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CENTRAL DISTRICT CALIF.
LOS ANGELES

FILED

10 **UNITED STATES DISTRICT COURT**
11 **CENTRAL DISTRICT OF CALIFORNIA**

12 **CV09-01485 FMC (JWL/x)**

13 DAVID M. SKAGGS, individually and
14 on behalf of all others similarly
15 situated,

16 Plaintiff,

17 v.

18 CHASE BANK USA, N.A.,

19 Defendant.

Case No.

CLASS ACTION COMPLAINT

**COMPLAINT FOR
VIOLATION OF:**

- 1. **THE UNFAIR COMPETITION LAW (BUS. & PROFS. CODE §17200 et seq.);**
- 2. **FALSE ADVERTISING LAW (BUS. & PROFS. CODE §17500 et seq.);**
- 3. **BREACH OF CONTRACT;**
- 4. **NEGLIGENT MISREPRESENTATION;**
- 5. **FRAUD;**
- 6. **UNJUST ENRICHMENT /RESTITUTION;**
- 7. **BREACH OF IMPLIED COVENANT OF GOOD FAITH AND FAIR DEALING;**
- 8. **VIOLATION OF 15 U.S.C. 1601 ET SEQ.; AND**
- 9. **DECLARATORY RELIEF**

20 JURY TRIAL DEMANDED

21 **BY FAX**

1 Plaintiff, on behalf of himself and all others similarly situated, hereby
2 submits the following class action complaint. Plaintiff, on behalf of himself and
3 all others similarly situated, upon personal knowledge as to his own acts and
4 status, and upon information and belief as to all other matters, allege as follows:

5 **NATURE OF THE ACTION**

6 1. This class action seeks to remedy a carefully-calculated effort by
7 Defendant Chase Bank USA, N.A. ("Chase") to force customers to pay higher
8 interest rates and amounts than they bargained for in connection with their loan
9 agreements with Chase.

10 2. In November 2008, Chase reneged on promises used to induce credit
11 card holders to transfer balances from other credit card accounts, or to use Chase's
12 "loan checks" to increase the amount of their credit outstanding. The promise that
13 induced these cardholders to increase the amount of the credit they held at Chase
14 was that the balances of the credit transfer or loan check amounts would remain at
15 a specified low interest rate, 4.77% and 5.99% for Plaintiff's two accounts, until
16 the balance was paid off. Chase reneged by placing a \$10 per month finance
17 charge on these accounts, and raising the minimum payment due each month.
18 Chase then uses its unilateral implementation of these onerous terms to coerce
19 cardholders to agree to a higher rate of interest or to pay the loan balances in full.

20 3. In doing so, Chase consistently misrepresents the facts applicable to
21 these accounts and violates the Truth in Lending Act. For example, the "Important
22 Notice Regarding Changes to Your Account Terms" falsely states that, "Your
23 APRs will not be impacted by these changes." According to Chase, it
24 implemented these changes because the promised low APRs "are not profitable
25 enough."

26 4. Chase's conduct is without legal justification. Chase unilaterally,
27 unfairly and illegally changed the terms of the loans, increasing their effective
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1 interest rates. Chase increased the interest rates and minimum monthly payments
2 on these accounts in an attempt to unfairly accelerate repayment of outstanding
3 balances and to increase immediate revenues.

4 5. As a result, Plaintiff and similarly situated Chase customers have
5 been damaged by, inter alia, having to pay interest accrued at higher rates than
6 Chase promised would govern for the life of the loan or by being presented with
7 false information about their options at Chase or by incurring the costs and effort
8 of transferring their accounts.

9 6. Chase has failed to fulfill the promises made to its customers and has
10 contravened its representations, including the very representations that induced
11 customers to incur debt, thereby breaching its loan agreements with customers and
12 violating common and statutory law prohibiting false advertising and unfair and
13 fraudulent business practices.

