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Superior Court of California
County of Los Angeles

NOV 03 2015

Sherril R. Carter, Executive Officer/Clerk
By: Benigno Del Barrio, Deputy

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**SUPERIOR COURT OF THE STATE OF CALIFORNIA
COUNTY OF LOS ANGELES**

THE PEOPLE OF THE STATE OF
CALIFORNIA,

Plaintiff,

v.

JPMORGAN CHASE & CO., a Delaware
Corporation; CHASE BANK USA, N.A., a
Delaware Corporation; CHASE BANKCARD
SERVICES, INC., a Delaware Corporation;
and DOES 1 through 100, inclusive,

Defendants.

Case No. BC508466

[PROPOSED] JUDGMENT

1 Plaintiff, the People of the State of California (“People” or “Plaintiff”), appearing through
2 its attorney, Kamala D. Harris, Attorney General of the State of California (“Attorney General”),
3 by Deputy Attorneys General Amos E. Hartston, William R. Pletcher, Bernard A. Eskandari, and
4 Timothy D. Lundgren, and Defendants JPMorgan Chase & Co., Chase Bank USA, N.A., and
5 Chase BankCard Services, Inc. (collectively, “Defendants”), appearing through their attorneys,
6 David L. Schrader, Brian M. Jazaeri, Jami Wintz McKeon, and Michelle Park Chiu of Morgan,
7 Lewis & Bockius LLP, and Noah A. Levine (*pro hac vice*) and Alan E. Schoenfeld (*pro hac vice*)
8 of Wilmer, Cutler, Pickering, Hale and Dorr LLP, having stipulated to the entry of this Judgment
9 by the Court without the taking of proof and without trial or adjudication of any fact or law,
10 without this Judgment constituting evidence of or admission by Defendants regarding any issue of
11 law or fact alleged in the Complaint on file or any of the allegations or conclusions set forth
12 herein, and without Defendants admitting or denying any liability, and with all parties having
13 waived their right to appeal, and the Court having considered the matter and good cause
14 appearing:

15 **IT IS HEREBY ORDERED, ADJUDGED AND DECREED THAT:**

16 1. This Court has jurisdiction over the allegations and subject matter of the People’s
17 Complaint filed in this action, and the parties to this action; venue is proper in this County; and
18 this Court has jurisdiction to enter this Judgment. This judgment is entered pursuant to and
19 subject to California Business and Professions Code section 17200 et seq.

20 **I.**

21 **DEFINITIONS**

22 2. The following definitions shall apply for purposes of this Judgment:

23 A. “Account” means an extension of credit to a Consumer in the United
24 States, primarily for personal, family, or household purposes, and established or maintained for a
25 Consumer pursuant to a credit card program.

26 B. “Affiant” means any signatory to a Declaration, other than one signing
27 solely as a notary or witness to the act of signing, signing in his or her capacity as an employee or
28 agent of Chase.

1 C. "Charged-Off" and "Charge-Off" refer to Accounts treated by Chase as a
2 loss or expense because Chase has determined that, under the Federal Financial Institutions
3 Examination Council's Final Notice of Uniform Retail Credit Classification and Account
4 Management Policy, 65 Fed. Reg. 36903 (June 12, 2000), or other relevant guidelines, repayment
5 of the Debt is unlikely.

6 D. "Chase" means Chase Bank USA, N.A. and Chase BankCard Services, Inc.
7 and their successors and assigns.

8 E. "Collections Litigation" means attempts by Chase (or a third party acting
9 on Chase's behalf for an Account owned by Chase) through judicial processes in the United
10 States of America, to collect or establish a Consumer's liability for a Debt. Collections Litigation
11 does not include processes or proceedings initiated by Chase in bankruptcy or probate matters
12 involving a Consumer, or litigation brought by a Debt Buyer that has purchased an Account
13 through a Debt Sale, unless specifically referenced by this Judgment.

14 F. "Competent and Reliable Evidence" shall include documents and/or
15 records created by Chase in the ordinary course of business, which are capable of supporting a
16 finding that the proposition for which the evidence is offered is true and accurate, and which
17 comport with applicable law and court rules.

18 G. "Consumer" means any natural person obligated or allegedly obligated to
19 pay any Debt. For provisions regarding communications, notices, and providing information to a
20 Consumer, this term includes the Consumer's representative.

21 H. "Consumer Reporting Agency" means, coterminous with the meaning of
22 Consumer Reporting Agency as defined in the Fair Credit Reporting Act, 15 U.S.C. § 1681a(f),
23 any person which, for monetary fees, dues, or on a cooperative nonprofit basis, regularly engages
24 in whole or in part in the practice of assembling or evaluating Consumer credit information or
25 other information on consumers for the purpose of furnishing Consumer reports to third parties,
26 and which uses any means or facility of interstate commerce for the purpose of preparing or
27 furnishing Consumer reports.

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1 I. "Debt" means, coterminous with the meaning of "debt" as defined in the
2 Rosenthal Fair Debt Collection Practices Act, Civil Code section 1788, any obligation or alleged
3 obligation of a Consumer to pay money arising out of a transaction in which the money, property,
4 insurance, or services which are the subject of the transaction are primarily for personal, family,
5 or household purposes, whether or not such obligation has been reduced to judgment. However,
6 for the purposes of this Judgment, "Debt" shall be limited to a credit card Debt arising out of an
7 Account issued or acquired by, or owed to Chase, including obligations that have been sold or
8 transferred to others, and established or maintained for a Consumer pursuant to a credit card
9 program.

10 J. "Debt Buyer" means an entity that purchases from Chase a portfolio
11 consisting primarily of Accounts with Charged-Off Debts through a Debt Sale.

12 K. "Debt Sale" means a sale by Chase of a portfolio of Accounts with
13 Charged-Off Debts through an individual bulk sale or contractual forward-flow agreement.

14 L. "Declaration" means any affidavit, sworn statement, or declaration,
15 whether made under penalty of perjury or otherwise signed by an Affiant for purposes of
16 affirming its accuracy and veracity, submitted to a court in a Collections Litigation matter by or
17 on behalf of Chase for the purpose of collecting a Debt, but does not include affidavits, sworn
18 statements, or declarations signed by counsel based solely on counsel's personal knowledge and
19 not based on a review of Chase's books and records (such as affidavits of counsel relating to
20 service of process, extensions of time, or fee petitions).

21 M. "Effective Credit Agreement" means the written document or documents
22 evidencing the terms of the legal obligation between Chase and the Consumer at the time of
23 Charge-Off.

24 N. "Effective Date" means the date this Judgment is entered by the Superior
25 Court of California.

26 O. "Servicemember" means "servicemembers in military service" as defined
27 in Section 101, Paragraph (1) of the Servicemembers Civil Relief Act, 50 U.S.C. Appendix
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1 section 501 et seq., to the extent that such servicemembers in military service are identified on the
2 Department of Defense's Defense Manpower Data Center (DMDC) database.

3 **II.**

4 **OVERVIEW AND BACKGROUND**

5 3. Chase has consented to the entry of this Judgment without admitting or denying
6 any of the facts or conclusions contained in this Overview and Background section of the
7 Judgment.

8 4. Chase Bank USA, N.A. is a national banking association headquartered in
9 Newark, DE., and is a subsidiary of JPMorgan Chase & Co., which is a financial holding
10 company incorporated in Delaware and headquartered in New York, NY.

11 5. Chase BankCard Services, Inc. is a Chase Bank USA, N.A. subsidiary
12 incorporated in Delaware and headquartered in Newark, DE.

