroller”), through his National Bank Examiner, has examined the National Bank of the Great Lakes (“Bank”), and his findings are contained in the Report of Examination, dated December 31, 2001 (“ROE”).

The Bank, by and through its duly elected and acting Board of Directors (“Board”), has executed a “Stipulation and Consent to the Issuance of a Consent Order,” dated April 3 & 7, 2003, that is accepted by the Comptroller. By this Stipulation and Consent, that is incorporated by reference, the Bank has consented to the issuance of this Consent Order (“Order”) by the Comptroller.

Pursuant to the authority vested in him by the Federal Deposit Insurance Act, as amended, 12 U.S.C. § 1818, the Comptroller hereby orders that:

**ARTICLE I**

**COMPLIANCE COMMITTEE**

(1) Within ten (10) days, the Board shall appoint a Compliance Committee composed of at least three (3) directors.

(2) The Compliance Committee shall be responsible for monitoring and overseeing the Bank’s and any servicer or subservicer’s adherence to the provisions of this Order and shall

meet at least monthly. The Compliance Committee shall submit a written report to the Board that describes the actions being taken to comply with the provisions of this Order. The Board shall forward a copy of the report to the Assistant Deputy Comptroller for Credit Card Bank Supervision (“Assistant Deputy Comptroller”) in accordance with Article IX of this Order.

(3) The Bank may submit a request to the Assistant Deputy Comptroller that the meetings and reports required by this Article and Article IX occur less frequently than monthly.

## **ARTICLE II**

### **CASH PAYMENTS AT RETAIL STORES AND NON RETAIL OUTLETS**

(1) Effective immediately, (i) cash payments on credit card accounts and cash payments for any monetary instruments shall not be accepted at any store owned by Saks Incorporated (“Saks”) and (ii) cash payments on Saks credit card accounts shall not be accepted at any nonaffiliated retailer or non retail outlet until such time as the Bank and Saks have developed the policies, procedures, systems and controls required by Articles III and V of this Order, and such policies, procedures, systems and controls have been deemed acceptable by the Assistant Deputy Comptroller, and fully implemented to the satisfaction of the Office of the Comptroller of the Currency (“OCC”), except that until the policies, procedures, systems and controls required by Articles III and V are deemed acceptable to the OCC, cash payments not exceeding an aggregate total of three hundred fifty dollars (\$350) per account may be accepted each month.

(2) For purposes of this Article, the term “monetary instruments” shall mean any cash equivalent instrument that can be purchased with cash and then used to make a payment on a credit card account.

## **ARTICLE III**

### **BANK SECRECY ACT - AUDIT FUNCTION**

(1) Within fifteen (15) days, the Board shall commence a review and evaluation of the level of service and ability of the audit function currently being provided by its internal audit department. Such an assessment should include the Board's expectations of how the internal audit department can assist in ensuring the Bank's and any servicer or subservicer's compliance with the Bank Secrecy Act, as amended (31 U.S.C. §§ 5311 - 5330), the regulations promulgated thereunder at 31 C.F.R. Part 103, as amended, and 12 C.F.R. Part 21, Subparts B and C (including, but not limited to, Currency Transaction Reports and Suspicious Activity Reports) (collectively referred to hereinafter in this Order as the "Bank Secrecy Act"), and the rules and regulations of the Office of Foreign Assets Control. Such assessment shall be completed within thirty (30) days of the date of this Order.

(2) Within forty-five (45) days, the Board shall expand the Bank's existing audit procedures to include:

- (a) development of a program to test the adequacy of internal controls designed to ensure compliance by the Bank and any servicer or subservicer with the provisions of the Bank Secrecy Act;
- (b) prompt management response and follow-up to all audit exceptions or other recommendations of the Bank's internal auditor; and
- (c) a risk based approach to Bank Secrecy Act compliance that includes transactional testing and verification of data for higher risk accounts or geographic areas of specific concern.

(3) Within ninety (90) days, the internal audit department shall commence and complete a review of all account activity at the Bank beginning from April 7, 2000 through the date of this Order. This review shall include wire activity (including wire activity on Saks proprietary cards that occurred at Sanborn Hermanos, S.A. (“Sanborn”) and activity at the point of sale (“POS”) terminals at stores owned by Saks), in order to ascertain whether:

- (a) any large currency transactions occurred for which no Currency Transaction Reports were filed during this period; and
- (b) any unusual or suspicious transactions or activity occurred at the point of sale terminals at Sanborn or stores owned by Saks.