14 7. Chase further failed to adequately disclose finance charges levied in
15 connection with these accounts, in violation of the Truth in Lending Act,
16 15 U.S.C. § 1601 et. seq. ("TILA").

17 8. Plaintiff, individually and on behalf of all others similarly situated,
18 seeks declaratory relief, and injunctive relief to stop Chase from overcharging its
19 customers, as well as
20 damages, restitution, disgorgement of profits, and costs of suit as may be
21 appropriate.

22 **JURISDICTION AND VENUE**

23 9. This Court has subject matter jurisdiction pursuant to 28 U.S.C.
24 §§ 1331 and 1640(e), and pursuant to 28 U.S.C. 1332(d), since there are at least
25 100 class members in the proposed class, the combined claims of proposed class
26 members exceed \$5,000,000 exclusive of interest and costs, and there are
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1 numerous class members who are citizens of states other than Defendant's state of
2 citizenship, which is New York or Delaware.

3 10. This Court has personal jurisdiction over Chase because a substantial
4 portion of the wrongdoing alleged in this Complaint took place in this state, Chase
5 is authorized to do business here, Chase has sufficient minimum contacts with this
6 state, and/or Chase otherwise intentionally avails itself of markets in this state
7 through the promotion, marketing and sale of its products and services in this
8 state, to render the exercise of jurisdiction by this Court permissible under
9 traditional notions of fair play and substantial justice.

10 11. Venue is proper in this District pursuant to 28 U.S.C. § 1391(a)
11 because Plaintiff resides here, because Chase has hundreds, if not thousands, of
12 customers in this District, because Chase has received substantial fees from
13 consumers who hold accounts here, and because a substantial part of the events or
14 omissions giving rise to Plaintiff's claims occurred in this District.

15 PARTIES

16 12. Plaintiff David M. Skaggs is an individual over the age of 18 and a
17 resident of West Hills, California.

18 13. Chase is a national banking association, headquartered in New York,
19 New York. Chase is a wholly-owned subsidiary of JP Morgan Chase & Co.
20 ("JPM"), a leading global financial services firm with assets of approximately \$2.3
21 trillion. Chase is the legal entity for JPM's credit card business.

22 14. Chase is one of the largest credit card companies in the United States,
23 with at least hundreds of thousands of credit card customers throughout the United
24 States and at least tens of thousands of credit card customers throughout the state
25 of California.

1 • Each Borrower's minimum payment (i.e. the amount they need to pay
2 each month to not be in default) was increased by 150%--from 2% to
3 5% of the ending balance on their monthly statement.¹

4 19. These new terms were not previously disclosed to Borrowers, either
5 in Chase's offer letters sent to Borrowers or otherwise.

6 20. The "notices" further state that these new and unfair changes will
7 apply "unless you notify us that you wish to close your account within 30
8 days...and at the same time, you pay your outstanding balance in full." Chase did
9 not otherwise give Borrowers the option to opt out of the changes set forth in the
10 "notices."

11 21. The "notices" further state: "Important: Your APRs will not be
12 impacted by these changes." That assertion is false.

13 22. The monthly \$10 "Account Service Charge," which Chase refers to as
14 a "finance charge" in its monthly billing statements and elsewhere in the "notice"
15 refers to as a "Service Charge-Finance Charge," is effectively an increase to the
16 low interest rates that Chase falsely promised would apply "for the life of the
17 loan."

18 23. For financing purposes, Chase carries the monthly \$10 finance charge
19 as a credit card purchase even though it was imposed as a charge incurred in
20 connection with Borrowers' loan transfer or check loans. This is true even if
21 Borrowers have no purchases or charges other than their initial promotional
22 amount.

23 24. Chase's unilateral changes to the terms of Borrowers' accounts,
24 described herein, are not consistent with sound banking judgment or safe and
25 sound banking principles.

26 ¹ A true and correct exemplar of the "notice" sent by Defendant is attached
27 hereto.

