

[Proposed] Form of Injunctive Order

I. DEFINITIONS

A. “Account limitation(s)” and “limits on accounts” shall be defined as any limitation that PayPal has placed or might in the future place on a customer’s ability to: (i) send money from a PayPal account; (ii) make withdrawals from a PayPal account; and (iii) receive money into a PayPal account.

B. “Customer(s)” shall be defined as holder(s) of PayPal account(s) who reside in the United States of America and whose account(s) are used primarily for personal, family or household purposes.

C. “EFTA” shall be defined as the Electronic Fund Transfer Act (15 U.S.C.S. §1693 (2003), and the accompanying Regulation E (12 CFR 205.1 *et seq.*).

D. “Error” shall be defined as any of the following:

- (i) an unauthorized electronic fund transfer from a customer’s PayPal account;
- (ii) an incorrect electronic fund transfer to or from a customer’s PayPal account;
- (iii) the omission of an electronic fund transfer from a PayPal periodic statement;
- (iv) a computational or bookkeeping error made by PayPal relating to an electronic fund transfer from a customer’s PayPal account; or
- (v) a customer’s receipt of an incorrect amount of money from an electronic terminal in connection with the use of a debit card issued by PayPal.

E. “Investigation(s)” shall be defined as the process by which PayPal determines whether or not an error occurred.

F. “Unauthorized electronic fund transfer” shall be defined as any electronic fund transfer from a customer’s PayPal account initiated by a person other than the customer without actual authority to initiate such transfer and from which the customer receives no benefit, but this term does not include any electronic fund transfer:

(i) initiated by a person other than the customer who was furnished with any means to access the customer’s PayPal account by the customer;

(ii) initiated with fraudulent intent by the customer or any person acting in concert with the customer; or

(iii) initiated by PayPal, including without limitation, any transfers of funds initiated by PayPal in connection with chargebacks, refunds, buyer complaints or PayPal’s Seller Protection Policy or Buyer Protection Policy.

II. GENERAL STATEMENT

1. The injunctive relief set forth herein is not intended to expand PayPal's obligations under the EFTA. To the extent that PayPal's obligations under the EFTA are altered by amendment, modification or repeal, or by any action or commentary of any federal agency, or any judicial interpretation or ruling, in any way that is more limited than or contrary to the terms of this order, then PayPal shall be relieved of any obligation to comply with this order to the extent that any of its terms shall have become contrary to or inconsistent with the EFTA.

2. PayPal's obligations to comply with the injunctive relief stated herein shall extend only as follows:

- a. To those customers of PayPal.com who have rights under the terms of the EFTA excluding, without limitation, the following:
- (i) individuals who do not hold accounts with PayPal.com;
 - (ii) any PayPal customer who resides outside of the United States of America; and
 - (iii) any PayPal customer who does not use his or her account primarily for personal, family or household reasons.
- b. To only those transactions that fall within the terms of the EFTA excluding, without limitation, any transactions that fall only within the terms of the Truth in Lending Act (15 U.S.C.S. §§1601 – 1665) and the accompanying Regulation Z (12 CFR §226.1 *et seq.*).

III. INJUNCTIVE RELIEF

A. Required Notices

1. PayPal will provide customers at the time they open an account with a disclosure pursuant to the EFTA (15 U.S.C. § 1693c(a)) that includes a specific telephone number and address for reporting lost/stolen access devices or unauthorized transfers. A disclosure contained within the "Electronic Fund Transfer Rights and Error Resolution Policy" section of PayPal's User Agreement, an example of which is attached hereto as Exhibit A, will suffice for these purposes. Thereafter, PayPal will send customers notice of the EFTA's error resolution procedures and a link to the "Electronic Fund Transfer Rights and Error Resolution Policy" section of the User Agreement at least once per calendar year. PayPal will deliver this notice in an email containing a link and addressed to the primary email address listed on the customer's account.

2. PayPal will send customers a periodic statement pursuant to the EFTA (15 U.S.C. §1693d(c)). Such statements shall be sent on a monthly basis if the customer's account is active and on a quarterly basis if not. PayPal will deliver such notice via a link embedded in an email addressed to the primary email address listed on the customer's account. An example of such notice is attached hereto as Exhibit B.

3. PayPal will provide its customers with at least 21 days notice of any of the following types of changes to PayPal's terms and conditions: (i) changes that would result in increased fees for PayPal's customers; (ii) changes that would result in increased liability for PayPal's customers; (iii) changes that would result in fewer types of available electronic fund transfers; and/or (iv) changes that would result in stricter limitations on the frequency or dollar amount of transfers. PayPal will deliver such notice by posting it on the "Policy Updates" section of PayPal's website or, if the customer has opted in to receive Policy Updates by e-mail, by an e-mail addressed to the primary e-mail address on the customer's account.