13 6. Chase provides Consumers with credit card Accounts and also has acquired credit
14 card Accounts from other credit card issuers.

15 7. When Consumers fail to pay on these Accounts they are placed in default. Chase
16 collects on the defaulted Debts through its internal collection attempts, and, during the time
17 period relevant to this Judgment, by filing collection lawsuits. Chase also collected on defaulted
18 Debts by selling defaulted Accounts to third party Debt Buyers who collect on the Accounts.

19 8. Chase filed lawsuits and obtained judgments against Consumers using affidavits
20 and other documents that were prepared without following required procedures, because for
21 example, they were at times signed without personal knowledge of the signer, a practice
22 commonly referred to as "robo-signing."

23 9. Certain errors were made in calculating pre- and post-judgment fees and interest
24 when filing Debt collection lawsuits, which resulted in some judgments against Consumers for
25 incorrect amounts.

26 10. In certain instances, Chase sold to Debt Buyers certain Accounts that were
27 inaccurate, settled, discharged in bankruptcy, not owed by the Consumer, or otherwise
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1 uncollectable. In certain instances, the Debt Buyers sought to collect these inaccurate, settled,
2 discharged, not owed, or otherwise uncollectable Debts from Consumers.

3 11. Chase's practices harmed some Consumers. Chase subjected certain Consumers to
4 collections activity for Accounts that were not theirs, in amounts that were incorrect or
5 uncollectable. Chase also obtained judgments against Consumers using documents that were
6 falsely sworn and that at times contained inaccurate amounts. These actions may affect
7 Consumers' ability to obtain credit, employment, housing, and insurance in the future. Chase's
8 practices misled Consumers and courts and caused Consumers to pay false or incorrect Debts and
9 incur legal expenses and court fees to defend against invalid or excessive claims.

10 12. Chase suspended Collections Litigation in 2011 and suspended all Debt Sales in
11 December 2013. Chase states that it is not currently engaged in Collections Litigation or sales of
12 Debt with respect to its consumer credit card business, which is the subject of this Judgment.

13 **Chase's Credit Card Business**

14 13. When Consumers fail to pay on their Accounts, Chase uses various methods to
15 collect these Debts. During the time period relevant to this Judgment, Chase made collection
16 calls and sent collection letters to Consumers, obtained judgments against Consumers through
17 Debt collection lawsuits, and sold defaulted Accounts to third party Debt Buyers. Chase also
18 created sworn documents used to establish its legal authority to collect delinquent Accounts in
19 Collections Litigation, and provided sworn documents and other support services to the Debt
20 Buyers to whom Chase sold Accounts. Chase also supplied these documents to the attorneys
21 Chase and its buyers used to file collection lawsuits against Consumers.

22 14. When Chase sought to collect through litigation, it referred the defaulted Accounts
23 to a network of in-house collections attorneys, as well as outside counsel. Between 2009 and
24 2011, Chase, through its internal and external attorneys, filed more than 125,000 collections
25 lawsuits against Consumers in California.

26 15. When Chase sold defaulted Accounts to Debt Buyers, it did so at a significant
27 discount to the face value of the Debts. On average, Chase received 5% of the balance owed. For
28 example, an Account where the Consumer owed \$10,000 might have been sold for \$500. The

1 Debt Buyer could then seek to collect from the Consumer the full \$10,000 balance plus interest,
2 attorney's fees, and other costs of collection.

3 **Chase's Sale of Credit Card Accounts that Were Inaccurate or Unenforceable**

4 16. Chase used several different databases and automated processes to track and
5 manage its credit card Accounts. These databases contained relevant information about the
6 Accounts, such as payment history, Account balances, and credit reporting information.

7 17. Chase relied on the information contained within these databases to determine
8 whether to sell the Accounts.

9 18. When Chase sold defaulted credit card Accounts, it provided account information
10 from these databases to the Debt Buyers. Chase typically provided an electronic sale file
11 gathered from its databases containing information about the portfolio of Debts. Debt Buyers
12 used the information that Chase provided to collect these amounts from Consumers.

13 19. Because Chase sometimes failed to accurately update, maintain, and reconcile the
14 Account information in its databases before selling defaulted Accounts to Debt Buyers, the
15 resulting Account information was not always accurate for Accounts that had gone to judgment.

16 20. Compounding this problem, when Chase obtained portfolios of credit card
17 Accounts from acquired banks, it did not always receive important documentation needed to
18 support claims that Consumers owed the Debts and owed the amount stated. On certain Accounts
19 Chase was unable to conform its databases with the original Account documents for Accounts
20 that it had acquired.

21 21. As a result of these failures, Chase sold certain Accounts to Debt Buyers that
22 Chase knew or should have known were unenforceable or uncollectable. Chase also provided
23 erroneous and incomplete information to Debt Buyers who Chase knew or should have known
24 would use this information in conducting collection activity.

25 22. Chase sold certain Accounts to Debt Buyers where Chase knew or should have
26 known the electronic sale file contained erroneous or missing information about the identity of
27 the Account holder, the amount owed, whether the Account had been paid or settled, and whether
28 Chase's internal operations had deemed an Account to be fraudulent.

1 23. Chase also sold certain Accounts that were not enforceable or otherwise should not
2 have been subject to collection including:

- 3 A. Accounts that were settled by agreement;
- 4 B. Accounts that were paid in full;
- 5 C. Accounts that were no longer owned by Chase when they were sold; and
- 6 D. Accounts that had been identified as fraudulently opened or subject to
7 fraudulent charges or otherwise not owed by the identified debtor.

8 24. Chase also sold certain Accounts that Debt Buyers could not lawfully collect, or
9 which were susceptible to unlawful collection practices by Debt Buyers, including:

- 10 A. Accounts with inaccurate amounts owed;
- 11 B. Accounts where Chase knew or should have known supporting data was
12 inaccurate or unavailable;
- 13 C. Accounts that were subject to litigation;
- 14 D. Accounts that were subject to a bankruptcy stay;
- 15 E. Accounts that were subject to an agreed payment plan;
- 16 F. Accounts that were pending settlement; and
- 17 G. Accounts that had deceased debtors.

18 25. Chase's actions caused harm to certain Consumers because the Debt Buyers who
19 purchased the Accounts demanded payment from Consumers and filed lawsuits based on invalid
20 or inaccurate Debts, or inaccurate information provided by Chase. Consumers were thus pursued
21 to pay amounts not owed or which were uncollectable. Consumers also could be sued and have a
22 judgment entered against them based on documents that were falsely sworn. Further, if Debt
23 Buyers furnished faulty information to Consumer Reporting Agencies, then the Consumers'
24 credit files and credit reports would contain inaccurate information, which could affect these
25 Consumers' ability to obtain credit, employment, housing, and insurance in the future.

26 26. Consumers have very limited control over their Accounts in default. They cannot
27 prevent Chase from selling the Accounts or ensure that the Account information Chase sells is
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1 accurate and that the Debts are enforceable. Once Chase sold their Accounts, Consumers could
2 not obtain documents regarding the Debt from Chase.

3 **Chase's Use of Statements that Were Falsely Sworn to Enforce Debts**

4 27. From 2009 into 2011, Chase brought over 125,000 lawsuits in California to collect
5 delinquent credit card Accounts, many of which required some form of sworn, certified, or
6 verified factual allegations.

7 28. Chase also provided more than 30,000 sworn statements and documents to support
8 collection lawsuits brought in California by the Debt Buyers that purchased its defaulted credit
9 card Accounts. Chase's in-house and outside counsel prepared sworn statements and sent those
10 documents to be signed by Chase's employees in centralized locations.