1 25. When Plaintiff complained about the changes to his account as set
2 forth in the "notices," Chase presented him with two options to avoid such
3 changes: (1) paying their loan balance in full immediately (which was the only
4 option presented in the "notice"); or (2) transferring his loan balance to a new
5 account with a higher, limited duration interest rate (typically, 7.99%), with Chase
6 having broad discretion to significantly increase that interest rate after the limited
7 duration period expires.

8 26. Thus, by threatening to effectively raise Borrowers' interest rates
9 through the imposition of the monthly \$10 finance charge and dramatically
10 increasing their minimum monthly payments, Chase sought to coerce Borrowers to
11 pay their entire loan balances in full immediately or transfer their loan balances to
12 accounts with significantly higher and variable interest rates.

13 27. As a result of the conduct described above, Plaintiff and other
14 members of the Class, defined below, suffered harm in that they were subjected to
15 interest rates and minimum payments that were higher than was promised by
16 Chase, were subjected to false and illegal statements in an attempt to force them to
17 convert to higher interest loans and, in most cases, were forced to pay Chase more
18 than they bargained for. Chase has been substantially and unjustly enriched as a
19 result of the conduct describe above.

20 28. Plaintiff has held his account for approximately four years. During
21 that time, he has received numerous promotional loan offers from Chase.

22 29. In or about October 2006, based on Chase's representations, Plaintiff
23 accepted an offer from Chase to conduct an online balance transfer for
24 approximately \$6,500 at an interest rate of 5.99% APR until the balance on the
25 loan was paid off.

26 30. In or about February 2007, based on Chase's representations, Plaintiff
27 accepted an offer from Chase to conduct an online balance transfer for
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1 approximately \$16,500 at an interest rate of 4.77% APR until the balance on the
2 loan was paid off.

3 31. Neither offer indicated in any way that a service or finance charge
4 would or could be applied, or that Plaintiff's interest rate would or could be
5 increased, if Plaintiff was not in default.

6 32. Since he accepted these loan offers, Plaintiff made regular monthly
7 payments and has never been in default on either account.

8 33. Plaintiff never received the November 2008 "notice" stating that:
9 (1) Chase was imposing a \$10 monthly "Account Service Charge" in connection
10 with his balance transfer; and (2) his minimum monthly payment was being
11 increased from 2% to 5% of his outstanding balance.

12 34. Upon discovering the changes to his account, Plaintiff called Chase
13 to discuss them. Plaintiff spoke with a Chase customer service representative,
14 who stated that Plaintiff would be subjected to these changes going forward unless
15 he either: (1) paid off his loan balance in full; or (2) agreed to transfer his entire
16 loan balance to a new account with a limited duration interest rate of 7.99% APR,
17 with Chase having the right to increase that interest rate at the end of the limited
18 duration period. A Chase representative also told Plaintiff that the changes had
19 nothing to do with his credit history, but that it was an action Chase needed to take
20 "due to general market conditions."

21 35. None of the claims for relief asserted in this controversy are subject to
22 arbitration or any valid arbitration agreement. To the extent that Defendant asserts
23 that such claims are subject to an arbitration agreement, Plaintiff, on behalf of
24 himself and the Class—as defined below—seeks declaratory relief in the form of a
25 finding that such a purported agreement is void and unenforceable as against
26 public policy and/or unconscionable.

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1 CLASS ALLEGATIONS

2 36. Plaintiff brings this action pursuant to Federal Rule of Civil
3 Procedure 23, on behalf of himself and others similarly situated. The "Class" is
4 defined as follows:

5 All persons or entities who reside in the state of California and who
6 entered into a loan agreement with Chase, whereby Chase promised
7 an applicable interest rate of between 2.99% to 5.99% APR until the
8 loan balance was paid in full, but who have been charged, or notified
9 by Chase that they will be charged, a \$10 monthly "Account Service
Charge" in connection with their accounts and/or required to make
monthly minimum payments higher than 2% of their outstanding loan
balance.

