

CAUSE NO. _____

IN THE MATTER OF
STATE OF TEXAS

AND

PAYPAL, INC.
A DELAWARE CORPORATION

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IN THE DISTRICT COURT OF

TRAVIS COUNTY, TEXAS

_____ JUDICIAL DISTRICT

ASSURANCE OF VOLUNTARY COMPLIANCE OR DISCONTINUANCE

This Assurance of Voluntary Compliance or Discontinuance (“Assurance”) is entered into by the Attorneys General of the States of Alabama, Arizona, California, Delaware, Florida, Georgia¹, Hawaii², Illinois, Indiana, Iowa, Louisiana, Maryland, Minnesota, Mississippi, Nebraska, Nevada, New Jersey, New York³, North Carolina, Ohio, Oklahoma, Oregon, South Dakota, Tennessee⁴, Texas, Vermont, Washington, and West Virginia (“Attorneys General” or “States”), acting pursuant to their respective Consumer Protection Statutes⁵, and PayPal, Inc.

¹With regard to Georgia, the Administrator of the Fair Business Practices Act, appointed pursuant to O.C.G.A. 10-1-395, is statutorily authorized to undertake consumer protection functions, including acceptance of Assurances of Voluntary Compliance for the State of Georgia. Hereafter, when the signatory States are referred to as the “States” or “Attorneys General,” such designation, as it pertains to Georgia, refers to the Administrator of the Fair Business Practices Act.

² With regard to Hawaii, the Director of the State of Hawaii Office of Consumer Protection is statutorily authorized to undertake consumer protection functions, including acceptance of Assurances of Voluntary Compliance for the State of Hawaii. Hereafter, when the signatory States are referred to as the “States” or “Attorneys General,” such designation, as it pertains to Hawaii refers to the Executive Director of the State of Hawaii Office of Consumer Protection.

³New York, having entered into an Assurance of Discontinuance with PayPal, Inc. in 2004, limits its participation in this Assurance solely to those terms resolving issues unaddressed in the 2004 document.

⁴ “The Tennessee Attorney General is acting on behalf of the Division of Consumer Affairs.”

⁵**ALABAMA**- Alabama Deceptive Trade Practices Act, Ala. Code § 8-19-1, *et seq.*; **ARIZONA**- Arizona Consumer Fraud Act, Ariz. Revised Statutes, section 44-1521 *et seq.*; **CALIFORNIA** - Bus. & Prof. Code §§ 17200 *et seq.*, and 17500 *et seq.*; **DELAWARE**: Consumer Fraud Act, 6 Del.C. §2511, *et seq.* and Deceptive Trade Practices Act, 6 Del.C. § 2531, *et. seq.* **FLORIDA** -Deceptive and Unfair Trade Practices Act, Fla. Stat. Ch. 501.201 *et seq.*; **GEORGIA** - Fair Business Practices Act of 1975, O.G.C.A. § 10-1-390 *et seq.*; **HAWAII**-Uniform Deceptive Trade Practice Act Haw. Rev. Stat. Chpt. 481A and Haw. Rev. Stat. Chpt. 480. **ILLINOIS** - Consumer Fraud and Deceptive Business Practices Act, 815 ILCS 505/1 *et seq.*; **INDIANA**- Indiana Deceptive Consumer Sales Act, Ind. Code § 24-5-0.5-1 *et seq.* **IOWA** – Consumer Fraud Act, Iowa Code section 714.16 **LOUISIANA** - Unfair Trade Practices and Consumer Protection Law, LSA-R.S. 51:1401, *et seq.*; **MARYLAND** - Md. Code Ann., Com. Law §§ 13-101, *et seq.*;

(hereinafter “PayPal”), a wholly owned subsidiary of eBay Inc.

