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SUPERIOR COURT OF THE STATE OF CALIFORNIA  
FOR THE 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

**COMPLAINT FOR PERMANENT  
INJUNCTION, CIVIL PENALTIES,  
RESTITUTION, AND OTHER  
EQUITABLE RELIEF**

(BUS. & PROF. CODE, § 17200 et seq.)

[VERIFIED ANSWER REQUIRED  
PURSUANT TO CODE OF CIVIL  
PROCEDURE SECTION 446]

COMPLAINT

People v. JPMorgan Chase & Co., et al.

1 Plaintiff, the People of the State of California, by and through Kamala D. Harris, Attorney  
2 General of the State of California, alleges the following on information and belief:

3 INTRODUCTION

4 1. Defendants have committed debt collection abuses against tens of thousands of California  
5 consumers. For years, Defendants have flooded California's courts with collection lawsuits  
6 against defaulted credit card borrowers based on patently insufficient evidence—betting that  
7 borrowers would lack the resources or legal sophistication to call Defendants' bluff. Rather than  
8 follow basic procedures to ensure fundamental fairness to California consumers, Defendants have  
9 run a massive debt collection mill that abuses the California judicial process to obtain default  
10 judgments, writs of execution, and wage-garnishment orders on the backs of lawsuits that cannot  
11 withstand scrutiny. At nearly every stage of the collection process, Defendants have cut corners  
12 in the name of speed, cost savings, and their own convenience, providing only the thinnest veneer  
13 of legitimacy to their lawsuits.

14 2. Defendants have directed their handful of in-house California lawyers to file a staggering  
15 number of lawsuits against California consumers—for example, more than 100,000 lawsuits  
16 between January 2008 and April 2011, an average of well over 100 lawsuits each day the courts  
17 were open. Some days were more frenzied than others. For example, Defendants filed 469  
18 lawsuits on April 1, 2010, and then followed it up with 226 lawsuits the next day. In addition to  
19 the lawsuits filed by Defendants' in-house lawyers, outside firms retained by Defendants to assist  
20 with collections filed another 20,000 cases against California consumers between January 2008  
21 and April 2011.

22 3. To maintain this breakneck pace, Defendants have employed unlawful practices as  
23 shortcuts to obtain judgments against California consumers with speed and ease that could not  
24 have been possible if Defendants had adhered to the minimum substantive and procedural  
25 protections required by law. At the heart of Defendants' unlawful conduct is the rampant use of  
26 "robo-signing"—a practice of signing declarations, affidavits, and other documents in mass  
27 quantities, typically hundreds at a time, without any knowledge of the facts alleged in the  
28 document and without regard to the truth or accuracy of those facts. Robo-signing has infected

1 all aspects of Defendants' unlawful debt collection practices—from pre-lawsuit correspondence,  
2 to litigation in California courts, to affidavits provided to purchasers of Defendants' debt for  
3 filing in third-party collection lawsuits against consumers.

4 4. In this action, the People seek an order permanently enjoining Defendants from engaging  
5 in these unlawful, unfair, and fraudulent practices, and request restitution to California consumers  
6 as appropriate, civil penalties, and all other relief available under California law.

7 DEFENDANTS AND VENUE

8 5. Defendant J.P. Morgan Chase & Co. (JPMC), a financial holding company, provides  
9 various financial services worldwide. JPMC is a Delaware corporation, headquartered in New  
10 York, New York. At all relevant times, JPMC has transacted and continues to transact business  
11 throughout California, including Los Angeles County.

12 6. Defendant Chase Bank USA, N.A. (Chase USA) is one of JPMC's principal bank  
13 subsidiaries and its issuer of consumer credit cards. JPMC's legal department provides in-house  
14 counsel to Chase USA. Chase USA is a Delaware corporation, headquartered in Newark,  
15 Delaware. At all relevant times, Chase USA has transacted and continues to transact business  
16 throughout California, including Los Angeles County.