11 29. These sworn statements were representations to courts, debtors, and non-debtor
12 Consumers that the statements were truthful and accurate statements of fact, verified by the
13 Affiant based on personal knowledge or a review of business records, made under oath, and
14 properly witnessed or notarized by the witness or notary.

15 30. Chase's employees and agents prepared the sworn statements in bulk using stock
16 templates. The statements often were not prepared and reviewed by the individual who signed
17 the sworn statements. The signing individual at times lacked personal knowledge of the
18 information he/she was attesting to and did not perform the review or follow the signing and
19 notary procedures required by law. The Affiant's failure to properly prepare, review, or execute
20 certain sworn documents resulted in these sworn statements containing misleading
21 representations.

22 31. The specific practices Chase engaged in include the following:

23 A. Swearing to personal knowledge of facts without personal knowledge of
24 those facts. For example, Chase's employees or agents swore to practices regarding business
25 recordkeeping without personal knowledge of those practices;

26 B. Swearing to having reviewed the contents of records when, in fact, they
27 had not. For example, Chase's employees or agents swore to the accuracy, authenticity, and
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1 veracity of attached exhibits without reviewing those exhibits or without having the personal
2 knowledge needed to verify the contents of the exhibits;

3 C. Swearing to personal knowledge of how records accompanying a sale were
4 kept by Chase and how the records were transferred to buyers without actually identifying the
5 records they were swearing to;

6 D. Signing complaint verification forms in batches and then attaching the
7 verifications to complaints that the signer had never seen or reviewed;

8 E. Notarizing or attesting to documents without witnessing the signing of
9 those documents;

10 F. Notarizing documents without administering oaths;

11 G. Notarizing documents without names and dates so that this information
12 could be inserted later;

13 H. Signing certain proofs of claim in bankruptcy without reviewing the
14 records supporting those claims; and

15 I. In some instances, filing or causing to be filed requests for entry of default
16 judgments without confirming whether or not consumers were in active military service and
17 entitled to protections under the Servicemembers' Civil Relief Act.

18 32. These practices, in many cases, resulted in Chase lacking a proper evidentiary
19 basis to prove the Debt. Consumers, who were not notified of Chase's practices, did not know
20 about a potential basis to challenge Chase's improperly sworn documents. Courts, which also
21 were not provided notice that the documents were improperly sworn, relied on them and entered
22 certain judgments against Consumers. Although Chase ceased engaging in Collections Litigation
23 and ceased making collections efforts against affected Consumers in 2012, it took no action to
24 notify Consumers or to seek vacatur or another remedy from the courts.

25 33. Some judgments obtained by Chase after Charge-Off were reported on the public
26 records section of Consumers' credit reports. Reported judgments can have additional negative
27 effects on Consumers. Mortgage lenders may insist that the judgments be paid because
28 unsatisfied judgments may make it more difficult for Consumers to make their mortgage

1 payments or are a threat to their security interest. Before making hiring decisions, employers may
2 search public records or obtain credit reports showing civil judgments against prospective
3 employees and be dissuaded from hiring them, particularly if the employee will be handling
4 money or finances.

5 34. Consumers themselves had little opportunity to challenge the documents that were
6 falsely sworn or to demand that Chase use proper procedures because they were unaware that part
7 or all of the evidentiary basis for the judgment was improperly sworn documents. For most
8 Consumers, the obstacles and cost to seek a remedy post-judgment, such as vacatur, could be too
9 significant.

10 35. Consumers obtained no legitimate benefit from Chase's document execution
11 practices. Any additional costs that Chase would have incurred by conforming its practices to its
12 legal obligations or otherwise remediating Consumers were outweighed by the harm to
13 Consumers.

14 **Chase's Miscalculation of Judgments**

15 36. When Chase filed Debt collection suits against Consumers, its employees and
16 agents made certain errors in calculating the amounts owed. Approximately 9% of the judgments
17 that Chase obtained against Consumers nationwide contained erroneous amounts that were
18 greater than what the Consumers legally owed.

19 37. These erroneous amounts were sometimes stated in documents that Chase
20 submitted to the court and that formed the basis for the judgments entered against the Consumers.

21 38. Although Chase halted collection efforts on these Accounts after it became aware
22 of the errors, Chase's failure to notify affected Consumers and to move to vacate judgments
23 harmed Consumers who paid or were subject to collection attempts for a judgment amount that
24 was greater than what they legally owed.

25 39. Consumers had little opportunity to avoid such injuries because they were unaware
26 of and lacked any meaningful way of proving that certain judgments against them were for
27 erroneous amounts.

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1 **Chase's Demand Letters Signed by an Attorney**

2 40. In anticipation of Collections Litigation, Chase sent demand letters to Consumers
3 signed by an attorney. The statements in the demand letter often were not prepared and reviewed
4 by the attorney who signed the demand letter. In many instances, the signing attorney lacked
5 personal knowledge, did not review information regarding the Consumer's Debt, did not
6 determine the communication was accurate, did not form an opinion that the communication was
7 appropriate under the circumstances, and/or did not otherwise follow fair debt collection practices
8 required by law.

9 **Chase's Public Filing of Account Numbers**

10 41. In Collections Litigation, in some instances, Chase filed financial account numbers
11 in publicly filed documents without redacting all but the last four digits of the account numbers.

12 **Default Judgments Obtained Against Servicemembers**

13 42. In connection with seeking default judgments in Collection Litigation, in some
14 instances Chase filed or caused to be filed requests for entry of a default judgment without
15 confirming whether or not consumers were in active military service. Through these practices,
16 Chase obtained default judgments against some Servicemembers without following the
17 procedures of the Servicemembers' Civil Relief Act.

18 43. Consumers obtained no legitimate benefit from Chase's errors. Any additional
19 costs that Chase would have had to incur to calculate amounts owed accurately, include accurate
20 amounts in the sworn documents it submitted to the court, inform Consumers of the erroneous
21 judgment, obey fair debt collection practice and privacy laws, and comply with obligations to
22 Servicemembers were outweighed by the harm to Consumers.

23 **III.**

24 **CONDUCT PROVISIONS**

25 44. The conduct provisions of this Judgment shall apply to Defendants Chase Bank
26 USA, N.A. and Chase BankCard Services, Inc. and their successors and assigns.

27 45. Nothing in this Judgment alters the requirements of federal or state law to the
28 extent they offer greater protection to consumers.

1 **46. Requirements Relating to Debt Sales**

2 A. Chase will not knowingly or recklessly provide substantial assistance to a
3 Debt Buyer's unfair, deceptive, or abusive acts or practices.

4 B. Chase will implement effective processes, systems, and controls to provide
5 accurate documentation and information to Debt Buyers and Consumers in connection with Debt
6 Sales. Chase will document the referenced processes, systems, and controls in writing, and will
7 make such documentation available to appropriate employees of Chase.

8 **47. Documentation and Information Provided to Debt Buyers at Debt Sale**

9 A. For Debt Sale contracts entered into after the Effective Date, Chase's
10 contracts or other agreements with Debt Buyers will prohibit Debt Buyers from engaging in Debt
11 Buyer initiated collection efforts on any Account for which Chase has not provided the following
12 Account-level documentation substantiating the Debt:

13 i. the last four digits of the Account number that was used at the time
14 of the Consumer's last statement, or, if not available, when credit was last extended to the
15 Consumer;

16 ii. the Consumer's name and last known address;

17 iii. the first date of delinquency for purposes of consumer reporting;

18 iv. the date and amount of last payment;

19 v. the date the Account was Charged-Off;

20 vi. the unpaid balance due on the Account, with a breakdown of the
21 post-Charge-Off balance, interest, and fees;

22 vii. the name of the last creditor to extend credit to the Consumer; and

23 viii. whether the Consumer has demanded in writing that Chase cease
24 contact with the Consumer, if the Consumer has done so and has not revoked the demand.

