involving transfers to internal DDAs, denying provisional credit during investigations, and failing to apply the 60-day consumer liability window.

53. **More than $100 million unlawfully declined:** As outlined above, Chase's internal data suggests $68 million in unlawfully declined TPI claims since June of 2021, a number still rising until Brokerage Deposit sweep accounts are covered by TPI reimbursement policies. In addition to TPI, in 2024, internal data found that asking claims reimbursement teams to employ call listening and Voice Bio data would lead to approving an additional $20 million in Fraud claims annually and another ~$20 million in claims that initiated as Scams but were completed by the fraudster. Even without sizing on every one of Chase's reimbursement compliance gaps, we can be confident that Chase has unlawfully declined at least $100 million in Fraud claims since 2021. This $100 million figure is a bare minimum; the true number is likely higher if it were possible to measure improperly declined claims because of the various policies against using all data in Chase's possession (e.g., only accepting claims within 24 months) and use cases like Brokerage Deposit Sweep accounts.

54. **Remediation failure.** Eventually, with my client's persistence, Chase became compliant on a forward-looking basis on all EFTA-covered products except Brokerage Deposit sweep accounts. But Chase Bank policies also require the bank to perform a lookback (which may range from 1-5 years) after closing known compliance gaps like this. In theory, bank policy is to retroactively pay improperly denied claims. But that did not happen for any of the claims related to the payment types above. Ms. Lillie believes Chase should perform a lookback and pay the $68 million in unlawfully declined TPI claims dating back to 2021.[34]

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[34] **Home Equity Lines of Credit (HELOCs):** HELOCs are governed by Regulation Z and are generally outside the reimbursement framework of Regulation E. Nevertheless, in at least one publicized HELOC impersonation incident involving an elderly client. In this case JPMorgan Chase ultimately reimbursed the customer following significant public attention, with the resolution reportedly grounded in reputational considerations rather than legal obligation. In that matter, a fraudulent HELOC draw was executed without the customer's initiation, and the customer was subsequently induced, through deception, to transmit the funds "back" to a third party. My client understands that the customer repaid the outstanding HELOC balance — including through the sale of the property — before reimbursement was later provided by Chase.

While the reimbursement in that instance provided relief to the affected individual, my client is not aware of any broader effort to provide comparable remediation to other customers who experienced similar HELOC-related fraud events during the same period. My client further understands that incidents of HELOC-related impersonation fraud have increased materially over the past year at JPM Chase. Absent such relief, customers may remain responsible for repayment of HELOC obligations even where the underlying HELOC withdrawal was fraudulent and resulted from impersonation or credential compromise.

55. **Victims Harmed to Protect Leaders and their prior decisions.** In one particularly egregious example, TPI claims for Frauds inside Chase's Bill Pay Checks, Ms. Lillie worked hard to gain support from the Line of Business leader to fund a three-year lookback of $7 million total. But Chase leadership blocked this fully-funded client remediation plan Ms. Lillie had fought so hard for. This is because implementing the remediation would have required Chase to log the EFTA compliance gap in their internal CORE database, where compliance issues must be documented. That database entry would have been visible to the audit committee, CEO Jamie Dimon, to the Board of Directors, and also to the OCC. The Compliance and Legal department leaders responsible **did not want the gap — and their role in missing it —** exposed like that. In one meeting, Chase leaders refused to admit that the decision to start paying TPI on Bill Pay claims was required for legal compliance, instead stating the change was a result of "an evolving understanding of Regulation E." But, then those leaders **instructed staff to redact this part of the meeting minutes** as the minutes were **available** to regulators. In the end, the issue was never logged in mandatory internal compliance systems like CORE. Ms. Lillie reasonably inferred that Chase blocked the $7 million in lookback payments to Fraud victims solely to prevent the years-long failure from being disclosed to regulators, the public, Mr. Dimon and the Audit Committee of the Board of Directors.

56. **Lack of Audit Governance:** Historically, the Claims reimbursement control environment at Chase has reflected a lack of meaningful audit governance. This is best evidenced by the fact that in the entire year 2023, only one single Zelle claim was audited during Corporate Audit's review of Chase's Claim Operations. During that year, victims tried to join together to file a mass arbitration against Chase on related Zelle claims disputes; another shareholder was suing the board of directors for lack of Zelle Fraud Claims oversight; and the CFPB was asking JPM Chase to come in to testify on Zelle reimbursement practices. Ms. Lillie reasonably believed Chase was keeping itself willfully ignorant because they were concerned about what they would find.