I. BACKGROUND

1. PayPal is incorporated under the laws of the State of Delaware. Its principal place of business is 2211 North First Street, San Jose, California 95131.
2. PayPal offers a number of financial services to Users, including a money transfer service that may be used for Payments.
3. PayPal facilitates Payments by use of credit card protocols, electronic funds transfer banking protocols, lines of credit issued by a third party, and other financial transfer protocols.
4. PayPal states that it has developed primarily as a low-cost Payments alternative to merchant accounts for internet sellers, and has historically operated as a substitute for checks or money orders being sent through the mail. PayPal further states that it offers Users the ability to make Payments with a credit card and get credit card purchase protection, with PayPal as the merchant of record required to pay for any chargebacks, whether or not PayPal can recover from the seller. PayPal further asserts that it does encourage Users who have a bank account on file to pay with a bank account, but most Users pay with a credit card because they do not have a verified bank account on file. PayPal requires only those Users who will have cumulatively sent ten thousand dollars (\$10,000) or more through their accounts to place a bank account on file. PayPal also states that, unlike the pre-existing alternatives of sending checks and money orders through the mail, it offers its own purchase-protection programs at no cost to Users regardless of

MINNESOTA- Minn. Stat. sec. 8.31 **MISSISSIPPI** -Consumer Protection Act, Miss. Code Ann. § 75-24-1 *et seq.*; **NEBRASKA**- Neb. Rev. Stat. §§ 59-101 *et seq.* (Reissue 2004) and Neb. Rev. Stat. § 87-301 *et seq.* (Reissue 1999; Cum. Supp. 2004); **NEVADA** – Nevada Deceptive Trade Practices Act, Nevada Revised Statutes 598.0903 to 598.0999; **NEW JERSEY**- New Jersey Consumer Fraud Act, N.J.S.A. 56:8-1 *et seq.*; **NEW YORK** - N.Y. Gen. Bus. Law §§ 349 & 350 and Executive Law § 63(12); **NORTH CAROLINA**- North Carolina Consumer Protection Statute, N.C.G.S. § 75-1.1 *et seq.* **OHIO** – Consumer Sales Practice Act, R.C. 1345.01 *et seq.*;

OKLAHOMA - Oklahoma Consumer Protection Act, 15 OS §751 *et seq.*; **OREGON**- Oregon Unlawful Trade Practices Act, Oregon Revised Statutes 646.605 *et seq.* **SOUTH DAKOTA**- Deceptive Trade Practices and Consumer Protection, SDCL Ch. 37-24.; **TENNESSEE**- Tennessee Consumer Protection Act of 1977, T.C.A. §§ 47-18-101, *et seq.*; **TEXAS**- Texas Business and Commerce Code Ann. §17.41 *et seq.*; **VERMONT**- Consumer Fraud Act- 9 Vt. Stat. Annot. ch. 63; **WASHINGTON** – Unfair Business Practices – Consumer Protection Act, RCW 19.86 *et seq.*; **WEST VIRGINIA** - West Virginia Consumer Credit and Protection Act, W. Va. Code Section 46A-1-101 *et seq.*

funding source, as well as an optional Money Back Guarantee program on selected items that does carry a cost. PayPal also states that through its efforts to protect its customers around the world, it has absorbed more than one hundred million dollars (\$100,000,000) in losses from Payments that otherwise would have been losses to Users if paid by cash, check, or money order. PayPal also states that it has changed its policies to require all eBay sellers who want to use PayPal to accept credit card-funded Payments in addition to bank-funded Payments. The parties agree that different terms of the consumer protection programs, their relationship to credit card chargeback rights, and the pre-existing differences between EFTA and FCBA may have caused some confusion among Users making Payments, which among other issues, this Assurance seeks to address.

II. RESOLUTION

5. This Assurance is the settlement of a disputed matter related to certain issues raised during an inquiry by the Attorneys General. Issues comprising the subject matter of this Assurance are those issues for which remedies are provided within Section III of this Assurance. This Assurance is a complete resolution of the States' concerns related to those issues for conduct occurring prior to the Effective Date of this Assurance.

6. PayPal states that it has chosen to resolve this matter in order to cooperate with the States, to ensure that its customers are treated fairly, and to avoid expensive and potentially protracted litigation.