17 7. Defendant Chase BankCard Services, Inc. (BankCard Services) is a subsidiary of Chase  
18 USA and provides credit card services, including debt collection support, to JPMC and Chase  
19 USA. BankCard Services is a Delaware corporation, headquartered in Newark, Delaware. At all  
20 relevant times, BankCard Services has transacted and continues to transact business throughout  
21 California, including Los Angeles County.

22 8. Plaintiff is not aware of the true names and capacities of defendants sued herein as DOES  
23 1 through 100, inclusive, and, therefore, sues these defendants by such fictitious names. Each  
24 fictitiously named defendant is responsible in some manner for the violations of law alleged.  
25 Plaintiff will amend this Complaint to add the true names of the fictitiously named defendants  
26 once they are discovered. Whenever reference is made in this Complaint to "Defendants," such  
27 reference shall include DOES 1 through 100 as well as the named defendants.

28 9. At all relevant times, each Defendant acted individually and jointly with every other

1 named Defendant in committing all acts alleged in this Complaint.

2 10. At all relevant times, each Defendant acted: (a) as a principal; (b) under express or  
3 implied agency; and/or (c) with actual or ostensible authority to perform the acts alleged in this  
4 Complaint on behalf of every other named Defendant.

5 11. At all relevant times, some or all Defendants acted as the agent of the others, and all  
6 Defendants acted within the scope of their agency if acting as an agent of another.

7 12. At all relevant times, each Defendant knew or realized, or should have known or realized,  
8 that the other Defendants were engaging in or planned to engage in the violations of law alleged  
9 in this Complaint. Knowing or realizing that the other Defendants were engaging in such  
10 unlawful conduct, each Defendant nevertheless facilitated the commission of those unlawful acts.  
11 Each Defendant intended to and did encourage, facilitate, or assist in the commission of the  
12 unlawful acts, and thereby aided and abetted the other Defendants in the unlawful conduct.

13 13. Defendants have engaged in a conspiracy, common enterprise, and common course of  
14 conduct, the purpose of which is and was to engage in the violations of law alleged in this  
15 Complaint. The conspiracy, common enterprise, and common course of conduct continue to the  
16 present.

17 14. The violations of law alleged in this Complaint occurred in Los Angeles County and  
18 throughout the State of California.

19 DEFENDANTS' BUSINESS PRACTICES

20 15. Before filing a lawsuit against a California consumer on an alleged defaulted credit card  
21 account, Defendants' attorneys send correspondence to the consumer demanding payment of the  
22 balance allegedly due. In this correspondence to the consumer, Defendants' attorneys: (a) state  
23 that they have been instructed to file suit; (b) claim that the consumer may be liable for additional  
24 amounts due, including attorneys' fees "when allowed by law"; and (c) threaten to garnish the  
25 consumer's income, levy personal property, and place liens on real property.

26 16. Through each of these communications with a California consumer, Defendants commit  
27 unlawful, unfair, and/or fraudulent acts or practices, including, but not limited to, the following:

28 a. Although Defendants' correspondence is signed by an attorney, no attorney has

1 exercised any independent legal judgment in sending the correspondence, and no attorney has  
2 even reviewed the consumer's file to determine if the letter is accurate, including accuracy as to  
3 the claimed amount due.

4 b. The amounts claimed are often inaccurate.

5 c. Despite their threat to the contrary, Defendants do not recover attorneys' fees from  
6 the consumer.

7 d. Despite their threat to the contrary, Defendants do not place liens on the  
8 consumer's real property.

9 17. When Defendants file a lawsuit against a California consumer, Defendants commit  
10 additional unlawful, unfair, and/or fraudulent acts or practices, including, but not limited to, the  
11 following:

12 a. Defendants file a verification of the complaint in which the declarant states, under  
13 penalty of perjury, that the declarant is an assistant treasurer and officer of Chase USA, and that  
14 the matters alleged in the complaint are true. These statements are false. The declarant is neither  
15 an "assistant treasurer" nor an "officer" of Chase USA, but rather a low-level employee of  
16 BankCard Services who has never even seen the complaint. The declarant has no personal  
17 knowledge about whether or not the complaint's allegations are true—for example, that venue is  
18 proper, that the consumer owes the amount claimed, or that the consumer's contract with  
19 Defendants provides for the recovery of reasonable attorneys' fees.