10 37. The following persons shall be excluded from the Class: (1) Chase
11 and its subsidiaries and affiliates; (2) all persons who make a timely election to be
12 excluded from the proposed Class; (3) governmental entities; and (4) the judge(s)
13 to whom this case is assigned and any immediate family members thereof.

14 38. Plaintiffs reserve the right to modify or amend the Class definition(s)
15 before the Court determines whether certification is appropriate.

16 39. Certification of Plaintiff's claims for class-wide treatment is
17 appropriate because Plaintiffs can prove the elements of their claims on a
18 class-wide basis using the same evidence as would be used to prove those
19 elements in individual actions alleging the same claims.

20 40. Numerosity Under Rule 23(a)(1). The members of the Class are so
21 numerous that individual joinder of all the members is impracticable. Plaintiff is
22 informed and believe that there are at least many thousands of Chase card holders
23 who have been damaged by Chase's unfair, deceptive and illegal conduct alleged
24 herein.

25 41. Commonality Under Rule 23(a)(2). This action involves common
26 questions of law and fact, including, but not limited to, the following:
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1 a. Whether Chase's imposition of the monthly "Service
2 Charge-Finance Charge" is effectively an increase in the interest rates members of
3 the Class are required to pay in connection with their loan agreements;

4 b. Whether Chase was permitted, under the terms of its loan
5 agreements with members of the Class to impose the monthly "Service
6 Charge-Finance Charge";

7 c. Whether Chase was permitted, under the terms of its loan
8 agreements with members of the Class to subject the monthly "Service
9 Charge-Finance Charge" to a significantly higher interest rate.

10 d. Whether Chase provided an adequate "opt out"
11 mechanism for cardholders who did not agree to the monthly "Service
12 Charge-Finance Charge" and/or increase in minimum monthly payments; and
13 misleading advertising in violation of Business & Professions Code section 17500,
14 et seq.;

15 e. Whether Chase failed to adequately disclose finance
16 charges in
17 violation of TILA.

18 f. Whether the conduct complained of herein constitutes
19 deceptive and misleading advertising in violation of Business & Professions Code
20 section 17500, et seq.;

21 g. Whether the conduct complained of herein constitutes an
22 unfair, illegal and/or fraudulent business practice, in violation of Business &
23 Professions Code section 17200, et seq.;

24 h. Whether Chase has been unjustly enriched as a result of
25 the conduct complained of herein;

26 I. Whether Chase's conduct complained of herein is
27 intentional and knowing;

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1 j. Whether Chase's conduct complained of herein is
2 reckless;

3 k. Whether Plaintiff and members of the Class are entitled
4 to damages, restitution, disgorgement of profits, declaratory relief, and/or
5 injunctive relief, as a result of Chase's conduct complained of herein; and

6 l. Whether the arbitration and class action waiver provision
7 contained in Chase's Cardmember Agreement are contrary to public policy,
8 unconscionable, and unenforceable.

9 42. Typicality Under Rule 23(a)(3). The named Plaintiff's claims are
10 typical of (and not antagonistic to) the claims of the members of the Class.
11 Plaintiff and the members of the Class he seeks to represent have all been deceived
12 and damaged by Chase's deceptive conduct and breach.

13 43. Adequacy of Representation under Rule 23(a)(4). Plaintiff will fairly
14 and adequately protect the interests of the members of the Class, and the
15 representative Plaintiff's interests are coincident with and not antagonistic to those
16 of the other class members he seeks to represent. Plaintiff has retained competent
17 counsel to represent them and the Class.

18 44. The Class Can Be Properly Maintained Under Rules 23(b)(2) and (c).
19 Chase has acted or refused to act, with respect to some or all issues presented in
20 this Complaint, on grounds generally applicable to the Class, thereby making
21 appropriate final injunctive relief with respect to the Class as a whole.