7. PayPal and the States agree that no provision of the Assurance operates as a penalty, forfeiture, or punishment under any state or federal law, that the Assurance should not be considered an admission by PayPal of any liability of any kind or nature or violation of law, statute, regulation, or ordinance for any purpose, and that the Assurance should not be construed as such in any enforcement or civil action.

8. Other than the rights of the States expressly stated herein, nothing contained in this Assurance should be construed to empower any consumer or other persons or entity with any

right, claim, or cause of action to pursue remedies pursuant to applicable law or to otherwise create any private rights or causes of action in any third parties.

9. PayPal and the States agree that the terms of this Assurance apply only to Payment services offered directly on and through the PayPal.com website to residents of the States. Nothing in this Assurance is intended to bind other services offered by PayPal now or in the future or similar services offered now or in the future to others. For example, this settlement does not apply to third-party credit offerings through PayPal or PayPal's mobile phone-related services. This Assurance does not constitute an approval by the Attorneys General of any of PayPal's programs, practices, or past conduct, and PayPal will not make any representation to the contrary. Conversely, nothing in this Assurance will be deemed to be an admission by PayPal or any of its parent or subsidiary corporations or affiliates of any wrongdoing of any kind or nature.

10. As used herein, the following words or phrases have the following meaning:

- a. **Clear and Conspicuous:** A statement is "clear and conspicuous" if it is disclosed in such size, contrast (shade), and location that it is readily noticeable and readable. A statement may not contradict any other information which is presented. If a statement modifies, explains, or clarifies any other statement with which it is presented, it must be presented in proximity to the statement it modifies, in a readily noticeable and readable manner. Visual disclosures will be of sufficient size and contrast and of a sufficient duration to be easily read.
- b. **Chargeback:** That part of a dispute resolution process that occurs when a credit card customer disputes a billed transaction and the disputed funds are provisionally recovered from the merchant's account and provisionally credited to the consumer's credit card account pending a final disposition of the dispute. If the consumer prevails, the consumer's account is permanently credited with the funds.

- c. **EFTA:** The Electronic Fund Transfer Act, 15 U.S.C. § 1693 (2004), and its companion Regulation E, 12 C.F.R. § 205.1 *et seq.*
- d. **FCBA:** The Fair Credit Billing Act 15 U.S.C. § 1601 (2004), and its companion Regulation Z, 12 C.F.R. § 226.1 *et seq.*
- e. **Hyperlink:** A link from a hypertext file to another location or file, typically activated by clicking on an underlined word, statement or icon.
- f. **Payment:** A User-initiated money transfer to the User Account of a seller for payment for the purchase of goods.
- g. **User:** Any resident of the states represented by the Attorneys General who makes a Payment without opening a User Account or after opening a personal User Account by clicking on an “I Agree” radio button or similar device or icon and after having been presented with all the relevant terms of PayPal’s User Agreement.
- h. **User Account:** Any open PayPal account, regardless of the name given to the account, into which a User may place funds to be transferred immediately to another User, receive funds from another User, or hold funds that PayPal will place in a bank account or, at the User’s instruction, sweep to a money market mutual fund, until the User authorizes transfers or requests disbursements.
- i. **User Agreement:** A contract, presented by PayPal, that is entered into by PayPal and a User and defines the rights and responsibilities of the parties who agree to be bound by that document. Throughout this Assurance, the term User Agreement refers to the contract entered into by Users who sign up for personal money transfer accounts used for Payments only, and the obligations addressed in this Assurance do not apply to any agreements that apply to merchant and other business accounts or to other financial services offerings extended to Users.

- j. **Webpage:** Any information or document found at a single discrete internet address on PayPal.com accessed via a desktop or laptop computer whether such address is accessed directly by physical keystroke entry or accessed as a result of a physically selected Hyperlink.
- k. **Webscreen:** The section of a Webpage viewable without scrolling, provided the User's browser is fully opened on a 15-inch or larger computer monitor displaying at a minimum of 640 x 480 pixels and the User-selected text size is no larger than "medium" on Windows Internet Explorer browser, "normal" on Mozilla Firefox or the equivalent size on alternate browsers.

11. The Effective Date of this Assurance is the date on which PayPal receives a copy of this Assurance, duly executed by each of the Attorneys General set forth below.