25 **48. Documentation and Information Available to Debt Buyers After Debt Sale**

26 A. For Debt Sale contracts entered into after the Effective Date, Chase will
27 make available to a Debt Buyer, for a minimum of three (3) years following the Debt Sale, upon
28 request at no or nominal cost to the Debt Buyer, at a minimum:

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- i. the Effective Credit Agreement;
- ii. if the Consumer, within eighteen (18) months prior to the Debt Sale and while Chase was the creditor on the Account, has disputed the amount of a Debt Chase claimed to be owed in a monthly Account statement, a record of any such dispute and the result of Chase’s investigation of the dispute;
- iii. if the Account is subject to a judgment, an itemization of the judgment amount as awarded, including the amounts awarded by the court for costs, attorney’s fees, interest, and any other fee;
- iv. copies of the last eighteen (18) monthly Account statements. If the Account was open for less than eighteen (18) months, Chase shall make available all Account statements; and
- v. the name and address of the original creditor, such that the Debt Buyer may comply with any obligation of the Debt Buyer to provide “the name and address of the original creditor” under the Fair Debt Collection Practices Act, 15 U.S.C. § 1692g(a)(5) and (b).

49. Documentation and Information Provided to Consumers at Debt Sale

A. When Chase sells an Account to a Debt Buyer after the Effective Date, Chase shall provide to the Consumer prior to the time that the Debt Buyer is authorized, by contract, to begin Debt Buyer-initiated Debt collection efforts, notice of the sale of the Account, which shall include:

- i. the name and contact information (at a minimum, phone number and address) of the Debt Buyer;
- ii. the name of the last creditor to extend credit to the Consumer;
- iii. the last four digits of the Account number at the time of the Consumer’s last statement or, if not available, the Account number that was used when credit was last extended to the Consumer;
- iv. the amount due on the Account at the time of sale, with a breakdown of the post-Charge-Off balance, interest, and fees;

1 v. a description of the readily available method(s) provided by Chase
2 pursuant to Paragraph 50(B) below that former customers can use to obtain Account information;

3 vi. a statement that this is not a bill and the Consumer should not send
4 payment to Chase and a description of the toll free number and other contact information for
5 Chase's customer service if the Consumer has any questions about the contents of this notice; and

6 vii. a statement that the Debt Buyer is prohibited from reselling the
7 Consumer's Debt to an entity other than Chase.

8 **50. Documentation and Information Available to Consumers After Debt Sale**

9 A. For Debt Sales following the Effective Date, Chase will make available to
10 a Consumer, upon request and at no cost to the Consumer, at a minimum:

11 i. the Effective Credit Agreement;

12 ii. if the Account is subject to a judgment, an itemization of the
13 judgment amount as awarded, including the amounts awarded by the court for costs, attorney's
14 fees, interest, and any other fee;

15 iii. copies of the last eighteen (18) monthly Account statements. If the
16 Account was open for less than eighteen (18) months, Chase shall make available all Account
17 statements; and

18 iv. the name and address of the original creditor, as that term is used in
19 the Fair Debt Collection Practices Act, 15 U.S.C. § 1692g(a)(5) and (b).

20 B. Chase shall establish readily available method(s), including telephone
21 routing based on Account verification to customer service agents familiar with Debt Sales, for
22 Consumers to obtain the information identified in Paragraph 49(A) above.

23 **51. Restrictions on Chase's Sale of Accounts**

24 A. Even if otherwise permissible under law, Chase will not sell Accounts that,
25 as of the date of sale, possess any of the following characteristics:

26 i. the Consumer's Debt has been discharged in a Chapter 7
27 bankruptcy case with no assets available for distribution to creditors;

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1 ii. the Consumer has notified Chase, in writing to the address provided
2 by Chase for direct disputes, or to Chase's business address if Chase has not specified an address,
3 of identity theft or unauthorized use and Chase has not determined, after reasonable review, that
4 the Consumer owes the Debt;

5 iii. Chase has been informed or has knowledge that the Consumer(s)
6 responsible for the Debt is deceased;

7 iv. the Account has been settled;

8 v. Chase lacks Competent and Reliable Evidence that it owns the
9 Account;

10 vi. Chase cannot comply with Paragraphs 49 or 50 of this Judgment
11 because Chase cannot provide the required information or documentation;

12 vii. the Consumer has alleged in writing that he or she does not owe the
13 amount claimed by Chase, and Chase has not determined, after a reasonable review, that the
14 Consumer owes all of the amount Chase will be selling, and has not provided a response to the
15 Consumer, either directly to the Consumer or through a Consumer Reporting Agency, as
16 appropriate;

17 viii. the Consumer is paying pursuant to and in accordance with the
18 terms of a modification or payment plan;

19 ix. more than three (3) years have passed since the date on which the
20 Account was Charged-Off, or the date of the Consumer's last payment, whichever is later;

21 x. the Consumer is a Servicemember;

22 xi. Chase has determined that the Account was opened and is
23 maintained, at the time of the Debt Sale, by a minor; or

24 xii. the Consumer is currently engaged offensively in litigation with
25 Chase, in an individual action.

26 B. Chase will not sell Accounts that are beyond the date of obsolescence
27 under Section 605 of the Fair Credit Reporting Act or Regulation V without including in its sales
28 contract or similar agreement a term requiring the Debt Buyer to provide clear and prominent

1 notice to the Consumer that, due to the age of the Debt, the Debt is not likely to appear on the
2 Consumer's credit report.

3 C. If, after Chase sells the Consumer's Account, a Consumer disputes
4 information that Chase has furnished to a Consumer Reporting Agency, Chase will comply with
5 the Fair Credit Reporting Act, 15 U.S.C. §1681s-2 and Regulation V, 12 C.F.R. Parts 1022.40-
6 1022.43.

7 D. If Chase determines that it has sold an Account in violation of the above
8 provisions, Chase shall make a reasonable effort to repurchase the Account and take reasonable
9 steps to require its Debt Buyers to inform Chase about any amounts paid on the Debt since the
10 date of sale, so that Chase may reconcile the Account balance upon repurchase. However, if
11 Chase determines more than one year after the date of a Debt Sale that it sold the Account of a
12 deceased person, Chase shall not be required to make efforts to repurchase the Account.

13 **52. Requirements Relating to Debt Buyers**

14 A. Chase will conduct due diligence before entering into new relationships
15 with Debt Buyers, and will conduct due diligence periodically when forward-flow contractual
16 arrangements are in place.

17 B. Chase will not sell Accounts to a Debt Buyer unless the Debt Buyer
18 represents to Chase that it is licensed or otherwise authorized to conduct business in the states
19 where the Consumers reside or, where authorized by state law, that the Debt Buyer will engage
20 vendors that are licensed or otherwise authorized to conduct business in the states where the
21 Consumers reside.

22 C. In its contracts or other agreements with Debt Buyers, Chase will prohibit
23 Debt Buyers from reselling Accounts. This prohibition shall not prohibit Chase from repurchasing
24 Accounts it sells to Debt Buyers.

25 D. In the event Chase provides Debt Buyers with Declarations, those
26 Declarations must comply with the requirements of Paragraph 53 of this Judgment.

27 E. In its contracts or other agreements with Debt Buyers, Chase will prohibit
28 Debt Buyers from imposing interest on Charged-Off Accounts unless permitted by law.