Upon completion of this review, the findings of the internal audit department shall be reported to the Board, with a copy to the Assistant Deputy Comptroller.

- (4) After receiving the written report of the internal auditor, the Bank shall:
- (a) within fifteen (15) days of receiving the report, file Currency Transaction Reports, in accordance with 31 C.F.R. § 103.22(b), for any previously unreported large currency transactions identified during this review; and
  - (b) within thirty (30) days of receiving the report, file Suspicious Activity Reports, in accordance with 12 C.F.R. § 21.11, for any previously unreported suspicious activity identified during this review.

## **ARTICLE IV**

### **BANK SECRECY ACT - COMPLIANCE OFFICER**

(1) Within ten (10) days of the date of this Order, the Board shall commence a search for a qualified officer of the Bank who shall be hired within sixty (60) days of this Order and who shall be vested with sufficient authority to monitor and ensure the Bank's and any servicer or subservicer's compliance with this Order, the Bank Secrecy Act, and the rules and regulations of the Office of Foreign Assets Control. This compliance officer shall report directly to the Board and shall be completely independent of the Bank's management. This compliance officer shall be responsible for the complete and timely filing of all reports required under the Bank Secrecy Act, including, but not limited to, Currency Transaction Reports and Suspicious Activity Reports.

(2) The proposed compliance officer shall be subject to the prior supervisory non-objection of the Assistant Deputy Comptroller. However, the failure to express a supervisory non-objection shall not constitute an approval or endorsement of the proposed compliance officer.

## **ARTICLE V**

### **BANK SECRECY ACT - INTERNAL CONTROLS**

(1) Within forty-five (45) days, the Board shall develop, implement, and thereafter ensure Bank adherence to a written program of policies and procedures to ensure compliance with the Bank Secrecy Act. At a minimum, this written program shall establish:

- (a) a system of internal controls and independent testing and auditing to ensure ongoing compliance with the Bank Secrecy Act;

- (b) operating procedures for both the opening of new accounts and the identification of and monitoring of high risk accounts, including those that are currently open;
- (c) adequate controls and procedures to ensure that all suspicious and large currency transactions are identified and reported, and which should encompass all points of cash entry and exit;
- (d) comprehensive procedures to identify and report to appropriate management personnel:
  - i. frequent or large cash payments made on any one credit card account at any POS terminal or at the customer service department at any store owned by Saks or at any nonaffiliated retailer or non retail outlet;
  - ii. cash payments that are made by the same individual on more than one credit card account at any POS terminal or at the customer service department at any store owned by Saks or at any nonaffiliated retailer or non retail outlet; and
  - iii. large cash payments for monetary instruments made at any store owned by Saks.
- (e) procedures for identifying and reporting known or suspected violations of Federal law, violations of the Bank Secrecy Act, or suspicious transactions related to money laundering activity, including suspicious activity relating to the opening of new accounts, the monitoring of current accounts, and cash payments received at any store owned by Saks;
- (f) a comprehensive training program for all appropriate operational, retail,

and supervisory personnel to ensure their awareness of and compliance with the requirements of the Bank Secrecy Act and the Office of Foreign Assets Control, including the currency reporting requirements, and the reporting requirements associated with Suspicious Activity Reports pursuant to 12 C.F.R. Part 21, Subpart B; and

- (g) comprehensive guidelines, procedures, and systems for compliance with the rules and regulations of the Office of Foreign Assets Control.

(2) Prior to implementation of these policies and procedures, the Bank shall submit them to the OCC for review and determination of no supervisory objection, and shall not alter or amend the implemented policies and procedures without prior OCC review and determination of no supervisory objection. In the event the Assistant Deputy Comptroller recommends changes to the program, the Board shall immediately incorporate those changes into the program.

(3) The Board shall ensure that the Bank and any servicer or subservicer of the receivables have processes, personnel, and control systems to ensure implementation of and adherence to the program developed pursuant to this Article.

## **ARTICLE VI**

### **SERVICER OF THE CREDIT CARD RECEIVABLES**

(1) The Bank shall ensure that any servicer or subservicer of the receivables of the credit card accounts owned by the Bank has the policies, procedures, and personnel in place to ensure that all of the provisions of this Order are complied with by the servicer or subservicer.