III. ASSURANCES

12. PayPal agrees to adopt, implement and enforce the following policies and procedures:
- a. **Structure of the User Agreement:** At signup and wherever the User Agreement appears, the User Agreement will be presented to Users or potential Users in two formats. Users will be given Clear and Conspicuous notice of the choice of formats. One option will allow the User to view the entire text of the agreement in scrollable format on a single Webpage. (PayPal may elect to present its Acceptable Use Policy via a separate button.) The remaining option may provide the document in a form containing Clear and Conspicuous Hyperlinks. Each option will be written in "plain English", include a table of contents (or similar internal navigation system), be printable, be savable, and accurately present all the material terms governing the relationship between the User and PayPal.

- b. **Use of Hyperlinks:** Hyperlinks will not be used to refer Users to material terms, conditions, and/or limitations, unless the Hyperlink and surrounding text convey the nature, importance and relevance of the information to which it leads. No term contained within linked text will contradict any other information presented or be false or misleading. In appropriate circumstances, a Hyperlink and its linked text can be part of Clear and Conspicuous disclosure.
- c. **Policy Disclosures to Users and Potential Users:**
 - i. **Notification of Relevant Policy Limitations:** Whenever promoting a buyer protection program on a Webpage where a User can make a Payment, PayPal will Clearly and Conspicuously disclose any additional conditions or limitations on the benefits provided by the protection program.
 - ii. **Location and Disclosure of Policy Updates:** In addition to any other placement, PayPal will provide a Clear and Conspicuous Hyperlink to its “Policy Updates” Webpage on the initial User Account Webscreen presented to Users upon account log-in.
- d. **Customer Service Policies and Procedures:**
 - i. **Contact-Us Access:** PayPal will provide a “Contact Us” Hyperlink in the footer on each PayPal.com Webpage. The Hyperlink will immediately direct the User to a Webpage Clearly and Conspicuously disclosing all methods of contact, including, but not limited to, a Hyperlink reading “Contact Us by Telephone”(or similar language). Each method of contact will be displayed with equal prominence.
 - ii. **Customer Service Access:** PayPal will provide a customer service telephone number for all Users. The number will appear Clearly and Conspicuously on the “Contact Us by Telephone” Webpage. PayPal will

ensure that Users incurring land-line telephone toll charges as a result of making a call to PayPal's Customer Service number during regularly scheduled hours (which will be at least eighteen (18) hours per day during weekdays and fourteen (14) hours a day on weekends) will not have to wait longer than an average of five (5) minutes before speaking with a PayPal customer service representative who either has the immediate authority to resolve the User's problem or is capable of initiating an escalation process on behalf of the User. Such average wait-time will be measured over each calendar quarter. Time spent by the User providing information to PayPal's automated systems is excepted from the calculation of wait time. PayPal will not be responsible for any delay in customer service performance resulting from strikes, shortages, riots, insurrection, fires, flood, storm, explosions, earthquakes, general Internet outages, acts of God, acts of war, acts of terrorism, governmental action, or any other cause that is beyond the reasonable control of PayPal.

- iii. **Florida Users:** PayPal will include the mailing address and phone number of the Florida Department of Financial Services in its User Agreement, Clearly and Conspicuously disclosing that the number is provided to comply with Florida statutory requirements and for the use of Florida Users only.

e. **Disputes, Inquiries and Remedies:**

- i. **Controlling Policies:** Other than when statutory or regulatory remedies supersede PayPal policies, the PayPal policy that controls the outcome of a dispute or inquiry related to a Payment will be the policy as it existed on the date of the disputed transaction or activity, or at PayPal's discretion, a policy more favorable to the User.
- ii. **Dispute Resolution Processes:**

If a User makes a Payment and then:

- a) timely files a Buyer Complaint claim with PayPal, and
- b) PayPal does not complete processing of that claim until after the User's credit card issuer's imposed deadline for filing a Chargeback claim or after the User's bank's deadline for filing an EFTA dispute, and
- c) the User recovers less than the full amount he or she would have been entitled to recover from the credit card issuer or the bank, less the amount the User has already recovered from the seller, PayPal, eBay, and/or any other protection program,

then PayPal will pay the difference to the User.