1 F. In its contracts or other agreements with Debt Buyers, Chase will prohibit
2 Debt Buyers from swearing to the validity or otherwise attesting to the accuracy of any
3 documentation or information provided by Chase, unless the Debt Buyer must do so as part of
4 filing a bankruptcy proof of claim (POC) based on information from Chase or are otherwise
5 allowed by law to do so.

6 G. In its contracts or other agreements with Debt Buyers, Chase will prohibit
7 Debt Buyers from assessing fees and interest on any Account in violation of any terms and
8 conditions of the Effective Credit Agreement that remain applicable when such fees or interest
9 are assessed, or any applicable state or federal law.

10 H. In its contracts or other agreements with Debt Buyers, Chase will require
11 Debt Buyers to comply with all applicable state and federal consumer protection and debt
12 collection laws and regulations, including the Fair Debt Collection Practices Act, 15 U.S.C. §§
13 1692 et seq., laws prohibiting the imposition of interest on Charged-Off Accounts, and laws
14 regarding the assessment of fees and interest.

15 I. Upon notice, through its periodic due diligence obligations in Paragraph
16 52(A) above or otherwise, that a Debt Buyer is violating provisions of its agreement with Chase,
17 Chase shall take reasonable action with respect to the Debt Buyer including, but not limited to,
18 recalling Accounts or terminating future Debt Sales to the Debt Buyer where appropriate, or both.

19 **53. Requirements Relating to Declarations**

20 A. Factual assertions made in Declarations must be accurate and capable of
21 being supported by Competent and Reliable Evidence.

22 B. Declarations shall be based on personal knowledge, a review of Chase's
23 books and records, or other appropriate standard as set forth in the Declaration and in accordance
24 with the applicable requirements of state or federal law.

25 C. Affiants shall review their Declarations for accuracy and completeness.

26 D. If an Affiant relies on a review of business records for the basis of a
27 Declaration, the referenced business record shall be attached when the Declaration is executed by
28 or on behalf of Chase if required by applicable state or federal law or court rule. If the record is

1 not required to be attached, Chase shall provide the Effective Credit Agreement and most recent
2 monthly statement to the Consumer upon request.

3 E. Chase shall maintain and keep available records needed to establish that the
4 Declarations and documents attached thereto in Collections Litigation were substantiated with
5 Competent and Reliable Evidence for five years or such other period as required by relevant
6 regulatory authorities.

7 F. Chase shall have effective processes, systems, and controls such that
8 Affiants can review relevant business records or other Competent and Reliable Evidence to
9 substantiate the Consumer's Debt. Chase will document the referenced processes, systems, and
10 controls in writing, and will make such documentation available to appropriate employees of
11 Chase.

12 G. Chase shall have written standards for qualifications, training, and quality
13 control of employees who regularly prepare or execute Declarations. Chase shall require covered
14 employees to properly and timely complete such training.

15 H. For Declarations used on a frequent or repetitive basis, Chase will
16 implement effective processes, systems, and controls to review and approve standardized
17 templates for compliance with applicable law, rule, court procedure, and the terms of this
18 Judgment. Chase will document the referenced processes, systems, and controls in writing, and
19 will make such documentation available to appropriate employees of Chase.

20 I. Declarations shall accurately and legibly identify the Affiant's name, title,
21 employer, and the date of signing.

22 J. Chase shall have effective processes, systems, and controls to maintain
23 adequate numbers of employees to prepare, verify, and execute Declarations, based on current
24 and future projected workload demands.

25 K. Chase shall not pay incentives to employees or third-party providers based
26 solely on the volume of Declarations prepared, verified, or executed.

27 L. Affiants shall be individuals, not entities, and Declarations shall be signed
28 by hand signature of the Affiant, except for permitted electronic filings.

1 M. All material information in a Declaration required to be completed or
2 provided by an Affiant prior to submission under applicable state or federal law or court rule must
3 be complete at the time the Affiant signs the Declaration.

4 N. Affiants shall date their signatures on Declarations using the actual date of
5 signing.

6 O. Chase shall maintain or require the notary to maintain records of
7 notarizations of documents used in Collections Litigation executed by each notary employed by
8 Chase who notarizes documents as part of that notary's employment.

9 P. Where Chase submits an affidavit, declaration, or other sworn statement in
10 arbitration, bankruptcy, or probate proceedings for the purposes of collecting a Debt, those shall
11 comply with all the applicable requirements of this Section.

12 **54. Requirements Related to Collections Litigation**

13 A. Any complaint or claim filed by or on behalf of Chase in Collections
14 Litigation shall include the name of the creditor at the time of the Consumer's last payment, or if
15 not available, the last creditor to extend credit to the Consumer and the date of the last credit
16 extension, the date of the last payment, the amount of the Debt owed, and a breakdown of any
17 post-Charge-Off interest and fees.

18 B. The attorney's fees Chase, or its counsel, seek from a court or in arbitration
19 shall be reasonable and authorized by law and the Effective Credit Agreement.

20 C. Documents submitted to courts in Collections Litigation for the purpose of
21 supporting factual allegations in Declarations to establish a Debt shall be actual and applicable
22 business records or true copies or reproductions of those records and not documents prepared
23 solely for litigation, unless the use of documents prepared solely for litigation is permitted by the
24 court.

25 D. If Chase learns that any information that was contained in a Declaration,
26 court pleading, or bankruptcy POC, and which relates to the character, amount or legal status of a
27 Debt, was materially inaccurate at the time the Declaration, court pleading, or POC was executed
28

1 or made, Chase will correct such information if the matter in which the Declaration, court
2 pleading, or POC was executed or made remains pending.

3 E. Before obtaining a default judgment against a Consumer, Chase shall
4 proffer to the court relevant information and documentation maintained by Chase to support its
5 claims, unless prohibited by law or court rule.

6 F. Chase shall implement effective processes, systems, and controls to
7 prohibit the assessment of fees, expenses, and other charges collected through Collections
8 Litigation that are not in accordance with the terms of the Effective Credit Agreement and
9 applicable law.

10 G. Chase will maintain policies and procedures requiring that if Chase
11 engages in Collections Litigation, such Collections Litigation complies with applicable legal
12 requirements and is based on accurate information. Chase will develop and implement, to the
13 extent not in place already, measures to provide accurate documents to its law firms for use in
14 Collections Litigation.

15 H. Any complaint or claim for payment of a Debt that Chase asserts in
16 arbitration, bankruptcy, or probate proceedings for the purpose of collecting on an Account shall
17 comply with all the applicable requirements for Collections Litigation in this Section.

18 **55. Requirements Related to California Statutes and Procedures**

19 A. In anticipation of Collections Litigation:

20 i. Chase will not send a communication bearing the name of an
21 attorney unless such attorney has reviewed relevant information about the Consumer's Debt,
22 determined that the communication is accurate including with respect to any claimed amount due,
23 formed an opinion that the communication is appropriate under the circumstances, and authorized
24 or approved the communication; and

25 ii. in communications with a Consumer, Chase will not suggest that it
26 will seek any litigation-related fees, costs, or remedies if Chase cannot legally obtain those fees,
27 costs or remedies or does not intend to obtain them.

28

1 B. In Collections Litigation, to protect personal privacy, Chase shall comply
2 with California Rules of Court, rule 1.20, including by redacting all but the last four digits of
3 financial account numbers in pleadings and other publicly filed documents.