## **ARTICLE VII**

### **VIOLATIONS OF LAW**

(1) The Board shall immediately take all necessary steps to ensure that Bank management corrects each violation of law, rule or regulation cited in the ROE and in any subsequent Report of Examination. The monthly progress reports required by Article VIII of this Order shall include the date and manner in which each correction has been effected during that reporting period.

(2) Within fifteen (15) days, the Board shall adopt, implement, and thereafter ensure Bank adherence to specific procedures to prevent future violations of laws, rules or regulations, and shall adopt, implement, and ensure Bank adherence to general procedures addressing compliance management which incorporate internal control systems and education of employees regarding laws, rules and regulations applicable to their areas of responsibility.

(3) Within thirty (30) days of receipt of any subsequent Report of Examination which cites violations of law, rule, or regulation, the Board shall adopt, implement, and thereafter ensure Bank adherence to specific procedures to prevent future violations as cited in the Report of Examination and shall adopt, implement, and ensure Bank adherence to general procedures addressing compliance management which incorporate internal control systems and education of employees regarding laws, rules and regulations applicable to their areas of responsibility.

(4) Upon adoption, a copy of these procedures shall be promptly forwarded to the Assistant Deputy Comptroller.



(5) The Board shall ensure that the Bank and any servicer or subservicer has policies, processes, personnel, and control systems to ensure implementation of and adherence to the procedures developed pursuant to this Article.

## **ARTICLE VIII**

### **DISPOSITION PLAN**

(1) In the event the Bank sells or otherwise transfers all or substantially all its assets to a third party, the Bank shall, within 30 days from the date of such sale or transfer, file with the Assistant Deputy Comptroller a Disposition Plan that includes the Bank's plans to liquidate the Bank in conformance with 12 U.S.C. § 181 *et seq.* The Disposition Plan shall include specific steps necessary for the completion of the liquidation that will result in no loss or cost to the Bank Insurance Fund of the Federal Deposit Insurance Corporation ("Deposit Insurance Fund") and in conformance with the Comptroller's Corporate Manual for Termination of National Bank Status.

(2) The Bank agrees that it will not begin the disposition process prior to securing the OCC's written determination of non-supervisory objection to the Disposition Plan. After the OCC has advised the Bank in writing that it does not take supervisory objection to the Disposition Plan, the Bank shall, within ten (10) days, implement and thereafter ensure adherence to, the terms of the Disposition Plan.

## **ARTICLE IX**

### **PROGRESS REPORTING**

(1) The Board shall submit monthly progress reports to the Assistant Deputy Comptroller. These reports shall set forth in detail:

- (a) actions taken to comply with each Article of this Order;
- (b) results of those actions; and

(c) a description of the actions needed to achieve full compliance with each Article of this Order.

(2) The progress reports should also include any actions initiated by the Board and the Bank pursuant to the criticisms and comments in the ROE or in any future Report of Examination.

(3) The first progress report shall be submitted for the period ending April 30, 2003 and will be due within ten (10) days of that date. Thereafter, progress reports will be due within ten (10) days after the month end.

## **ARTICLE X**

### **CLOSING**

(1) All correspondence related to this Order, and any information, documentation, reports, plans and/or other written submissions which the Bank or its Board have agreed to submit pursuant to this Order shall be forwarded, by overnight mail, to:

Cynthia Wilson  
Assistant Deputy Comptroller  
Credit Card Bank Supervision  
Office of the Comptroller of the Currency  
Suite 600  
245 Peachtree Center Avenue, NE  
Atlanta, GA 30303-1223;

with copies sent by overnight mail to:

Nancy Schmalbeck  
Assistant Deputy Comptroller  
Compliance  
Office of the Comptroller of the Currency  
Suite 2700  
440 South LaSalle Street  
Chicago, IL 60605-1073

(2) Although the Board is by this Order required to submit certain proposed actions and programs for the review or supervisory non-objection of the Assistant Deputy Comptroller, the Board has the ultimate responsibility for proper and sound management of the Bank.

(3) It is expressly and clearly understood that if, at any time, the Comptroller deems it appropriate in fulfilling the responsibilities placed upon him by the several laws of the United States of America 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.

(4) Any time limitations imposed by this Order shall begin to run from the effective date of this Order. Such time limitations may be extended in writing by the Assistant Deputy Comptroller for good cause upon written application by the Board.