22 45. The Class Can Be Properly Maintained Under Rules 23(b)(3) and (c).
23 Questions of law and fact common to the members of the Class predominate over
24 any questions affecting only individual members with respect to some or all issues
25 presented in this Complaint. A class action is superior to other available methods
26 for the fair and efficient adjudication of this controversy. Individual litigation of
27 the claims of all class members is impracticable because the cost of litigation

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1 would be prohibitively expensive for each class member and would impose an
2 immense burden upon the courts. Individualized litigation would also present the
3 potential for varying, inconsistent, or contradictory judgments and would magnify
4 the delay and expense to all parties and to the court system resulting from multiple
5 trials of the same complex legal and factual issues. By contrast, the conduct of
6 this action as a class action, with respect to some or all of the issues presented in
7 this Complaint, presents fewer management difficulties, conserves the resources of
8 the parties and of the court system, and is the only means to protect the rights of
9 all class members.

10 **CAUSES OF ACTION**

11 **FIRST CAUSE OF ACTION**
12 **(Bus. & Prof. Section 17200, et seq.)**

13 46. Plaintiff, on behalf of himself and the Class, re-alleges and
14 incorporates by reference each and every allegation set forth in the preceding
15 paragraphs, as though they are alleged in full herein.

16 47. Chase's conduct described herein violates Cal. Bus & Prof. Code
17 § 17200 et seq. (the "UCL") in the following respects:

18 (a) Chase's imposition of monthly finance charges-which
19 effectively increased the interest rates that Chase promised would apply "for the
20 life of the loan"-breached its loan agreements with Plaintiff and members of the
21 Class, and constitutes an unfair and unlawful business act or practice within the
22 meaning of the UCL.

23 (b) Chase's subjecting the monthly finance charges to an interest
24 rate significantly higher than the rates Chase promised would apply "for the life of
25 the loan" breached its loan agreements with Plaintiff and members of the Class,
26 and constitutes an unfair and unlawful business act or practice within the meaning
27 of the UCL.

1 (c) Chase's efforts, described above, to pressure Plaintiff and
2 members of the Class to pay their loan balances in full immediately, and to coerce
3 Plaintiff and members of the Class to transfer their loan balances to accounts with
4 higher, limited duration interest rates, constitute unfair business acts or practices
5 within the meaning of the UCL.

6 (d) Chase's false representations that interest rates of between
7 2.99% and 5.99% APR would apply "for the life of the loan" constitute unfair
8 business acts or practices within the meaning of the UCL.

9 (e) Chase's false representations that interest rates of between
10 2.99% and 5.99% APR would apply "for the life of the loan" are likely to mislead
11 the general public and, consequently, constitute fraudulent business acts or
12 practices within the meaning of the UCL.

13 (f) Chase's false representations that Plaintiff's and Class
14 members' interest rates "will not be impacted by" the changes to the loan terms set
15 forth in Chase's "notices" constitute unfair business acts or practices within the
16 meaning of the UCL.

17 (g) Chase's false representations that Plaintiffs' and Class members'
18 interest rates "will not be impacted by" the changes to the loan terms set forth in
19 Chase's "notices" are likely to mislead the general public and, consequently,
20 constitute fraudulent business acts or practices within the meaning of the UCL.

21 (h) Chase's conduct described herein is unconscionable, a violation
22 of California Civil Code § 1770(a)(19), and thus constitutes an unlawful business
23 act or practice within the meaning of the UCL.

24 48. The harm to Plaintiff and the Class arising from Chase's unfair, illegal
25 and fraudulent practices outweighs the utility, if any, of those practices.
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1 49. The unfair, illegal and fraudulent business practices of Chase are
2 immoral, unethical, oppressive, unscrupulous, unconscionable and/or substantially
3 injurious to Plaintiff and members of the Class.

4 50. Unless restrained by this Court, Chase will continue to engage in the
5 unfair, illegal and fraudulent acts and practices alleged above.