4 C. Chase will implement or has implemented processes, systems and/or
5 controls to prohibit conduct in Collections Litigation that (i) violates California’s Rosenthal Fair
6 Debt Collection Practices Act, Civil Code section 1788 et seq; or (ii) violates California Rules of
7 Court, rule 1.20.

8 **56. Requirements Related to Collections Litigation against a Servicemember**

9 A. Before seeking a default judgment in Collections Litigation, Chase shall, if
10 it has not previously determined that a Consumer is a Servicemember subject to the protections of
11 the SCRA or California law: (i) confirm the active duty status of any Servicemember with the
12 Defense Manpower Data Center (DMDC) database, or any successor database; and (ii) confirm
13 the active duty status of any California national guard member with any database that may be
14 established in the future by the United States or State of California to authoritatively identify
15 whether an individual is a member of the national guard on active duty under Title 32 or state
16 law.

17 B. In the event Chase files a declaration with a court in Collections Litigation
18 concerning a Consumer’s military status under state or federal law, Chase shall comply with
19 applicable law, including Title 50 United States Code Appendix section 501 et seq., California
20 Military and Veterans Code section 400 et seq., and the applicable requirements of Paragraphs
21 53-55 of this Judgment.

22 C. Chase will implement or has implemented processes, systems and/or
23 controls to prohibit conduct in Collections Litigation that violates the Servicemembers Civil
24 Relief Act, 50 USC Appendix section 501 et seq., or California Military and Veterans Code
25 section 400 et seq.

26 D. Notwithstanding anything to the contrary in any provision of this
27 Paragraph 56, Chase shall not be in breach of any provisions of this Paragraph 56 if its business
28

1 records regarding the Consumer do not reflect the Consumer's military status and Chase has
2 taken the steps required by Paragraph 56(A).

3 **IV.**

4 **REMEDICATION AND REDRESS**

5 **57. Requirements Related to Remediation and Balance Adjustments**

6 A. Within sixty (60) days of the Effective Date of this Judgment, unless
7 another time period is stated:

8 i. Chase represents that, consistent with appropriate local rules and
9 practice, it has sought the withdrawal, dismissal, or termination of all pre-judgment Collections
10 Litigation matters that were pending at any time between January 1, 2009 and June 30, 2014. In
11 the event that Chase is notified of a pre-judgment matter that was pending in this time period that
12 Chase has not sought to withdraw, dismiss, or terminate under this Paragraph, Chase will move or
13 take other affirmative action to withdraw, dismiss, or terminate such matter.

14 ii. For Collections Litigation matters that were pending at any time
15 between January 1, 2009 and June 30, 2014 in which Chase has obtained a judgment, Chase
16 represents that it has, consistent with appropriate local rules and practice, sought to cease its
17 current post-judgment enforcement activities, and to remove, withdraw, or terminate its active
18 wage garnishments, bank levies, and similar means of enforcing those judgments. In the event
19 that Chase is notified that post-judgment enforcement activities are being taken by Chase or on its
20 behalf that Chase has not sought to cease under this Paragraph, Chase shall move or take other
21 affirmative action to stop such activities.

22 iii. Where Chase has obtained a court judgment against a Consumer
23 through Collections Litigation that was pending at any time between January 1, 2009 and June 30,
24 2014, Chase shall notify the Consumer that it will not seek to enforce, collect, sell or otherwise
25 transfer the judgment it has obtained and/or that it will request that the Consumer Reporting
26 Agencies amend, delete, or suppress information regarding the judgment, as applicable. Chase
27 shall provide this notification, consistent with Exhibit A to this Judgment, to the Consumer's last
28

1 known address. Chase shall complete this notification consistent with the timetable set forth in
2 Paragraph 59(D) of this Judgment.

3 iv. Chase will request that each of the Consumer Reporting Agencies
4 that compiles and maintains files on Consumers on a nationwide basis (Experian, Equifax, and
5 TransUnion) amend, delete, or suppress information in the public record section of such files
6 regarding the judgments obtained in Collections Litigation for cases that were pending at any
7 time between January 1, 2009 and June 30, 2014. Chase shall complete the request to the bureaus
8 consistent with the timetable set forth in Paragraph 59(D) of this Judgment.

9 v. Chase shall not reinstitute Collections Litigation that was pending,
10 filed, withdrawn, adjudicated, or dismissed between January 1, 2009 and the Effective Date and
11 will take no further affirmative action to collect; enforce through Collections Litigation,
12 arbitration, bankruptcy (other than pursuant to bankruptcy payment plans currently in effect), or
13 probate; sell, or transfer these Accounts, except that, where a Consumer pursues a claim against
14 Chase, if permitted by applicable law, Chase may assert, through a set-off, counterclaim, or other
15 means, Chase's entitlement to amounts (less the pre-and post-judgment interest, fees, and costs
16 that accrued after the referral to Collections Litigation consistent with Paragraph 57(A)(viii) of
17 this Judgment). Where a Consumer, in an individual action, seeks to vacate a judgment regarding
18 an Account that was the subject of Collections Litigation that was pending, filed, withdrawn,
19 adjudicated or dismissed between January 1, 2009 and the Effective Date, Chase will rely, for
20 factual statements to be proved by declaration, on Declarations that are in compliance with the
21 applicable requirements of Paragraph 53 of this Judgment.

22 vi. This Section shall not be construed to prohibit Chase from filing a
23 Proof of Claim in response to a request from a Consumer or bankruptcy trustee.

24 vii. Nothing in this Judgment shall be construed to prohibit Chase from
25 receiving voluntary payments sent by Consumers whose Accounts were subject to Collections
26 Litigation that was dismissed per Paragraph 57(A)(i) of this Judgment.

27 viii. For all Accounts referred to Collections Litigation from January 1,
28 2009 to June 30, 2014, Chase shall address potential balance inaccuracies following Collections

1 Litigation by treating each Account as if it had not been referred to Collections Litigation,
2 including by waiving all pre- and post-judgment interest, fees, and costs that accrued after the
3 referral, thereby reducing the amount owed.

4 ix. Chase shall provide the Attorney General with semiannual reports
5 describing its implementation of the remediation and balance adjustment requirements set forth
6 above. Such reports shall include a description of Chase's remediation and balance adjustment
7 plans, updates on progress, and state-specific data.

8 **58. Requirements Related to Servicemember Remediation**

9 A. For all Accounts that were the subject of Collections Litigation pending at
10 any time between January 1, 2009 and the Effective Date that resulted in a default judgment
11 against a servicemember in violation of the SCRA, Chase will, to the extent it has not already
12 done so:

13 i. Refund to the servicemember any payments made or other amounts
14 recovered that have not been reversed, since the commencement of Collections Litigation plus
15 25% of the refund amount (provided that Chase has not previously refunded to the
16 servicemember a refund of these amounts that included interest of at least 7.25% on the amount
17 refunded);

18 ii. Cease future collections activities and cancel the balance due,
19 unless otherwise objected to by the servicemember;

20 iii. Upon a servicemember's request, provide reasonable assistance to
21 the servicemember, who is seeking to reopen or vacate the default judgment and dismiss the
22 underlying case with prejudice. Such assistance shall consist of providing the necessary papers to
23 support the reopening or vacating of the default judgment, and seeking dismissal of the case. In
24 the event that Chase has previously moved (or moves in the future) to vacate a default judgment
25 against a servicemember and to dismiss the underlying case with prejudice, Chase shall be
26 deemed to have complied with this subsection;

27 iv. Provide a check of at least \$5,000 to each servicemember;
28

1 v. Request that the following major consumer credit bureaus suppress
2 public record of the relevant Chase default judgments from their records: Experian, Equifax, and
3 TransUnion.