f. **Payment Funding Disclosures:**

- i. PayPal will create a funding source information Webpage that Clearly and Conspicuously explains the process for selecting a funding source for Payment and PayPal's default funding policies. This Webpage will identify: 1) the default funding priority that PayPal uses when Users have more than one funding source on file with PayPal; 2) PayPal's policies relating to User requests to change the funding source priority; 3) the process by which a User can select an alternative payment source, specifically a credit card when the User's credit card is not a default funding source; and 4) and any other information that is material to a User's ability to select a funding source at the time of making a Payment.
- ii. Set forth separately from the information in paragraph i above, PayPal will summarize on the funding source information Webpage the different statutory rights and remedies available for Payments under the EFTA and

FCBA to Users for the different types of funding sources that may be used to fund Payments.

- iii. PayPal will Clearly and Conspicuously identify to Users making a Payment the specific funding source from which the Payment will be made. If PayPal sets a default funding source for Payment, PayPal will ensure that the User is consenting to the default method of Payment and will Clearly and Conspicuously identify the method for selecting an alternate method of Payment. If PayPal has solicited the use of its services to make a Payment by a specific method, including by major credit card, PayPal will Clearly and Conspicuously identify to the User the method by which the User can make a Payment by that specific method.

- iv. Whenever a Webpage allows a User to input bank account information in order to add a bank account as a source for funding a PayPal User Account, PayPal will provide on that Webpage a Clear and Conspicuous disclosure to the User that the User's bank account, if added as a funding source, may become the default funding source selection for Payments. PayPal will also provide a Clear and Conspicuous Hyperlink to the funding source information Webpage. The Hyperlink will be contained in a Clear and Conspicuous statement which advises that the User should, prior to committing to the addition of a bank account, review and understand the rights and remedies available for different Payment sources under the EFTA and FCBA.

- v. Whenever a Webpage allows a User to choose a source for funding a Payment and the User has a usable bank account on file with PayPal, PayPal will provide a Clear and Conspicuous Hyperlink on that page to the funding source information Webpage.

g. **Offers of Delivery and/or Condition Guarantees:**

- i. **Program Disclosures:** If PayPal offers Users a chance to buy any product that guarantees a monetary reimbursement from PayPal if a User fails to receive a service or product from a seller or if the product or service fails to substantially conform with the qualities advertised by the seller, PayPal will provide a Clear and Conspicuous disclosure explaining any limitations on the types of items covered, explaining whether items are pre-screened for coverage, and explaining whether items for which a policy is purchased may ultimately not be covered by the program.

- ii. **Counterfeit Goods Coverage:** If PayPal offers Users a chance to buy any product that guarantees a monetary reimbursement from PayPal, and if a User purchases coverage, PayPal will refund the User's purchase price if the items the User receives are counterfeit versions of the items the User intended to buy. As part of its refund procedures and requirements, PayPal will:
 - a) not require the User to transfer title of the item to PayPal, and

 - b) accept a written correspondence from the original manufacturer that the User has sent the counterfeit item to that manufacturer. But PayPal may require the User to turn over the item to PayPal and may request the User to turn over any title the User may have to the item to PayPal if the User does not send the counterfeit item to the manufacturer, or

 - c) accept an affidavit of mailing from the User with a certified mail return receipt showing that the manufacturer received the package from the User in the event the User has already sent the counterfeit item to the manufacturer entitled to possession of that item and the

manufacturer will not or does not provide written correspondence confirming that it has received such.

iii. **Fee Refunds:** Under its existing Money Back Guarantee Policy, PayPal will refund to purchasers their purchase price if the Guarantee was purchased to cover an item that ultimately is not covered by the program. PayPal retains the right to stop offering the Money Back Guarantee Policy by providing its Users with notice as required in PayPal's User Agreement.