6 51. As a result of Chase's violations of the UCL, Plaintiff and members of
7 the Class have been injured in that they have been subjected to excessive interest
8 rates and have paid excessive amounts of money to Chase.

9 52. Pursuant to Cal. Bus. & Prof. Code § 17203, Plaintiff and the Class
10 are therefore entitled to:

11 (a) an Order requiring Chase to cease the acts of unfair
12 competition alleged herein;

13 (b) full restitution of all excessive amounts paid to Chase, pursuant
14 to California Code of Civil Procedure § 384;

15 (c) interest at the highest rate allowable by law; and

16 (d) payment of their attorneys' fees and costs pursuant to, inter alia,
17 Cal. Code Civ. Proc. § 1021.5.

18 **SECOND CAUSE OF ACTION**
19 **(Cal Bus. & Prof. Code § 17500 et seq.)**

20 53. Plaintiff, on behalf of himself and the Class, re-alleges and
21 incorporates by reference each and every allegation set forth in the preceding
22 paragraphs, as though they are alleged in full herein.

23 54. Chase has committed acts of untrue and misleading advertising, as
24 defined in Cal. Bus. & Prof. Code § 17500, et seq., by:

25 (a) falsely representing that interest rates of between 2.99% to
26 5.99% APR would apply to Plaintiff's and Class members' promotional loans "for
27 the life of the loan."; and

1 (b) falsely representing that Plaintiff's and Class members' interest
2 rates "will not be impacted by" the changes to the loan terms set forth in Chase's
3 "notices."

4 55. Chase's misrepresentations deceive or have the tendency to deceive
5 the recipients of such representations regarding the applicable interest rates.

6 56. Chase's misrepresentations are objectively material to the reasonable
7 consumer, and therefore reliance upon such representations may be presumed as a
8 matter of law.

9 57. Plaintiff and members of the Class reasonably and justifiably relied
10 on such misrepresentations.

11 58. Unless restrained by this Court, Chase will continue to engage in
12 untrue and misleading advertising, as alleged above.

13 59. As a result of Chase's untrue and misleading advertising, Plaintiff and
14 members of the Class have been injured and have lost money or property, and are
15 entitled to restitution and injunctive relief.

16 **THIRD CAUSE OF ACTION**
17 **(Breach of Contract)**

18 60. Plaintiff, on behalf of himself and the Class, re-alleges and
19 incorporates by reference each and every allegation set forth in the preceding
20 paragraphs, as though they are alleged in full herein.

21 61. The material terms of Chase's loan agreements with Plaintiff and the
22 members of the Class included Chase's promise that interest rates of between
23 2.99% and 5.99% APR would remain in effect "for the life of the loan."

24 62. Plaintiff and members of the Class gave consideration that was fair
25 and reasonable, and have performed all conditions, covenants, and promises
26 required to be performed under their respective loan agreements with Chase.
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1 (b) their interest rates "will not be impacted by" the changes to the
2 loan terms set forth in Chase's "notices."

3 78. The misrepresentations alleged herein were objectively material to the
4 reasonable consumer, and therefore reliance upon such representations may be
5 presumed as a matter of law.

6 79. Chase knew that the misrepresentations alleged herein were false at
7 the time it made them and/or acted recklessly in making such misrepresentations.

8 80. In making the misrepresentations alleged herein, Chase intended that
9 Plaintiff and members of the Class would rely on such misrepresentations.

10 81. Plaintiff and members of the Class reasonably and justifiably relied to
11 their detriment on Chase's intentional misrepresentations.

12 82. As a proximate result of Chase's intentional misrepresentations,
13 Plaintiff and members of the Class suffered damages in an amount to be proven at
14 trial.

15 83. Chase directly benefitted from, and was unjustly enriched by, its
16 intentional misrepresentations.

17 **SIXTH CAUSE OF ACTION**
18 **(Unjust Enrichment/Restitution)**

19 84. Plaintiff, on behalf of himself and the Class, re-alleges and
20 incorporates by reference each and every allegation set forth in the preceding
21 paragraphs, as though they are alleged in full herein.