4 vi. Send updates to the major credit bureaus referenced in (v) where
5 necessary;

6 vii. Communicate to the servicemember in writing the remediation
7 actions taken under this Paragraph and the steps Chase would take upon the request of the
8 servicemember pursuant to subparagraph (iii); and

9 viii. Chase shall complete the remediation set forth in this Paragraph
10 following receipt of full required approval by the appropriate prudential regulatory authorities. In
11 the event that Chase requires more than Three Hundred Sixty (360) days from full approval to
12 complete the remediation under this Paragraph, Chase and the Attorney General shall discuss an
13 extension in good faith. Chase shall provide the Attorney General with a list of each case covered
14 by the remediation in this section, including its name, court, filing date, and case number. In the
15 event Chase takes the position that a default judgment was obtained in compliance with the
16 SCRA against a person the DMDC database shows was on active duty on the date the default
17 judgment was applied for or entered, Chase will identify each such case.

18 59. Chase shall make redress as follows:

19 A. Chase shall provide to Consumers against whom Collections Litigation
20 was pending at any time between January 1, 2009 and June 30, 2014, a cash refund of amounts
21 paid by individual Consumers in excess of such Consumer's contractual balance at the time of
22 referral to Collections Litigation plus 25% of the excess amount paid. Chase shall also refund or
23 otherwise refuse payments from such Consumers, after the date of this Judgment, in excess of the
24 Consumer's contractual balance at the time of referral to Collections Litigation.

25 B. Chase expects that the redress set forth in paragraph 59(A) in California
26 shall be approximately \$10,000,000, such amount to include refunds and payments made on these
27 Collections Litigation cases by Chase at any point before or after the date of this Judgment,
28 including any amounts of these refunds and payments escheated to the states, as well as actions

1 taken by Chase to provide redress to Consumers by refunding payment or refusing to accept
2 payments by Consumers prior to the date of this Judgment.

3 C. Within ninety (90) days of the Effective Date, Chase shall deliver a written
4 plan describing how Chase intends to identify and provide redress to eligible Consumers
5 nationwide as required by Paragraphs 59(A) and (B) of this Judgment (“Redress Plan”), subject to
6 further refinement and required approval by the appropriate prudential regulatory authority.
7 Chase shall deliver a written plan describing how Chase intends to identify and provide redress to
8 eligible Servicemembers as required by Paragraph 58 within 30 days of approval by Chase’s
9 prudential regulatory authority.

10 D. Chase will make all payments to Consumers required by Paragraphs 57 and
11 58(A) of this Judgment pursuant to the Redress Plan following receipt of full required approval
12 by the appropriate prudential regulatory authorities. In the event that Chase requires more than
13 Two Hundred Seventy (270) days from full approval to complete the notifications under
14 Paragraph 57(A)(iii), the request to the Consumer Reporting Agencies under Paragraph 57(A)(iv),
15 and the payments under Paragraphs 59(A) and (B) of this Judgment, Chase and the Attorney
16 General shall discuss in good faith an extension of the date. In the event that Chase requires more
17 than Three Hundred Sixty (360) days from full approval to complete the payments under
18 Paragraph 58 of this Judgment, Chase and the Attorney General shall discuss in good faith an
19 extension of the date. Prior to the good faith discussions, Chase shall provide the Attorney
20 General an explanation of the steps it took to make the notifications, requests and payments and
21 the reasons why it was unable to make all notifications, requests and payments within the 270
22 days (or 360 days in the case of Servicemembers).

23 E. Chase shall provide the Attorney General with semiannual reports
24 describing its implementation of the redress requirements set forth above. Such reports shall
25 include a description of Chase’s redress plans, updates on progress, and state-specific data. Upon
26 receipt of a reasonable request of the Attorney General, Chase will provide further information on
27 its implementation of the redress requirements.

28

V.

OTHER MONETARY PROVISIONS

60. Chase shall pay the People of the State of California a total aggregate amount of \$50,000,000, made up of the following amounts:

A. \$5,000,000 designated as a penalty pursuant to California Business and Professions Code section 17206;

B. \$45,000,000 directly to the California Attorney General to be used by the Attorney General to defray costs of the investigation and litigation leading to this Judgment, and for the Attorney General's enforcement of consumer protection laws, at the sole discretion of the Attorney General.

61. Payments required to be paid pursuant to Paragraph 60 of this Judgment shall be made within ten (10) calendar days of the Effective Date, payable by wire transfer to the California Attorney General's Office pursuant to instructions provided by the Attorney General's Office.

VI.

NOTICES

62. Any and all notices, requests, consents, directives, or communications sent to Chase or the People of the State of California pursuant to this Judgment shall be sent both by a nationally recognized overnight courier service and by email to the named person (or such other person who may be designated by the relevant party from time to time) at the following address:

A. For Chase:
Julie A. Lepri
JP Morgan Chase & Co.
10 S. Dearborn Street, IL 1-0075
Chicago, IL 60603
Julie.lepri@chase.com

B. For the People of the State of California:
Amos E. Hartston
William R. Pletcher
Bernard A. Eskandari
Deputy Attorneys General
300 South Spring Street, Suite 1702
Los Angeles, CA 90013

1 amos.hartston@doj.ca.gov
2 william.pletcher@doj.ca.gov
3 bernard.eskandari@doj.ca.gov

4 **VII.**

5 **ADMINISTRATIVE PROVISIONS**

6 63. Nothing herein shall be construed as relieving Chase of the obligation to comply
7 with all state and federal laws, regulations or rules, nor shall any of the provisions herein be
8 deemed to be permission to engage in any acts or practices prohibited by such laws, regulations,
9 or rules.

10 64. This Judgment is not intended to indicate that Chase or any of its affiliates or
11 current or former employees shall be subject to any disqualifications contained in the federal
12 securities laws, the rules and regulations thereunder, the rules and regulations of self-regulatory
13 organizations or various states' securities laws, including any disqualifications from relying upon
14 registration exemptions or safe harbor provisions. In addition, this Judgment is not intended to
15 form the basis for any such disqualifications. This Judgment is made without trial or adjudication
16 of any issue of fact or law and does not contain any injunctive measures against Chase or any of
17 its affiliates. Nothing in the preceding sentence reduces Chase's obligations under this Judgment
18 or affects the Attorney General's authority to enforce any rights hereunder.

19 65. In the event of a conflict between this Judgment and the requirements of federal,
20 state, or local laws, such that Chase cannot comply with this Judgment without violating these
21 requirements under law, Chase shall document such conflicts and notify the Attorney General that
22 it intends to comply with the requirements under law to the extent necessary to eliminate the
23 conflict.

24 66. Chase shall designate one or more management-level employees to be the primary
25 contact for the Attorney General regarding complaints and inquiries from Consumers regarding
26 their Debt, including those whose Accounts have been sold. Chase shall provide a written
27 response to such inquiries, or seek additional time to respond, within forty-five (45) days to the
28 Consumer.

1 67. It is the intent of the parties to work collaboratively to address any potential
2 violations of this Judgment. If the Attorney General determines that Chase is potentially in
3 violation of one of the provisions of this Judgment, before initiating any application for injunctive
4 or monetary relief seeking to enforce this Judgment, the Attorney General shall notify Chase in
5 writing as soon as practicable. Chase shall thereafter have forty-five (45) days from receipt of
6 such written notice, or such additional time as Chase and the Attorney General agree in writing,
7 to provide a written response to the Attorney General's notice. Chase will be considered to have
8 cured a potential violation of this Judgment and to be in compliance with this Judgment where
9 Chase: (1) corrects the violation; (2) fully remediates any non-de minimis monetary Consumer
10 harm; and (3) can establish that the violation was isolated and is not likely to reoccur. The
11 Attorney General shall determine whether Chase has satisfied the above elements of any cure, and
12 a determination that the cure is sufficient shall not be unreasonably withheld. In response to any
13 enforcement action brought by the People of the State of California to enforce this Judgment, any
14 party may present evidence that Chase has or has not taken corrective or remedial action to
15 address any potential violation of this Judgment.