B. Error Resolution Procedures

1. PayPal shall treat telephone calls received by PayPal from customers using the telephone number contained in the "Electronic Fund Transfer Rights and Error Resolution Policy" section of PayPal's User Agreement as oral notices of error for the purposes of the EFTA (15 U.S.C. §1693f(a)) as long as the customer provides PayPal with the following during the telephone call: (i) information sufficient to enable PayPal to identify the name and PayPal account of the customer; (ii) an indication that an error has occurred in connection with the customer's account and the amount of such error; and (iii) reasons for the customer's belief that an error has occurred.

2. PayPal shall treat contacts received by PayPal from customers using the "report form" link contained in the "Electronic Fund Transfer Rights and Error Resolution Policy" section of PayPal's User Agreement as written notices of error for the purposes of the EFTA (15 U.S.C. § 1693f(a)) as long as the customer provides PayPal with the following: (i) information sufficient to enable PayPal to identify the name and PayPal account of the customer; (ii) an indication that an error has occurred in connection with the customer's account and the amount of such error; and (iii) reasons for the customer's belief that an error has occurred.

3. PayPal will not refuse to initiate or complete an investigation pending written confirmation of a reported error, unless PayPal deems such written confirmation or other documentation necessary to allow PayPal to investigate an error, for example, without limitation, when a customer reports an unauthorized electronic fund transfer in connection with his or her PayPal issued debit card.

4. PayPal will provisionally credit a customer's account pursuant to the EFTA (15 U.S.C. §1693f(c)) whenever PayPal is unable to complete an investigation of an error within ten (10) days after being notified of an error, unless either: (i) PayPal has requested, and not received, written confirmation from the customer pursuant to 15 U.S.C. §1693f(a); or (ii) following an investigation completed under 15 U.S.C. § 1693f, PayPal has determined in its discretion that no error occurred.

5. PayPal will provide any customer whose account has been limited for more than 45 days with a brief explanation of the circumstances surrounding the limitation, and offer to provide copies of any documents PayPal relied on in reaching its decision to maintain the limitation on the account, subject to the limitation that PayPal need not reveal information if it reasonably determines that to do so would (i) jeopardize the security of a PayPal account; (ii) infringe the privacy rights of a PayPal customer; and/or (iii) require disclosure of information relating to PayPal's confidential, proprietary or trade secret information.

6. Within three (3) business days of completing an investigation, if PayPal determines that an error did not occur, it will provide to the

customer an explanation of its findings and notice of the customer's right to request copies of the documents PayPal relied on in making its determination. PayPal shall not be required to provide copies of documents or disclose information that would: (i) jeopardize the security of a PayPal account; (ii) infringe the privacy rights of a PayPal customer; and/or (iii) require disclosure of information relating to PayPal's confidential, proprietary or trade-secret information. If any of these limitations apply, PayPal shall disclose the limitations to the customer when providing notice that an error did not occur.

7. If PayPal determines that an error occurred, it shall promptly correct the error, including the crediting of interest where applicable, within one (1) business day of completing the investigation.

C. Account Limitation Procedures

1. PayPal agrees to limit access to customer accounts in accordance with only those categories of account limitations disclosed in PayPal's User Agreement, as amended from time to time.

2. PayPal agrees to limit access to funds in accounts only in such amounts as PayPal deems reasonably necessary to protect its customers and/or PayPal against the risk of loss, unless PayPal determines that it is necessary to limit access to an entire account in order to protect the security of the PayPal system.

3. PayPal will advise any customer who requests information in connection with an account limitation that any such request must be provided to PayPal through the "report form" link contained in the "Electronic Fund Transfer Rights and Error Resolution Policy" section of PayPal's User Agreement. PayPal will respond within five business days to a customer's first request for information in connection with an account limitation when such request is received by PayPal through the "report form" link contained in the "Electronic Fund Transfer Rights and Error Resolution Policy" section of PayPal's User Agreement. In responding to a customer's first request for information, PayPal will provide the customer with copies of documents it relied on in making its decision to limit access to the customer's account unless PayPal determines that to do so would (i) jeopardize the security of a PayPal account; (ii) infringe the privacy rights of a PayPal customer; and/or (iii) require disclosure of information relating to PayPal's confidential, proprietary or trade secret information.

4. PayPal will make any funds remaining in a limited account available to customers within 180 days after the account's access is limited, unless PayPal is prevented from releasing the funds in the account by court order, a request from a law enforcement agency, other state or federal body, or any foreign government or law enforcement agency. PayPal's efforts to contact the customer via the email address(es) registered on the PayPal account or the most recent address in PayPal's records and to provide the customer with information regarding how to obtain access to the funds shall satisfy PayPal's obligations under this paragraph.

5. PayPal will not request documents from a customer in connection with an account limitation for the purpose of deterring a customer from asserting his or her rights under the EFTA.