h. **Prohibited Language:**

- i. Unless operating as a credit card issuer, PayPal will not advertise that its Payments services give consumers the rights and privileges expected of a credit card transaction. PayPal may, as long as such is a true and accurate statement, inform Users who fund their Payment with a credit card that the Users will be eligible for the same protections from their card issuer as if the User's credit card payment were made directly to the merchant.
- ii. PayPal will not misrepresent the benefits or advantages provided by a payment system or PayPal product. PayPal will not represent that a payment method or an attribute of one payment method is superior to another unless that representation is accurate.
- iii. PayPal will not in its User Agreement or seller and buyer protection programs use branding, descriptions or representations (including but not limited to use of the terms "electronic funds transfer," "error resolution," "unauthorized transaction," "billing error," and "chargeback") in a way that is likely to cause confusion by leading Users to believe that by using the PayPal programs they are exercising rights pursuant to state or

federally mandated consumer protection laws or rules that do not apply to such programs.

i. **Disclosures Regarding the Ownership of Interest Earned on User Funds Kept in Deposit in PayPal Accounts:**

Unless otherwise prohibited by state or federal rule or statute, PayPal may, as a result of a contractual agreement with its Users which includes such terms, retain all interest earned on Users' funds deposited in a "pooled funds" interest-bearing bank account. However and notwithstanding the foregoing statement:

- i. At the time it presents such contract terms to new Users, PayPal will Clearly and Conspicuously disclose in the User Agreement that it will retain the interest earned on the User's funds and that, by entering the agreement, the User will have waived any claim to such funds, and
- ii. For established Users not previously presented with such contract terms, PayPal will Clearly and Conspicuously advise those Users through its Policy Update process of the terms governing the disposition of interest earned on the User's funds while those funds remain undistributed.

j. **Incorporation of Class Action Injunctive Relief.**

The injunctive provisions included in the settlement agreement entered in the matter In Re PayPal Litigation, CV-02-01227-JF/PVT (2004), in the United States District Court for the Northern District of California, are incorporated in this Assurance as if set forth herein and are enforceable by the States in their respective state courts. Such injunctive provisions are attached as Exhibit A.

k. **Correction of "Incorrectly Executed Transactions"**

PayPal agrees that language in its User Agreement purportedly allowing PayPal to “correct transactions incorrectly executed” does not constitute express notice to the User that PayPal may choose to “correct” a transaction made between a User Account and a User’s bank account by removing funds from the User’s bank account. PayPal denies that it has used the language in its User Agreement purportedly allowing PayPal to “correct transactions incorrectly executed” as the basis for removing funds from any User’s bank account.

IV. MONETARY TERMS

13. Upon signing this Assurance, PayPal will pay the States, through payment by certified check to the Florida Attorney General, the sum of One Million Seven Hundred Thousand and no One Hundredths Dollars (\$1,700,000.00) to be divided and distributed among the Attorneys General in a manner which is in their sole discretion. The check is to be made payable to “The Florida Department of Legal Affairs Revolving Escrow Trust Fund” and delivered to the Office of the Florida Attorney General at (address) within 10 days of the Effective Date of this Assurance. Such sum may be used by the Attorneys General for any purpose allowed pursuant to applicable law, including, but not limited to, consumer education, consumer protection efforts, investigative costs, costs to administer the Assurance, attorney’s fees, donations to charitable organizations, improvements to school systems or other educational purposes.

14. PayPal states that as part of the settlement in the matter of In Re PayPal Litigation, CV-02-01227-JF/PVT (2004), in the United States District Court for the Northern District of California (terms of which are adopted herein in Paragraph 12 j), PayPal has paid \$9,250,000 in damages and fees to consumers.

V. GENERAL PROVISIONS

15. Unless otherwise noted herein, PayPal will create written policies and adopt written procedures to comply with the terms of this Assurance within one hundred and twenty (120) days after the Effective Date of this Assurance.

