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Chase Hit With SEC Whistleblower Complaint Over Credit Card Practices

By [ABIGAIL FIELD](#) Posted 3:47 PM 12/17/10 [Company News](#), [People](#), [JP Morgan Chase](#)
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Linda Almonte, a former employee of JPMorgan Chase ([JPM](#)) who is suing the bank for wrongful termination, has just upped the ante: She has now also filed a whistleblower complaint with the Securities and Exchange Commission. The core allegations add context to her lawsuit, and they charge Chase with grotesque and illegal practices involving its credit card debt processes, including robo-signing. Chase denies her claims.



Chris McGrath/Getty Images

Almonte's allegations are detailed in the Nov. 30 [letter sent to the SEC](#). In the letter, she says:

1. Chase Bank sold to third party debt buyers hundreds of millions of dollars worth of credit card accounts. . .when in fact Chase Bank executives **knew** that many of those accounts had incorrect and overstated balances.
3. Chase Bank executives routinely **destroyed** information and communications from consumers rather than incorporate that information into the consumer's credit card file, including bankruptcy notices, powers of attorney, notice of cancellation of auto-pay, proof of payments and letters from debt settlement companies.
4. Chase Bank executives **mass-executed** thousands of affidavits in support of Chase Banks collection efforts and those Chase Bank executives did not have personal knowledge of the facts set forth in the affidavits.
5. When senior Chase Bank executives were made aware of these systemic problems, senior Chase Bank executives -- rather than remedy the problems -- immediately **fired** the whistleblower and attempted to cover up these problems.

When I reached Almonte's lawyer, George Pressly, for comment, he was shocked that I had the letter because it was supposed to be confidential. While Pressly was willing to confirm Almonte was a client, beyond that he had no comment. Pressly, who was clearly trying to figure out how to handle the letter's disclosure, said he was suddenly getting a "firestorm" of calls and seemed unprepared for the onslaught. While he has filed many SEC complaints before -- he operates the website <http://www.secwhistleblowerprogram.org/>, which is how Almonte found him -- her letter is the first one he's filed that went public.

The bank, through spokesman Paul Harwick, says "Chase is aggressively defending itself against the allegations made by this former employee. We have thoroughly researched these allegations and are confident that the sales of these loans were handled properly. We have strong internal controls and processes for managing credit card debt-sales transactions."

The SEC says it never comments on such letters.

In the letter, Almonte's lawyer explains the reason she contacted the SEC: "Her disclosures may bring into question Chase Bank's representations regarding Chase Bank's own securities but may also bear on certain asset-backed securities where the underlying assets are Chase Bank credit card accounts."

Almonte's Evidence

To support her claims, Almonte says she has "a large volume of documents in her possession available for review by the SEC" and offers her first-hand observations as well.

Those direct observations allegedly include witnessing the head of Chase's pre-litigation group "shred" material communications from borrowers, such as "bankruptcy notices, settlement communications, and debt settlement company communications" rather than entering the information into Chase's database. She also claims that senior Chase Bank executives instructed Chase Bank employees remove important information and data from Litigation Accounts because the retention of the information would have resulted in increased computer hardware costs. Both types of record destruction rendered the accounts inaccurate, she says.

Concerning robo-signing, Pressly wrote:

"On numerous occasions, Ms. Almonte witnessed these Affidavit Signers work through at times 3-foot tall stacks of Judgment Affidavits at once during weekly multi-hour long, non-related company meetings. The notaries were not present at these meetings. The Affidavit Signers simply relied on hourly workers to reconcile amounts owed and then treated the actual execution of the affidavits as busy work to be performed while the Affidavit Signers could focus on other matters."

According to Almonte, determining the amounts owed wasn't easy: Chase had a number of "legacy" databases from its various acquisitions that were not well integrated. So, perhaps the executives should have looked more closely at the documents. "Indeed, Ms. Almonte determined that as many as 20% of the Judgment Accounts to be sold failed an internal test to check for accuracy."

Who Is Linda Almonte?

During her time at Chase, Almonte was a "mid-level executive" who "supervised employees across the litigation and post-judgment functions" of the credit card litigation department.

In March, she sued the bank, claiming that she was fired for refusing to participate in the sale of 23,000 credit card accounts Chase had packaged for sale. Almonte says 5,000 of the accounts listed the wrong amount owed, and thousands more had other problems. By going forward with the sale after being informed of the problems, Almonte says, Chase was breaking the law.

Almonte's whistleblower complaint provides big-picture context for the sale she refused to participate in, providing background on how so many credit card accounts could contain flawed data.

[Robo-signing and other problems with credit card debt collection](#) aren't new, as David Segal's October article for *The New York Times* detailed. What is new is that someone in Almonte's position is willing to make such charges publicly.

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Abigail Caplovitz Field is an attorney with a solo general practice on Shelter Island, New York. After graduating from NYU Law with honors in 2001, she worked as an associate for a major corporate law firm in New York City, and then as a consumer and good government lobbyist for the New Jersey Public Interest Research Group. Her lobbying duties included identity theft prevention, financial privacy and health care. She's written on topics as diverse as pharmaceutical marketing, toxic pollution, and racial profiling.

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This is not worth any comments,i have a Chase card for years,paid EVERY MONTH and have not ever any problems....Almonte is looking for money....they should go ahead and stop all credit cards with balance,that way only people that pays have cards

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