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NEWS RELEASE

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NEW YORKERS WIN MAJOR SETTLEMENT IN GROUNDBREAKING FEDERAL LAWSUIT AGAINST JPMORGAN CHASE

Chase Commits to Stop Illegal Payouts to Payday Lenders from Customers' Bank Accounts

Millions of people who bank with JPMorgan Chase stand to benefit from a groundbreaking settlement just reached between Chase and two low income New Yorkers. Subrina Baptiste and Ivy Brodsky sued Chase in federal court last fall, after the bank refused their repeated requests to stop making payments from their accounts to internet payday lenders, in violation of federal law, and then hit the women with huge overdraft fees.

The settlement was reached after the bank committed to make significant changes in its processing of electronic payments, particularly on usurious payday loans, which are strictly illegal in New York State.

Central to the settlement is Chase's agreement to stop all electronic transfers of funds from customers' accounts to illegal payday lenders and others, upon customers' one-time request. The bank also agreed to monitor and report abusive collection practices by payday lenders and other entities.

"Chase's agreement to make these major changes is a huge victory for its low income customers in New York City and throughout the country," said Susan

Shin, Staff Attorney at New Economy Project, which represented the two New Yorkers in the case.

"We're glad to resolve the lawsuit and put an end to an especially egregious practice by one of the country's largest banks, which was effectively facilitating illegal payday lending and seriously harming lower income people in the process," said Ms. Shin.

Ms. Baptiste and Ms. Brodsky had both contacted Chase numerous times to ask the bank to stop allowing payday lenders to make illegal withdrawals from their respective accounts. Chase refused to comply with their requests – even though federal law gives bank customers the right to stop the kind of bank account abuse the payday lenders were perpetrating. When the illegal withdrawals caused the accounts to go into negative balance, Chase charged the women thousands of dollars in overdraft fees – even seizing child support benefits belonging to Ms. Baptiste's minor child to cover the fees.

In Ms. Brodsky's case, Chase hit her with more than \$1,500 in overdraft fees, after permitting payday lenders to attempt to withdraw money from her account 55 times over a two-month period. The bank harassed Ms. Brodsky to pay the overdraft fees and negatively reported her to a consumer reporting agency called ChexSystems, which prevented her from opening a checking account at another bank.

The case, [Baptiste v. Chase](#), garnered national attention when *The New York Times* featured it in a front-page lead [article](#), followed by a series of other prominent news stories and editorials that highlighted the bank's abusive practices. Days after the story broke, JPMorgan Chase CEO Jamie Dimon [reportedly](#) stated on a conference call with shareholders that the bank's payouts to payday lenders, in violation of customers' federal banking rights, was "terrible."

"It feels great to know that no other Chase customer will have to go through what I experienced," said Ms. Brodsky.

"We will continue to press state and federal banking regulators to crack down on other banks that are similarly fueling illegal payday lending, and ultimately driving low income people out of the banking system," said Sarah Ludwig, Co-Director of New Economy Project.

Chase holds the largest share – 47% – of all bank deposits in New York City. With \$1.8 trillion in assets, the bank is among the world's largest.

New Economy Project filed the lawsuit with co-counsel Matthew D. Brinckerhoff of Emery Celli Brinckerhoff & Abady LLP.

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[New Economy Project](#) works with community groups in New York City to promote economic justice, and to eliminate discriminatory economic practices that harm communities and perpetuate inequality and poverty. New Economy Project (formerly NEDAP) operates a free legal assistance hotline for low income New Yorkers aggrieved by discriminatory and abusive financial services practices.

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