16. PayPal will make available two (2) written compliance reports, each signed by an officer with knowledge of PayPal's obligations under this Assurance, setting forth the steps PayPal has taken to comply with the terms and provisions of this Assurance. The first report will be made available one hundred and twenty (120) days after the Effective Date of this Assurance. The second report will be made available eighteen (18) months after the Effective Date. The second report, in addition to other information necessary to explain in detail the policies and procedures PayPal has implemented to comply with this Assurance, will also contain a section that summarizes the nature and volume of written (including email) consumer complaints that PayPal's Executive Escalations team has received from Users who reside in the States and which cite as the basis for the complaints a problem related to User Agreement term disclosures, contact information disclosures, dispute resolution disclosures, account funding disclosures, or the Money Back Guarantee Program.

17. PayPal will provide a copy of this Assurance and an accurate summary of the applicable specific terms to all those officers, managers, and other persons responsible at PayPal and eBay Inc. for the implementation of and compliance with those terms.

18. This Assurance will be governed by the laws of the States. Nothing in this Assurance will be deemed to permit or authorize any violation of the laws of any State or otherwise be construed to relieve PayPal of any duty to comply with the applicable laws, rules, and regulations of any State, nor will anything herein be deemed to constitute permission for PayPal to engage in any acts or practices prohibited by such laws, rules, or regulations. Further, this Assurance does not in any way vitiate, negate, or otherwise modify any law of any State or federal authority requiring licensing, registration or permission to do business, including, but not limited to, licenses required to transmit money and/or sell insurance products.

19. If a federal or State law, rule or regulation respecting the subject matter of any section herein is passed, adopted, officially communicated or rendered after the Effective Date ("New Law") of this Assurance, and such New Law makes it such that PayPal cannot comply with both the New Law and this Assurance, then compliance with the New Law in the jurisdiction in which

the New Law is applicable will constitute compliance with the counterpart provision of this Assurance with respect to those jurisdictions.

20. The parties agree that PayPal may approach the States to request amending the provisions of this Assurance in light of new or evolving technologies, business models, laws, regulations, or other changes in circumstances, and that the States will reasonably consider such requests.

21. This Assurance constitutes the entire agreement of the parties hereto and supersedes all prior agreements or understandings, whether written or oral, between the parties and/or their respective counsel with respect to the issues dealt with in this Assurance.

22. Notices, compliance reports, and other correspondence to PayPal or the Attorneys General as required by this Assurance will, unless notified otherwise, be provided to the parties at their addresses, facsimile numbers, email addresses, or phone numbers listed in the signature blocks below.

23. PayPal will, within twenty (20) days of the Effective Date of this Assurance, appoint an individual to whom the Attorneys General may direct consumer inquiries or complaints received by the Attorneys General, and within such period of time give notice to the Attorneys General of the individual's name and address. This channel of communication will be considered fully established forty-five (45) days after the Effective Date of this Assurance. Following the full establishment of the channel, PayPal will respond to all consumer inquiries or complaints that come through this channel within fourteen (14) business days after receipt of the inquiry or complaint by the designated individual.

24. Where allowed by applicable State law, the respective Attorneys General, without further notice, may make ex parte application to any appropriate State court for an order approving this Assurance, which will be considered an Assurance of Voluntary Compliance or an Assurance of Discontinuance as provided by the States' respective laws, or otherwise file this Assurance in any appropriate State court.

25. The States agree that before seeking any relief from any court for any alleged violation of this Assurance, and if in the States' sole discretion the violation does not threaten the health, safety, or welfare of the citizens of the States, the States will give PayPal fourteen (14) days written notice of the alleged violation so that PayPal may address the alleged violation.

26. This Assurance may be executed in counterparts. The parties must submit the requisite number of original signatures such that each party has an executed original.

27. PayPal represents and warrants that it has been represented by legal counsel and that it is fully advised of its legal rights in this matter. The undersigned representative for each party certifies that he or she is fully authorized by the party he or she represents to enter into the terms and conditions of this Assurance and to legally bind the party he or she represents to this Assurance.

VI. SIGNATURES

We the undersigned, who have the authority to consent and sign on behalf of the parties in this matter, hereby consent to the form and content of the foregoing Assurance and to its entry:

PAYPAL, INC.
2211 North First Street
San Jose, California 95131

By: _____

Title: _____

Signed this ____ day of _____, 2006