22 85. By its deceptive, misleading and unlawful conduct alleged herein,
23 Chase unjustly received a benefit at the expense of Plaintiff and Class members.

24 86. It is unjust to allow Chase to retain the profits from its deceptive,
25 misleading and unlawful conduct alleged herein without providing compensation
26 to Plaintiff and the Class.

1 87. Chase acted with conscious disregard for the rights of Plaintiff and
2 Class members.

3 88. Plaintiff and members of the Class are entitled to restitution of,
4 disgorgement of, and/or the imposition of a constructive trust upon, all profits,
5 benefits, and other compensation obtained by Chase from its deceptive, misleading
6 and unlawful conduct.

7 **SEVENTH CAUSE OF ACTION**
8 **(Breach of Implied Covenant of Good Faith and Fair Dealing)**

9 89. Plaintiff, on behalf of himself and the Class, re-alleges and
10 incorporates by reference each and every allegation set forth in the preceding
11 paragraphs, as though they are alleged in full herein.

12 90. Under common law, a covenant of good faith and fair dealing is
13 implied into every contract.

14 91. Chase violated this covenant of good faith and fair dealing in its loan
15 agreements with Plaintiff and members of the Class by: (a) unilaterally imposing
16 unfair and unconscionable changes to the interest rates and other loan terms;
17 (b) coercing and/or attempting to coerce Plaintiff and members of the Class to pay
18 their entire loan balances in full prematurely; and (c) coercing and/or attempting to
19 coerce Plaintiff and members of the Class to transfer their loan balances to
20 accounts with higher and variable interest rates.

21 92. Plaintiff and members of the Class performed all, or substantially all,
22 of the significant duties required by their loan agreements with Chase.

23 93. The conditions required for Chase's performance under the loan
24 agreements had occurred.

25 94. Chase unfairly interfered with the right of Plaintiff and Class
26 members to receive the benefits under their loan agreements with Chase.

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1 d. To the extent Defendant asserts an arbitration agreement that is
2 a consumer contract of adhesion presented to Plaintiff and the
3 Class in a take-it-or-leave-it manner, and Defendant maintains
4 superior bargaining over Plaintiff and the Class, such an
5 arbitration agreement is unconscionable and unenforceable.

6 106. Plaintiff seeks a declaratory relief from this court in the form of an
7 order that any purported arbitration agreement between the Class and Defendant is
8 void and unenforceable.

9 **PRAYER FOR RELIEF**

10 Plaintiff, on behalf of himself and the Class, request that the Court order
11 relief and enter judgment against Chase as follows:

12 1. An order certifying the proposed Class and appointing Plaintiffs and
13 his counsel of record to represent the Class;

14 2. An order that Chase be permanently enjoined from its improper
15 conduct and practices alleged herein;

16 3. A judgment awarding Plaintiff and members of the Class actual
17 damages in an amount according to proof for Chase's breaches of its loan
18 agreements and for all other of Chase's conduct alleged under all causes of action
19 herein entitling Plaintiff and members of the Class to actual damages;

20 4. A judgment awarding Plaintiff and members of the Class restitution,
21 including, without limitation, disgorgement of all profits and unjust enrichment
22 obtained by Chase as a result of its unlawful, unfair, and fraudulent business
23 practices and conduct alleged herein;

24 5. A judgment awarding Plaintiff and members of the Class exemplary
25 damages for Chase's knowing, willful, and intentional conduct, as alleged herein;

26 6. Declaratory relief that any purported arbitration agreement between
27 the Class and Defendant is void and unenforceable.

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EXHIBIT A

IMPORTANT NOTICE REGARDING CHANGES TO YOUR ACCOUNT

We're sending you this notice to advise you of some new changes to your credit card account. These changes will take place automatically and will be effective with your January 2009 statement.