20 b. Defendants do not properly serve consumers with the summons and complaint,  
21 despite filing proofs of service that declare under penalty of perjury that service was complete.  
22 For example, Defendants, through their agents for service of process, falsely state in proofs of  
23 service that the consumer was personally served, when, in fact, he or she was not served at all—a  
24 practice known as "sewer service." Other times, Defendants falsely state in proofs of service that  
25 substitute service was properly effected, even though Defendants made no reasonable attempts to  
26 personally serve the consumer. In any event, to more quickly generate seemingly legitimate  
27 process-server returns, Defendants often file proofs of service that bear only a digitally applied  
28 facsimile of the declarant's signature, instead of the declarant's original, "wet-ink" signature, as

1 required for documents signed under penalty of perjury.

2 18. If the consumer does not appear to defend the lawsuit—which happens in the majority of  
3 the cases—Defendants engage in unlawful, unfair, and/or fraudulent acts or practices to obtain a  
4 default judgment. These acts and practices include, but are not limited to, the following:

5 a. Defendants file a declaration in support of the entry of default judgment in which  
6 the declarant states, under penalty of perjury, that the declarant is an officer of Chase USA and a  
7 custodian of Chase USA’s business books and records, and that he or she has personal knowledge  
8 of the facts supporting the entry of default. These statements are false. The declarant is not an  
9 officer of Chase USA but rather a low-level employee of BankCard Services (often the same  
10 purported officer who signed the complaint verification), who has no personal knowledge of the  
11 facts set forth in the declaration. For example, the declarant has no personal knowledge of the  
12 balance that he or she states is owed by the consumer and has not reviewed the books and records  
13 necessary to determine the amount owed.

14 b. In these same declarations in support of the entry of default judgment, the  
15 declarant states that Defendants will not produce the purported contract with the consumer and so  
16 waive the claim for attorneys’ fees allegedly authorized by the contract. This is despite the threat  
17 previously made to the California consumer in pre-lawsuit correspondence that Defendants may  
18 claim reasonable attorneys’ fees.

19 c. In requesting entry of default judgment, Defendants’ attorneys declare under  
20 penalty of perjury that the debtor against whom a default judgment is requested is not in the  
21 military service. In fact, Defendants have made no inquiry and have no personal knowledge  
22 about whether or not the debtor is a service member and thus entitled to certain benefits under  
23 California Military and Veterans Code section 400 et seq. One of these benefits, for example, is  
24 that a court may not enter a default judgment against a defendant in the military service until an  
25 attorney is appointed to represent him or her.

26 d. As an attachment to the declaration in support of the entry of default judgment, the  
27 declarant attaches one of the consumer’s credit card statements, but rarely redacts the consumer’s  
28 private information protected under California law, such as the consumer’s credit card account

1 number.

2 19. After securing the default judgment through unlawful, unfair, and/or fraudulent acts or  
3 practices, Defendants: (a) obtain a writ of execution and other court orders to take the  
4 consumer's personal property; including wages and bank accounts, to satisfy the default  
5 judgment; and (b) submit negative credit information concerning the default judgment against the  
6 consumer to consumer credit reporting agencies.

7 20. Defendants also engage in unlawful, unfair, and/or fraudulent acts or practices when  
8 providing affidavits to third parties who purchase Defendants' defaulted credit card accounts. For  
9 example, in support of these third parties' collection actions, Defendants provide affidavits to the  
10 third parties in which the affiant states that Defendants sold the consumer's account to the third  
11 party and that the consumer owes the amount stated in the affidavit. In fact, the affiant does not  
12 review Defendants' books and records in a manner sufficient to support the facts to which he or  
13 she attests, does not have personal knowledge of the facts, and does not set forth those facts with  
14 particularity. Moreover, the affiant is not administered an oath prior to signing the affidavit, and  
15 no notary public is present to witness the signing.

