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## JPMorgan Settles Reward Points Class Action For \$2M

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Law360, Los Angeles (October 6, 2016, 10:42 PM EDT) -- [JPMorgan Chase & Co.](#) has agreed to pay \$2 million to settle with a proposed class of customers that claims the bank abruptly shut down their credit card accounts, leaving them unable to redeem the rewards points they had collected, according to papers filed in New York federal court Thursday.

Customer Harry Gao had accused the bank of closing his Chase Freedom credit card account seemingly randomly in July 2013 even though he hadn't missed a payment, and of not allowing him to redeem the rewards he'd diligently collected over the two years he held the account, court records show.

The deal would settle Gao and the class' proposed fraudulent inducement and deceptive practices claims for an estimated 55,000 Chase customers who said they had opened accounts with Chase partially because of the rewards, according to the settlement papers.

"The court has good cause to grant preliminary approval of this settlement, which is the product of vigorous, arm's-length negotiations by experienced counsel," the plaintiffs said in a motion for approval Thursday. "The resulting settlement is a fair, reasonable and adequate resolution of all claims."

Chase maintains that it didn't do anything wrong, the plaintiffs said in the filing. And the bank had already dodged a substantial portion of the claims in June 2015, when U.S. District Judge Paul A. Crotty agreed to strip out breach of contract and breach of the implied covenant of good faith and fair dealing claims without leave to

amend, according to case records.

That order did leave alive the class' claims of unjust enrichment and some state consumer law claims, and permitted the plaintiffs to replead the fraudulent inducement portion of their case, according to the filing.

Gao and fellow lead plaintiff Roberta Socall had opened Chase accounts and charged thousands of dollars to them, racking up rewards points, according to the operative complaint. They had redeemed some rewards, but when the bank suddenly shut down their credit cards, those collected rewards were lost almost without warning, they said.

Chase fought back in a motion to dismiss a year ago that is still pending, saying that the customers hadn't shown that any of the bank's statements to them were lies, and that anyway, the marketing materials the customers pointed to as having no warning about losing the points actually did include information describing that they could be lost exactly the way Gao had lost them, court records show.

Representatives for the parties didn't immediately respond to requests for comment after business hours Thursday.

The class is represented by Kenneth J. Grunfeld and Richard M. Golomb of [Golomb & Honik PC](#), and Ted Trief and Barbara Olk of [Trief & Olk](#).

JPMorgan is represented by Alan Schoenfeld, David Sapir Lesser, Hanna A. Baek and Noah Adam Levine of [WilmerHale](#).

The case is Harry Gao et al. v. JPMorgan Chase & Co. et al., case number [1:14-cv-04281](#), in the U.S. District Court for the Southern District of New York.

--Editing by Aaron Pelc.

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