

**UNITED STATES OF AMERICA
BEFORE THE
BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON, D.C.**

In the Matter of

AMERICAN EXPRESS COMPANY
New York, New York

and

AMERICAN EXPRESS TRAVEL
RELATED SERVICES COMPANY, INC.
New York, New York

Docket Nos. 12-066-B-HC
12-066-CMP-HC

Consent Order and Order of
Assessment of a Civil Money
Penalty Issued Upon Consent
Pursuant to the Federal Deposit
Insurance Act, as Amended

WHEREAS, American Express Company, New York, New York (“Amex”), a registered bank holding company, owns and controls American Express Travel Related Services Company, Inc., New York, New York (“TRS”), a registered bank holding company, which owns and controls American Express Centurion Bank, Salt Lake City, Utah (“Centurion”), a state-chartered industrial bank, American Express Bank, FSB, Salt Lake City, Utah (“FSB”), a nationally-chartered savings association, and numerous direct and indirect nonbank subsidiaries.

WHEREAS, Amex has adopted a firmwide compliance risk management program designed to identify and manage compliance risks across the consolidated organization, including TRS and its subsidiaries, that includes compliance with all consumer protection laws, rules, and regulations;

WHEREAS, TRS acted as an affiliate service provider to market, process, and service the credit card portfolios of Centurion and FSB;

WHEREAS, TRS and its subsidiaries also provide various other services to Centurion and FSB, including, but not limited to, compliance and audit services;

WHEREAS, as part of reviews conducted by the Federal Deposit Insurance Corporation (“FDIC”) and Utah Department of Financial Institutions (“UDFI”), the Consumer Financial Protection Bureau (“CFPB”) and the Office of the Comptroller of the Currency (“OCC”), and the Federal Reserve Bank of New York (“Reserve Bank”) (collectively, the “Regulator Reviews”), the FDIC and UDFI, the CFPB and OCC, and the Reserve Bank, respectively, assessed certain practices at Centurion, FSB, and Amex and TRS, respectively, related to consumer protection;

WHEREAS, Centurion has entered into a Joint Consent Order, Joint Order for Restitution, and Joint Order to Pay Civil Money Penalty with the FDIC and CFPB to address violations of various federal consumer financial laws and consumer protection program deficiencies at Centurion; and FSB has entered into a Consent Order, Order for Restitution, and Order to Pay Civil Money Penalty with the CFPB and a Consent Order and Consent Order for a Civil Money Penalty with the OCC to address violations of various federal consumer financial laws and consumer protection deficiencies at FSB (collectively, the “Bank Actions”);

WHEREAS, the FDIC and CFPB made findings, which Centurion neither admitted nor denied, that Centurion engaged in practices that resulted in violations of federal consumer financial laws, including section 5 of the Federal Trade Commission Act (“FTC Act”) (15 U.S.C. § 45(a)(1)), sections 1031 and 1036 of the Consumer Financial Protection Act (12 U.S.C. §§ 5531 and 5536) (“UDAAP”), the Truth in Lending Act, as amended (15 U.S.C. § 1601 et seq.) (“TILA”), the Fair Credit Reporting Act, (15 U.S.C. § 1681 et seq.) (“FCRA”), and the Equal

Credit Opportunity Act (15 U.S.C. § 1691 et seq.) (“ECOA”); and, within their respective jurisdictions, failed to manage its compliance with federal consumer financial laws and regulations adequately, and engaged in unsafe or unsound banking practices relating to compliance management systems and oversight of affiliate and third-party service providers;

WHEREAS, the CFPB made findings, which FSB neither admitted nor denied, that FSB engaged in practices that resulted in violations of federal consumer financial laws, including UDAAP, TILA, and FCRA, and failed to manage its compliance with federal consumer financial laws and regulations adequately; and the OCC made findings, which FSB neither admitted nor denied, that FSB engaged in practices that resulted in violations of the FTC Act;

WHEREAS, TRS has entered into a Consent Order, Order for Restitution, and Order to Pay Civil Money Penalty with the CFPB to address TRS’s alleged violations of UDAAP as an affiliate service provider with respect to Centurion and FSB and with respect to TRS’s own consumer customers (the “TRS Action”);

WHEREAS, in connection with transactions with TRS’s own consumer customers, TRS allegedly engaged in violations of the FTC Act;

WHEREAS, the Regulatory Reviews and the findings in the Bank Actions and TRS Action also raise concerns about Amex’s firmwide compliance risk management program and internal audit, insofar as they failed to adequately identify, monitor, and control risks associated with the services provided by TRS to its own consumer customers, and to Centurion and FSB;

WHEREAS, the practices that resulted in TRS’s alleged violations of the FTC Act and UDAAP as an affiliate service provider with respect to Centurion and FSB and with respect to its own consumer customers, and the deficiencies in Amex’s firmwide compliance risk management program and internal audit allegedly constitute unsafe or unsound banking practices;

WHEREAS, pursuant to the TRS Action, TRS will provide restitution to its own consumer customers affected by TRS's alleged misconduct;