(5) In each instance in this Order in which the Board is required to ensure adherence to, and undertake to perform certain obligations on of the Bank, it is intended to mean that the Board shall: (i) 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; (ii) require the timely reporting by Bank management of such actions directed by the Board to be taken under the terms of this Order; (iii) follow-up on any non-compliance with such actions in a timely and appropriate manner; and (iv) require corrective action be taken in a timely manner of any non-compliance with such actions.

(6) The provisions of this Order are effective upon issuance of this Order by the Comptroller, through his authorized representative whose hand appears below, and shall remain effective and enforceable, except to the extent that, and until such time as, any provisions of this

Order shall have been amended, suspended, waived, or terminated in writing by the  
Comptroller.

IT IS SO ORDERED, this 11th day of April, 2003.

/s/ Jennifer C. Kelly  
Jennifer C. Kelly  
Deputy Comptroller  
Mid-Size and Credit Card Bank Supervision

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

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**In the Matter of:** )  
National Bank of the Great Lakes )  
Elmhurst, Illinois )

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**STIPULATION AND CONSENT TO THE ISSUANCE  
OF A CONSENT ORDER**

The Comptroller of the Currency of the United States of America (“Comptroller”) has initiated cease and desist proceedings against National Bank of the Great Lakes, Elmhurst, Illinois (“Bank”) pursuant to 12 U.S.C. § 1818(b);

The Bank, in the interest of compliance and cooperation, consents to the issuance of a Consent Order, dated April 11, 2003 (“Order”); and

In consideration of the above premises, the Comptroller, through his authorized representative, and the Bank, through its duly elected and acting Board of Directors, hereby stipulate and agree to the following:

**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**  
**AGREEMENT**

(1) The Bank, without admitting or denying any wrongdoing, hereby consents and agrees to the issuance of the Order by the Comptroller.

(2) The Bank further agrees that said Order shall be deemed an "order issued with the consent of the depository institution" as defined in 12 U.S.C. § 1818(h)(2), and consents and agrees that said Order shall become effective upon its issuance and shall be fully enforceable by the Comptroller under the provisions of 12 U.S.C. § 1818(i). Notwithstanding the absence of mutuality of obligation, or of consideration, or of a contract, the Comptroller or his designee may enforce any of the commitments or obligations herein undertaken by the Bank under its supervisory powers, including 12 U.S.C. § 1818(i), 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.

(3) The Bank also expressly acknowledges that no officer or employee of the Office of the Comptroller of the Currency ("OCC") has statutory or other authority to bind the United States, the U.S. Treasury Department, the OCC, or any other federal bank regulatory agency or entity, or any officer or employee of any of those entities to a contract affecting the OCC's exercise of its supervisory responsibilities.

**ARTICLE III**  
**WAIVERS**

(1) The Bank, by signing this Stipulation and Consent, hereby waives:

(a) 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 Order;
- (c) all rights to seek any type of administrative or judicial review of the Order; and
- (d) any and all rights to challenge or contest the validity of the Order.

**ARTICLE IV**

**OTHER ACTION**

(1) The Bank agrees that the provisions of this Stipulation and Consent 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.

IN TESTIMONY WHEREOF, the undersigned, authorized by the Comptroller as his representative, has hereunto set his hand on behalf of the Comptroller.

\_\_\_\_\_  
Jennifer C. Kelly  
Deputy Comptroller  
Mid-Size and Credit Card Bank Supervision

April 11, 2003  
Date

IN TESTIMONY WHEREOF, the undersigned, as the duly elected and acting Board of Directors of the Bank, have hereunto set their hands on behalf of the Bank.

Signed \_\_\_\_\_ 4/3/03  
Douglas E. Coltharp Date

Signed \_\_\_\_\_ April 3, 2003  
Charles J. Hansen Date

Signed \_\_\_\_\_ 4/3/03  
Warren J. Haslauer, Jr. Date

Signed \_\_\_\_\_ 4/3/03  
Scott A. Honnold Date

Signed \_\_\_\_\_ April 7, 2003  
Brian J. Martin Date

Signed \_\_\_\_\_ 4/3/03  
Michael Rodgers Date

Signed \_\_\_\_\_ 4/3/03  
James S. Scully Date

Signed \_\_\_\_\_ 4-3-03  
Donald E. Wright Date

\_\_\_\_\_ Date