

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

In the Matter of:)
Saks Incorporated)
A Tennessee Corporation)

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”).

Saks Incorporated (“Saks”), 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 7, 8 and 9, 2003 that is accepted by the Comptroller. By this Stipulation and Consent, that is incorporated by reference, Saks 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, of which no more than one shall be an employee of Saks, or any of its affiliates (as the term “affiliate” is defined in 12 U.S.C. § 371c(b)(1)), or a family member of any such person.

(2) The Compliance Committee shall be responsible for monitoring and overseeing Saks' 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 IV of this Order.

(3) Saks may submit a request to the Assistant Deputy Comptroller that the meetings and reports required by this Article and Article IV 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 and (ii) cash payments on Saks credit 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 Article III 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 Article III of this Order 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 - INTERNAL CONTROLS

(1) Within forty-five (45) days, the Board shall develop, implement, and thereafter ensure Saks's adherence to a written program of policies and procedures to ensure 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). 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, Saks 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 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 IV

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 Saks pursuant to the criticisms and comments in the ROE or in any future Report of Examination regarding the Bank or Saks.

(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 V

DISPOSITION OF BANK

(1) In the event the Bank sells or otherwise transfers all or substantially all its assets to a third party, Saks shall ensure that, within 30 days from the date of such sale or transfer, the

Bank files 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.* and with the Comptroller's Corporate Manual for Termination of National Bank Status.

(2) Saks agrees that it will not allow the Bank to 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, Saks shall, within ten (10) days, cause the Bank to implement and thereafter adhere to the Disposition Plan. Saks shall ensure that the disposition of the Bank will result in no loss or cost to the Bank Insurance Fund of the Federal Deposit Insurance Corporation ("Deposit Insurance Fund").

ARTICLE VI

CLOSING

(1) All correspondence related to this Order, and any information, documentation, reports, plans and/or other written submissions which Saks 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 Saks.

(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 Saks, 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 behalf of Saks, it is intended to mean that the Board shall: (i) authorize and adopt such actions on behalf of Saks as may be necessary for Saks to perform its obligations and undertakings under the terms of this Order; (ii) require the timely reporting by Saks 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

In the Matter of:)
Saks Incorporated)
A Tennessee Corporation)

**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 Saks Incorporated (“Saks”), a controlling shareholder of National Bank of the Great Lakes, Elmhurst, Illinois (“Bank”) pursuant to 12 U.S.C. § 1818(b).

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

In consideration of the above premises, the Comptroller, through his authorized representative, and Saks 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) Saks is an “institution-affiliated party” within the meaning of 12 U.S.C. § 1813(u)(1).

(3) The Comptroller is "the appropriate Federal banking agency" regarding Saks pursuant to 12 U.S.C. § 1818(b).

(4) The Bank is an "insured depository institution" within the meaning of 12 U.S.C. § 1818(b)(1).

ARTICLE II

AGREEMENT

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

(2) Saks further agrees that said Order shall be deemed an "order issued with the consent of the institution-affiliated party" 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 Saks under its supervisory powers, including 12 U.S.C. § 1818(i), and not as a matter of contract law. Saks expressly acknowledges that neither Saks nor the Comptroller has any intention to enter into a contract.

(3) Saks 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) Saks, 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) Saks 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 Saks 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.

/s/ Jennifer C. Kelly
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 Saks have hereunto set their hands on behalf of Saks.

Signed _____ 4-8-03
Bernard E. Bernstein Date

Signed _____ 4-08-03
Stanton J. Bluestone Date

Signed _____ 4-8-03
Nora P. McAniff Date

Signed _____ 4/7/03
James A. Coggin Date

Signed _____ 8 April 2003
Ronald de Waal Date

Signed _____ April 9, 2003
Julius W. Erving Date

Signed _____ 4/8/03
Michael S. Gross Date

Signed _____ 4-08-03
Donald E. Hess Date

Signed _____ 4/7/03
George L. Jones Date

Signed _____ April 8, 2003
R. Brad Martin Date

Signed
C. Warren Neel

4/8/03
Date

Signed
Stephen I. Sadove

4/7/03
Date

Signed
Marguerite W. Sallee

4-9-03
Date

Signed
Christopher J. Stadler

April 8, 2003
Date