WHEREAS, it is the common goal of Amex, TRS, and the Board of Governors that Amex, on a firmwide basis, comply with all applicable federal and state laws, rules, and regulations including, but not limited to, the FTC Act, and that Amex enhance the effectiveness of its firmwide compliance risk management program, and that TRS operate and conduct services on behalf of Centurion, FSB, and TRS's own consumer customers in compliance with all consumer financial laws;

WHEREAS, the practices described above warrant the assessment of a civil money penalty by the Board of Governors against Amex and TRS under section 8(i)(2) of the Federal Deposit Insurance Act, as amended (12 U.S.C. § 1818(i)(2)) (the "FDI Act");

WHEREAS, Amex, TRS, and the Board of Governors have mutually agreed to enter into this consent Cease and Desist Order and Order of Assessment of a Civil Money Penalty (the "Order");

WHEREAS, on September 24, 2012, the boards of directors of Amex and TRS, at duly constituted meetings, adopted resolutions authorizing Louise M. Parent to enter into this Order on behalf of both Amex and TRS respectively, and consenting to compliance with each and every applicable provision of this Order by Amex, TRS, and their institution-affiliated parties, as defined in sections 3(u) and 8(b)(3) of the FDI Act (12 U.S.C. §§ 1813(u) and 1818(b)(3)), and waiving any and all rights that Amex or TRS may have pursuant to section 8 of the FDI Act (12 U.S.C. § 1818), including, but not limited to: (i) the issuance of a notice of charges; (ii) a hearing for the purpose of taking evidence on any matters set forth in this Order; (iii) judicial review of this Order; (iv) contest the issuance of this Order by the Board of Governors; and

(v) challenge or contest, in any manner, the basis, issuance, validity, terms, effectiveness or enforceability of this Order or any provision hereof;

NOW, THEREFORE, before the filing of any notices, or taking of any testimony or adjudication of or finding on any issues of fact or law herein, and without this Order constituting an admission or denial by Amex or TRS of any allegation made or implied by the Board of Governors in connection with this matter, and solely for the purpose of settling this matter without a formal proceeding being filed and without the necessity for protracted or extended hearings or testimony, it is hereby ORDERED, pursuant to sections 8(b)(1) and (3), and 8(i)(2) of the FDI Act (12 U.S.C. §§1818(b)(1) and (3), and 1818(i)(2)), that:

Source of Strength

1. The boards of directors of Amex and TRS shall take appropriate steps to fully utilize their financial and managerial resources, pursuant to section 38A of the FDI Act (12 U.S.C. § 1831o-1 and section 225.4(a) of Regulation Y of the Board of Governors (12 C.F.R. § 225.4(a)), to serve as a source of strength to Centurion and FSB, including, but not limited to, taking steps to ensure that Centurion and FSB comply with the Bank Actions and any other supervisory action taken by their respective federal or state regulators.

2. (a) Amex and TRS shall take actions designed to ensure that Centurion and FSB comply with consumer financial laws.

(b) Amex and TRS shall not cause Centurion and FSB to violate any consumer financial laws.

Board Oversight

3. Within 90 days of this Order, the board of directors of Amex shall submit to the Reserve Bank an acceptable written plan to strengthen the board's oversight of Amex's firmwide compliance risk management program. The plan shall describe the actions that the board of directors will take to improve Amex's firmwide compliance risk management, including, but not limited to, ensuring that compliance risk is effectively managed firmwide, including within and across business lines, support units, and legal entities, in which it operates. The plan shall, at a minimum, address, consider, and include:

(a) Measures to fully integrate compliance risk management into Amex and TRS' existing risk management frameworks;

(b) measures to ensure adherence to approved compliance policies, procedures, and standards;

(c) the appropriate and timely resolution of audit, compliance reviews, and examination findings;

(d) steps to improve the information and reports that will be regularly reviewed by the board of directors including, compliance risk assessments, and reports on the status and results of measures taken, or to be taken, by senior officers to remediate outstanding compliance issues, to implement major compliance initiatives, and to comply with this Order; and

(e) measures to ensure that TRS complies with the TRS Action.

Compliance Risk Management Program

4. Within 90 days of this Order, Amex shall submit to the Reserve Bank an acceptable written plan to enhance the firmwide compliance risk management program with respect to compliance with all consumer protection laws, rules, and regulations. The plan shall, at a minimum, address, consider, and include:

(a) Compliance with supervisory guidance of the Board of Governors, including, but not limited to, the guidance entitled, “Compliance Risk Management Programs and Oversight at Large Banking Organizations with Complex Compliance Profiles,” dated October 16, 2008 (SR 08-08/CA 08-11);

(b) clarification of the duties and responsibilities of staff, the risk-management function, and internal audit regarding compliance with consumer protection laws, rules, and regulations;

(c) policies and procedures for communicating consumer compliance-related roles and responsibilities across the organization and to any independent contractor, consulting firm, or other third-party that provides consumer-related services;

(d) on-going, periodic training of Amex staff who are responsible for monitoring and assessing compliance with consumer protection laws, rules, and regulations;

(e) measures to ensure that compliance policies, procedures, and processes are updated on an ongoing basis as necessary to incorporate new or changes to consumer protection laws, rules, and regulations and supervisory guidance issued by federal agencies;

(f) policies and procedures for the assessment of consumer compliance risk in the approval of new products or new outsourcing arrangements and implementation of appropriate risk management procedures and controls for new products or outsourcing arrangements; and

(g) an enhanced and well-documented internal monitoring process designed to detect and promptly correct compliance weaknesses.