16 68. The Attorney General is not required to provide notice in advance of taking any
17 enforcement action if necessary to protect the health, safety or welfare of the public.

18 69. The provisions of this Judgment do not bar, estop, or otherwise prevent the
19 Attorney General or any other governmental agency from taking any other action against Chase,
20 except as described in Paragraph 70.

21 70. Effective upon the full payment of the amount due under Paragraph 60 of this
22 Judgment, the People of the State of California fully and finally release and forever discharge
23 Chase Related Persons from and of any and all liabilities, rights, claims, actions, causes of action,
24 demands, damages, costs, attorneys' fees, losses, and remedies, whether known or unknown,
25 existing or potential, suspected or unsuspected, legal, statutory, or equitable, that result from,
26 arise out of, are based upon, or relate to any aspect of any Covered Conduct related to Chase's
27 consumer credit card business, to the extent that such practices occurred before the Effective
28 Date. The released liabilities, claims, and causes of action include but are not limited to civil or

1 administrative liabilities, claims, or causes of action pursuant to consumer protection statutes,
2 other consumer-related laws, civil fraud laws, or the common law, including, but not limited to,
3 Cal. Bus. & Prof. Code § 17200 et seq., Cal. Bus. & Prof. Code § 6077.5, the Rosenthal Fair Debt
4 Collection Practices Act, Cal. Civ. Code § 1788 et seq., the Servicemembers Civil Relief Act, 50
5 U.S.C. Appendix § 501 et seq., Cal. Mil. & Vet. Code § 400 et seq., Cal. Rules of Court Rule
6 1.20, Cal. Code. Civ. P. §§ 396a, 446, 1010.6, & 585, and Cal. Penal Code § 118 et seq.

7 A. “Chase Related Persons” shall mean JPMorgan Chase & Co., Chase Bank
8 USA, N.A., and Chase BankCard Services, Inc. and their predecessors, successors, assigns, parent
9 corporations, subsidiaries, affiliates, holding companies, divisions, unincorporated business units,
10 joint venturers, partners, insurers, officers, directors, shareholders, managers, employees, agents,
11 servants, representatives, officials, attorneys (except as to outside law firms explicitly excluded in
12 subparagraph B of this Section), associates and trustees.

13 B. “Covered Conduct” means those aspects of Chase’s consumer credit card
14 business that relate to (1) any aspect of Collections Litigation, including without limitation
15 communications to Consumers sent after referral to Collections Litigation in anticipation of
16 Collections Litigation; processes and procedures for signing affidavits and other Declarations
17 prepared for use in Collections Litigation; the preparation or provision of information or other
18 documentation, including Declarations and verified complaints, in connection with Collections
19 Litigation; service of process; Chase’s liability for actions taken by Chase’s outside law firms
20 related to Collections Litigation, including without limitation the determination of fees and
21 interest owed by a Consumer in connection with any Debt (any claims against outside law firms
22 themselves are not released and are explicitly preserved); and reporting to or communications
23 with Consumer Reporting Agencies arising out of or concerning Collections Litigation; (2) any
24 aspect of Debt Sales, including without limitation signing affidavits or Declarations prepared for
25 use by Debt Buyers; the preparation or provision of information or other documentation,
26 including Declarations, for or to any Debt Buyer or Consumer in connection with or following
27 any Debt Sale; reviewing the business practices of and negotiating with Debt Buyers; and
28 reporting to or communications with Consumer Reporting Agencies arising out of or concerning

1 Debt Sales; (3) the provision of information or documentation concerning any Debt, including
2 Declarations, in connection with a bankruptcy, arbitration or probate proceeding, or a proof of
3 claim; and (4) any other conduct alleged or at issue in *The People of the State of California v.*
4 *JPMorgan Chase & Co. et al.*, No. BC508466 (Super. Ct. Los Angeles County, filed May 9,
5 2013).

6 C. The People of the State of California and Chase acknowledge that they
7 have been advised by their attorneys of the contents and effect of Section 1542 of the California
8 Civil Code and hereby expressly waive with respect to this Judgment any and all provisions,
9 rights and benefits conferred by Section 1542.

10 D. This release does not preclude or affect any right of the parties to determine
11 and ensure compliance with this Judgment, or to seek enforcement or penalties for any violations
12 of this Judgment.

13 E. Upon the entry of this Judgment, the action styled *California v. JPMorgan*
14 *Chase & Co. et al.*, No. BC508466 (Super. Ct. Los Angeles County, filed May 9, 2013), is
15 dismissed with prejudice. Each party shall bear its own costs and fees except as otherwise
16 expressly provided herein.

17 F. This Judgment, release and dismissal are neither an admission of liability
18 for the allegations contained herein or in cases settled pursuant to this Judgment, nor a concession
19 by the Attorney General that the state of California's claims are not well-founded.

20 71. Nothing in this Judgment shall be construed to create, waive, or limit any private
21 right of action, including any claims individual Consumers have or may have under state
22 consumer protection laws against any person or entity, including Chase.

23 72. The obligations of Chase under Paragraphs 46-52 shall apply to Debt Sales entered
24 into after the Effective Date.

25 73. The obligations of Chase under Paragraphs 53 (A)-(C), (I), (L), (M), and (N)
26 related to declarations shall have no termination date.

27 74. The obligations of Chase under all other paragraphs shall terminate on January 1,
28 2020.

**DECLARATION OF SERVICE BY ELECTRONIC TRANSMISSION
THROUGH CASE ANYWHERE**

Case Name: **People v. JPMorgan Chase & Co., et al.**

Case No.: **BC508466**

I declare:

I am employed in the Office of the Attorney General, which is the office of a member of the California State Bar, at which member's direction this service is made. I am 18 years of age or older and not a party to this matter; my business address is 300 South Spring Street, Suite 1702, Los Angeles, CA 90013.

On **November 2, 2015**, I caused a true and correct copy of the attached [**PROPOSED**] **JUDGMENT** to be electronically transmitted to the following parties on the Electronic Service List maintained by Case Anywhere, in the manner set forth in the Court's Order Authorizing Electronic Service, dated November 8, 2013:

Morgan, Lewis & Bockius LLP
Michelle Chiu, Esq.
(mchiu@morganlewis.com)
Jami McKeon, Esq.
(jmckeon@morganlewis.com)
One Market Street, Spear Street Tower
San Francisco, CA 94105
Phone: (415) 442-1000
Fax: (415) 442-1001

*Representing: Chase Bank USA, N.A.
Chase Bankcard Services, Inc.
JP Morgan Chase & Co.*

Morgan, Lewis & Bockius LLP
Brian Jazaeri, Esq.
(bjazaeri@morganlewis.com)
David Schrader, Esq.
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300 South Grand Avenue, Suite 2200
Los Angeles, CA 90071
Phone: (213) 612-2500
Fax: (213) 612-2501

*Representing: Chase Bank USA, N.A.
Chase Bankcard Services, Inc.
JP Morgan Chase & Co.*

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct and that this declaration was executed on **November 2, 2015**, at Los Angeles, California.

Joyce AguinsOlmos
Declarant



Signature