<u>Absurd Claim Denial Notices</u>

57. **The 'Benefit Received' Excuse:** The law does not require Chase to reimburse Frauds if the victim actually received a "benefit" from the Fraudulent transaction (for

example, your debit card was charged for a TV — perhaps involuntarily — but somehow a TV was actually delivered). Chase abuses this "benefit received" exception to improperly deny valid EFTA reimbursement claims related to internal account transfers.

58. For example, many times before a criminal extracts money from a victim's account, they make internal, intra-bank transfers between a victim's multiple accounts. Perhaps a criminal wishes to use Zelle or wire transfer to take money from a checking account. But the checking account has a low balance, so before the wire transfer, the criminal will move money into the checking account from a Brokerage Deposit account or a Savings account. In these cases, even where Chase acknowledges a bad actor succeeded in breaking in, Chase nevertheless denies the intra-bank claim for reimbursement because the victim supposedly "received benefit" from the internal transfer between accounts.

59. While this may sound improbable, Chase has in fact made this argument in court — and lost. In *Moore v. JPMorgan Chase Bank*, the bank's Motion to Dismiss brazenly argues the unauthorized internal transfers preceding the wire are not reimbursable because the client received "benefit".[35] (This EFTA litigation did not mention the later Wire Transfer out of the checking account, because until recent litigation in New York,[36] the text of EFTA was understood to exclude Wire Transfers from coverage.)

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[35] Memorandum of Points and Authorities; Defendant's Motion to Dismiss Complaint, *Moore v. JPMorgan Chase Bank*, No. 22-cv-01849, N.D. Cal., Aug. 2, 2022, at 3-5, https://ecf.cand.uscourts.gov/doc1/035022184591

[36] See *New York v. Citibank, N.A.*, Case No. 24-CV-659, 2025 WL 251302 (S.D.N.Y. Jan. 21, 2025), holding that Wire Transfers deserve EFTA coverage.

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Here, Plaintiffs assert that the EFTA covers two transactions: 1) the transfer from Plaintiffs' savings account to Plaintiffs' checking account in the amount of $4,960.00 on March 25, 2021, and 2) the transfer from Plaintiffs' savings account to Plaintiffs' checking account in the amount of $9,700.00 made on March 25, 2021. (Compl. ¶¶ 19, 43). Similar to *Becker*, Plaintiffs received a "benefit" from the transfer of money from their savings to checking account because the checking account receives the funds, and there is no loss of funds as a result of the transfer. Further, Plaintiffs did not suffer a loss or any harm due to these inter-account transfers. *See Harvey v. Google Inc.*, Case No. 15-cv-03590-EMC, 2015 U.S. Dist. LEXIS 170381, *7 (N.D. Cal. Dec. 21, 2015) (quoting *Wike v. Vertrue, Inc.*, 566 F.3d 590, 593 (6th Cir. 2009)) (acknowledging that under the EFTA, "[a] consumer is injured only if, and only when, the funds are **withdrawn** from her account" (emphasis added)). Accordingly, an "unauthorized electronic fund transfer" as defined by the EFTA did not occur because the inter-account transfers were a "benefit" to Plaintiffs and did not result in a loss; here the only loss was caused as a result of wire transfers which do not fall within the EFTA.

60. But this borders on nonsensical, because quite obviously the fraudsters executed the internal transfers not to *benefit* the victim, but to *steal* from the victim. And in fact, quite often, no theft would have ever happened *but for* the unauthorized internal transfer preceding the wire transfer. The *Moore* court ruled against Chase, sensibly holding that the pre-removal internal transfer "is a detriment, not a benefit":[37]

