

Board of Governors of the Federal Reserve System

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Press Release



Release Date: July 1, 2014

For release at 9:30 a.m. EDT

The Federal Reserve Board on Tuesday issued a consent order to cease and desist and a civil money penalty assessment of \$3,510,000 against Cole Taylor Bank of Chicago, Illinois. The order addresses the participation by the bank and its agent, Higher One, Inc. of New Haven, Connecticut (Higher One), in deceptive practices in violation of section 5 of the Federal Trade Commission Act.

Higher One is a nonbank entity that provides institutions of higher education with financial aid refund disbursement services for students. Higher One typically offers students three methods of receiving their financial aid refund: (1) paper check; (2) ACH transfer to an existing bank account; or (3) direct deposit to the Higher One deposit account and debit card product known as the "OneAccount." Because Higher One is not a bank, it must partner with banks to offer the OneAccount. From May 4, 2012 to August 14, 2013, Cole Taylor served as one of the banks providing deposit accounts in connection with the OneAccount.

The actions addressed in this order involve the following deceptive practices by Higher One, under Cole Taylor's oversight, that, at various points in the financial aid refund selection process, misled students about the OneAccount.

- The omission of material information about how students could get their financial aid refund without having to open a OneAccount;
- The omission of material information about the fees, features, and limitations of the OneAccount product, which may have made it more difficult for students to make fully informed decisions prior to selecting the method for financial aid refund disbursement;
- The omission of material information about the locations of ATMs where students could access their OneAccount without cost and the hours of availability of those ATMs; and
- The prominent display of the school logo, which may have erroneously implied that the school endorsed the OneAccount product.

Higher One is taking material corrective action to address these practices in its current disclosures to students. However, appropriate remedial actions against Higher One, including the payment of restitution for its past practices, are currently being pursued. In addition to the civil money penalty, the order against Cole Taylor Bank also requires it to assume backup liability for any restitution to students that Higher One is required to pay in a Federal Reserve enforcement action in the event that Higher One cannot pay the restitution amounts. Actions are also being pursued against another state member bank that has a similar arrangement with Higher One relating to the OneAccounts.

For media inquiries, call 202-452-2955

[Attachment \(114 KB PDF\)](#)

[Illinois Department of Financial and Professional Regulation Press Release](#)

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