Here's a summary of the key changes:

- A new Account Service Charge of \$10 per month will be applied to your account.
- Your minimum payment due will increase from 2% to 5% of the ending balance on your monthly statement. As a result, your required monthly minimum payment will increase.

Important: Your APRs will not be impacted by these changes.

Remember:

- If you are enrolled in Chase Automatic Payments and have selected the minimum payment option, your minimum payment will automatically be increased to reflect the new minimum payment due changes.
- Also, if you have your payments sent to us automatically from another bank, remember to adjust the amount for this new minimum payment required to keep your account in good standing.

The key factors we considered when making these changes include the current APRs and revolving balances associated with your account.

If you have any questions regarding these changes, please contact us by calling the customer service number on the back of your card.

Below you'll find the official amendments to the terms of your Cardmember Agreement. Please read all of the information and keep this notice for your records.

1. AMENDMENTS TO YOUR AGREEMENT

These changes will be effective on or after the first day of your billing cycle that includes January 1, 2009. They will apply automatically to current and future balances on your account. Any other terms on your account not described in this notice continue to apply.

a. **ACCOUNT SERVICE CHARGE.** The **FINANCE CHARGES** section of your Agreement is amended to add the following new section:

Account Service Charge: Your account has a service charge, which will be billed monthly (as stated in the Rates and Fees Table). This charge is owed whether or not you use your account; and you agree to pay it when billed. These charges are finance charges, and are added to the balance for purchases on your account. The monthly service charge is nonrefundable unless you notify us that you wish to close your account within 30 days of the date we mail your billing statement on which the service charge is imposed and at the same time, you pay your outstanding balance in full. Your payment of the service charge does not affect our

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right to close your account or limit your right to make transactions on your account. If your account is closed by you or us, we will continue to charge the service charge until you pay your outstanding balance in full and terminate your account relationship.

FINANCE CHARGES AND FEES. The Finance Charges and Fees below amend your Rates and Fees Table.

Service Charge – Finance Charge: \$10 per month (\$120 total annually)

b. MINIMUM PAYMENT. The portion of the Minimum Payment section of your Agreement that shows your minimum payment calculation is amended to read as follows:

Your billing statement shows your beginning balance and your ending balance (the "New Balance" on your billing statement). If the New Balance is \$10.00 or less, your minimum payment due will be the New Balance. Otherwise, it will be the largest of the following: \$10.00; 5% of the New Balance, or the sum of 1% of the New Balance, total billed periodic rate finance charges, and any billed late fees. As part of the minimum payment due, we also add any amount past due and any amount over your credit line/credit access line.

2. ANNUAL RENEWAL NOTICE

The account service charge is billed to your account monthly whether or not you use your account, and you agree to pay it when billed. The charge is \$10 per month (\$120 total annually), and it is a finance charge. The charge is non-refundable unless you notify us that you wish to close your account within 30 days of the date we mail your statement on which the charge is imposed and at the same time, you pay your outstanding balance in full. If you do this, you will not owe the last billed service charge; however, prior billed service charges are non-refundable and must be paid to pay your outstanding balance in full. Your payment of the service charge does not affect our rights to close your account and to limit your right to make transactions on your account. If your account is closed by you or us, we will continue to impose the service charge each month until you pay your outstanding balance in full and terminate your account relationship.

3. OTHER NOTICES

The principal factors we considered in amending your account include the APRs and revolving balances on your account. The federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (provided the applicant has the capacity to enter into a binding contract); because all or part of the applicant's income derives from any public assistance program; or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act. The federal agency that administers compliance with this law concerning this creditor is the Office of the Comptroller of the Currency, Customer Assistance Group, 1301 McKinney Street, Suite 3450, Houston, TX 77010-9050.

If you have any questions about these amendments, please contact us at the number on the back of your credit card, or write to Cardmember Service, P.O. Box 15098, Wilmington DE, 19850-5098.

Chase Bank USA, N.A.
November 2008