Audit

5. Within 90 days of this Order, Amex shall submit to the Reserve Bank an acceptable written plan to enhance the internal audit program with respect to auditing compliance with consumer financial laws, rules, and regulations. The plan shall be based on an evaluation of the effectiveness of Amex's current internal audit program with respect to compliance with consumer financial laws, rules, and regulations in the marketing, processing, and servicing of consumer products by TRS, Centurion, FSB, or any other affiliate, and shall include recommendations to strengthen the internal audit program in these areas. The plan shall, at a minimum, be designed to:

(a) Ensure that the internal audit program is independent of business line and compliance staff who are involved in the sale, processing, and servicing of consumer products or the assessment of compliance with federal consumer financial laws;

(b) ensure that the internal audit program regularly assesses compliance with consumer financial laws, rules, and regulations;

(c) ensure that the internal audit program is provided with sufficient, qualified staff as are needed to assess compliance with consumer financial laws, rules, and regulations;

(d) ensure appropriate and timely resolution of audit findings concerning compliance with consumer financial laws, rules, and regulations, and follow-up reviews to ensure the completion and effectiveness of corrective measures;

(e) ensure that comprehensive documentation, tracking, and reporting of the status and resolution of audit findings are submitted to appropriate boards of directors and audit committees; and

(f) establish escalation procedures for resolving any differences of opinion between audit staff and management concerning audit exceptions and recommendations, with any disputes to be resolved by an audit committee.

Civil Money Penalty

6. The Board of Governors hereby assesses Amex and TRS a joint civil money penalty in the amount of \$9 million to be paid to the Board of Governors at the time of the execution of this Order by Fedwire transfer of immediately available funds to the Federal Reserve Bank of Richmond, ABA No. 05 1000033, to the order of the Board of Governors General Fund, FRB General Ledger Account number 220 400 010, which penalties the Board of Governors shall deposit on behalf of the Board of Governors into the United States Treasury, pursuant to section 8(i)(2)(J) of the FDI Act (12 U.S.C. § 1818(i)(2)(J));

Progress Reports

7. Within 30 days after the end of each calendar quarter following the date of this Order, the boards of directors of Amex and TRS shall submit to the Reserve Bank written progress reports detailing the form and manner of all actions taken to secure compliance with this Order, a timetable and schedule to implement specific remedial actions to be taken, and the results thereof.

Approval and Implementation of Plans and Programs

8. (a) Amex shall submit written plans that are acceptable to the Reserve Bank within the applicable time periods set forth in paragraphs 3, 4, and 5 of this Order.

(b) Within 10 days of approval by the Reserve Bank, Amex shall adopt the approved plans. Upon adoption, Amex shall promptly implement the approved plans, and thereafter fully comply with them.

(c) During the term of this Order, the approved plans shall not be amended or rescinded without the prior written approval of the Reserve Bank.

Communications

9. All communications regarding this Order shall be sent to:

(a) John Ricketti
Vice President
Federal Reserve Bank of New York
33 Liberty Street
New York, New York 10045

(b) Louise M. Parent, Esq.
Executive Vice President and General Counsel
American Express Company
200 Vesey Street
New York, New York 10285

with a copy to:

(c) H. Rodgin Cohen, Esq.
Sullivan & Cromwell LLP
125 Broad Street
New York, New York 10004-2498

Miscellaneous

10. Notwithstanding any provision of this Order to the contrary, the Reserve Bank may, in its sole discretion, grant written extensions of time to Amex or TRS to comply with any provision of this Order.

11. The provisions of this Order shall be binding upon Amex and TRS, and their institution-affiliated parties, in their capacities as such, and their successors and assigns.

12. Each provision of this Order shall remain effective and enforceable until stayed, modified, terminated, or suspended in writing by the Reserve Bank.

13. The provisions of this Order shall not bar, estop, or otherwise prevent the Board of Governors, the Reserve Bank, or any other federal or state agency from taking any further or other action affecting Amex, TRS, or any of their current or former institution-affiliated parties or their successors or assigns, or any other of Amex's or TRS's subsidiaries.

By Order of the Board of Governors effective this 1st day of October, 2012.

AMERICAN EXPRESS
COMPANY

BOARD OF GOVERNORS OF THE
FEDERAL RESERVE SYSTEM

By: (Signed)
Louise M. Parent, Esq.
Executive Vice President
and General Counsel

By: (Signed)
Robert DeV. Frierson
Secretary of the Board

AMERICAN EXPRESS TRAVEL
RELATED SERVICES COMPANY, INC.

By: (Signed)
Louise M. Parent, Esq.
Executive Vice President
and General Counsel