> Drawing all reasonable inferences in Plaintiffs' favor from the complaint's allegations, Plaintiffs did not receive a benefit from the transfer. *See Arizona Students' Ass'n v. Arizona Bd. of Regents*, 824 F.3d 858, 864 (9th Cir. 2016) (on a 12(b)(6) motion the court "accept[s] the complaint's well-pleaded factual allegations as true, and construe[s] all inferences in the plaintiff's favor"). They allege that without the unauthorized (and unknown) transfer of money from their savings to their checking account there would not have been sufficient monies in the checking account to fund the unauthorized (and unknown) wire transfers. (Dkt. No. 17 at ¶ 45.) Such a consequence is a detriment, not a benefit. *See Park v. Webloyalty.com, Inc.*, 685 Fed.Appx. 589,

61. The court did not make another relevant argument – namely, that the victims typically *miss out on interest* they would have earned had the money remained in their savings accounts, or that victims actually *owe interest and/or transaction fees* for internal transfers out of their brokerage deposit accounts.

62. Even after rejection by a federal judge, Chase continues to abuse the "benefit received" justification to deny valid reimbursement claims, counting on the fact that most customers will not know they can challenge it in arbitration and win. Chase leadership recently advised Claims staff to continue declining these Fraudulent inter-account transfer claims, but have asked that Claims decline letters stop using the words "benefit received" in the denial letters to further mask the practice. Chase Claims Operations is currently undergoing a review of their standard decline letter to determine what should be said instead to justify the denial.

63. **Insufficient notification of grounds for denial:** Finally, in the decline letter, Chase does not disclose to the victim the bank's evidence supporting the denial, so even if the victim has persuasive countervailing evidence that would validate the claim, the victim doesn't know enough to provide it to the bank. For instance, perhaps Chase denies the claim on the grounds that a known device is used to make the transaction. If the victim's computer had malware on it, the transaction would look as though it came from the known device, even though the fraudster executed it. That malware would validate that the victim did not "authorize" the transfer. But Chase does not mention in the decline letter that the same computer was used – nor that it was declined for this reason. The Chase decline letter states merely that "you authorized" or "received benefit" from the payment, nothing more. In other examples, Chase may decline a claim due to the client authenticating a payment via voice call, but in the rare instances that the client attempts to escalate the decline, Chase will refuse to provide the call recording to the client.[37] As you can imagine, very few victims file suit to challenge Chase's intransigence. Here is Chase's standard denial letter:

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[37]https://www.nj.com/news/2025/02/scammers-stole-his-142k-life-savings-he-says-his-bank-didnt-protect-him.html

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Update: We have updated information about your claim

Date of Inquiry: 00/00/00
Claim related to account ending in: 1234

Dear client: Jane Doe

We completed our research on the item(s) in the summary attached. If there are other items you are disputing that are missing from the attached summary, we will send a separate communication detailing the research results on those items.

We are denying your claim because we determined that the item(s) being disputed were authorized or you received benefit from the item(s). During our review we found that you did not take the appropriate steps to protect your account from theft or unauthorized use. Your lack of internal controls appears to have contributed to the loss during our review we found that you did not take the appropriate steps to protect your account from theft or unauthorized use. We will not reimburse your account. If this caused your account to be overdrawn, please bring it up to date as soon as possible.

We recommend setting up alerts on chase.com to protect against fraud. If closing your account is not an option, please contact your local branch or assigned banker to discuss other options available to you to help prevent unauthorized transactions.

If you have questions, please call us at 1-800-xxx-xxxx.

Sincerely,

64. Given all this, litigation starts to look more appealing. But customers cannot sue Chase in court — they are forced into binding, secret arbitration by Chase's Digital Services Agreement ("DSA"). And with DSA changes implemented in January 2025, Chase clients / victims can no longer pursue mass arbitration for these unlawful practices that directly impact thousands of Americans. When individual customers do arbitrate reimbursement claims, Chase typically settles, but requires them to sign Non-Disclosure Agreements, preventing other victims from learning that their claims may also have been wrongly denied. Taken together, these practices shield Chase from accountability to its clients and underscores the need for regulatory agencies to monitor these processes, since there is no mechanism for victims to work collectively, or even understand the issues at play.