16 FIRST CAUSE OF ACTION AGAINST ALL DEFENDANTS

17 VIOLATIONS OF BUSINESS AND PROFESSIONS CODE SECTION 17200

18 (Unfair Competition Law)

19 21. Plaintiff realleges and incorporates herein by this reference paragraphs 1 through 20,  
20 inclusive, as through set forth here in full.

21 22. Defendants have engaged in, and continue to engage in, acts or practices that constitute  
22 unfair competition as defined in Business and Professions Code section 17200. These acts or  
23 practices include, but are not limited to, the following:

24 a. Violating Civil Code section 1788.13, part of the Rosenthal Fair Debt Collection  
25 Practices Act, Civil Code section 1788 et seq. (Rosenthal Act), by making misrepresentations and  
26 engaging in unlawful practices in connection with the collection of a debt, as alleged in  
27 Paragraphs 15 through 20;

28 b. Violating Civil Code section 1788.17, part of the Rosenthal Act, by using false,

1 deceptive, or misleading representations or means in connection with the collection of a debt, as  
2 alleged in Paragraphs 15 through 20;

3 c. Violating Business and Professions Code section 6077.5, subdivision (a), by  
4 making misrepresentations and engaging in unlawful practices in connection with the collection  
5 of a debt; and by using false, deceptive, or misleading representations or means in connection  
6 with the collection of a debt, as alleged in Paragraphs 15 through 20;

7 d. Violating Code of Civil Procedure sections 396a and 446, subdivision (a), by  
8 failing to properly verify complaints, as alleged in Paragraph 17;

9 e. Violating Code of Civil Procedure section 1010.6, subdivision (b)(2)(B), by  
10 electronically filing proofs of service of summons, "signed" under penalty of perjury, that were  
11 never actually "wet-ink" signed by the declarant but bear only his or her facsimile signature, and  
12 for which no printed form of the document is maintained bearing an original signature, as alleged  
13 in Paragraph 17;

14 f. Violating Code of Civil Procedure section 585 in obtaining default judgments by  
15 offering declarations containing facts that are not within the personal knowledge of the declarant  
16 and that are not set forth with particularity, as alleged in Paragraph 18;

17 g. Violating California Rules of Court, rule 1.20, by filing documents without  
18 redacting all but the last four digits of the consumer's financial account number, as alleged in  
19 Paragraph 18;

20 h. Declaring under penalty of perjury that no defendant was in the military service so  
21 as to be entitled to the benefits of California Military and Veterans Code section 400 et seq., when  
22 in fact Defendants have no knowledge of and make no inquiry into the defendant's military  
23 status, as alleged in Paragraph 18; and

24 i. Violating Penal Code section 118 et seq., by committing or suborning perjury, as  
25 alleged in Paragraphs 15 through 20.

26 23. Defendants' conduct was in continuing violation of the Unfair Competition Law,  
27 beginning at a time unknown to Plaintiff but no later than January 2008, and continuing to within  
28 four years of the filing of this Complaint.



PRAYER FOR RELIEF

WHEREFORE, the People pray for judgment as follows:

1. That Defendants, their successors, agents, representatives, employees, and all persons who act in concert with them be permanently enjoined from engaging in unfair competition as defined in Business and Professions Code section 17200, including, but not limited to, the acts and practices alleged in this Complaint, under the authority of Business and Professions Code section 17203;

2. That the Court make such orders or judgments as may be necessary to prevent the use or employment by any Defendant of any practice that constitutes unfair competition or as may be necessary to restore to any person in interest any money or property that may have been acquired by means of such unfair competition, under the authority of Business and Professions Code section 17203;

3. That the Court assess a civil penalty of \$2,500 against each Defendant for each violation of Business and Professions Code section 17200 in an amount according to proof, under the authority of Business and Professions Code section 17206;

4. In addition to any penalty assessed under Business and Professions Code section 17206, that the Court assess a civil penalty of \$2,500 against each Defendant for each violation of Business and Professions Code section 17200 perpetrated against a senior citizen or disabled person, in an amount according to proof, under the authority of Business and Professions Code section 17206.1;

5. That the People recover their costs of suit; and

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6. For such other and further relief that the Court deems just and proper.

Dated: May 9, 2013

Respectfully Submitted,

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