[Continued next page]

V. $1.6 Billion Victim Money in Suspense Accounts

65. **No Recovery Process for Suspense Accounts:** Under current Chase policy, when a bad actor is identified (either through an inbound claim or internal channels such as the fraud hotline), Chase freezes the account and initiates closure. That is appropriate. If a Chase Fraud reimbursement has already been paid from Chase to a victim, then Chase removes that amount from the bad actor's account prior to closure, and keeps those funds to reimburse the bank. As Ms. Lillie understands it, the remaining balance is then reviewed. For the first $2,500 of funds, Chase simply mails a check to the bad actor. No report to law enforcement, no questions asked. If the balance exceeds $2,500, and the funds are identified as not the rightful property of the bad actor, then anything over $2,500 is transferred into a centralized 'suspense account'.At the time Ms. Lillie was suspended in October, Chase was holding $1.6 billion in suspense accounts, and had no process to track which sources the money had come from, and had stood up an initiative to determine what to do with these funds.

66. Apparently there is no legal requirement that Chase return this money to the victims. Once funds enter suspense, it is almost impossible for victims to recover them. They would typically need to obtain a court order, judicial warrant or law enforcement request, or else complete a time-consuming internal escalation engagement from Chase Global Security and Investigations. More vulnerable victims — who might be ashamed of their participation in delivering codes, older, less literate, or in poor health — are far less likely to be able to complete any of these steps. In the vast majority of cases, after approximately three years, the funds are escheated to the State of Ohio,[38] where JPMorgan Chase Bank, N.A. is headquartered. (JPMorgan Chase Bank, N.A. is the federally-chartered, wholly-owned bank subsidiary of JPMorgan Chase & Co., the NYSE-traded holding company incorporated in Delaware and headquartered in New York.)

67. In other words,while Chase customers have suffered more than $100 million[39] in unlawfully denied reimbursement claims, Chase is struggling with how to handle suspense account cash that is growing out of control. To date, more than $1.6 billion

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[38] In 2019, a class action suit challenged Chase's decision to escheate unclaimed cashier's check funds to Ohio. See https://www.classaction.org/news/class-action-claims-jpmorgan-chase-bank-mishandled-funds-from-unclaimed-cashiers-checks

[39]

has accumulated, and Chase doesn't know what to do with it. While some of this money is tied to unrelated crimes like drug dealing, the vast majority is from Frauds and Scams. In August 2025 alone, 88% of new suspense entries were related to Fraud or Scam seizures.

68. **Zelle Recovery Mechanism Ignored:** Early Warning Systems, the owner and operator of Zelle Network, integrated special tools and network rules into the Zelle system so every bank can easily unwind transactions. Instead of paper forms or an email box, it uses a streamlined, secure and dedicated portal. But since Zelle launched in 2017, Chase has not used it to voluntarily assist with clients who have been impacted, namely voluntarily refunding Frauds or Scams where a bank was not liable but where Chase was able to recover funds from their bad actor. Chase leaders attributed this gap to an unintentional oversight—likely stemming from a rushed Zelle launch that failed to align with voluntary recovery protocols used for other payment rails like Wires and ACH.

69. Somehow, from 2017 until 2025, Chase simply failed to notice it was not using Zelle's native recovery system for voluntarily refunding Frauds and Scams it was not responsible for. Somehow, this simple tool to help tens of thousands of Fraud and Scam victims recover millions of their life savings, just went unnoticed for eight years, at a bank with over 300,000 employees. This, despite: dozens of staff working for years to stand up Zelle and integrate it into bank systems; years of internal audits, external investigations, and Zelle-related lawsuits; and millions of dollars spent on Zelle-related internal reviews. Apparently no one noticed, or thought to ask, what was happening with the money that was not reimbursed for all those Fraud and Scam victims. Meanwhile, the illicit proceeds just kept piling up. In fact, the only reason Chase finally identified this simple mechanism to help victims was that the sheer volume of cash in the suspense account became a problem. Even then, in September and October 2025, my client's efforts to remedy this process and get the money flowing to victims were initially met with resistance, **with leaders preferring to look at other options, including escheating the money faster, or sending more than the current $2,500 back to bad actors,** which Ms. Lillie found baffling. Until she was suspended on October 22, 2025, one of her top priorities was expanding the use of the Zelle recovery mechanism for voluntary use cases.

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VI. Recommendations

70. On April 17, 2024, the Senate Banking Committee sent a letter to JPMorgan Chase CEO Jamie Dimon requesting basic data on how the firm was handling the epidemic of Frauds and Scams. The firm's reply, dated May 10, did not provide data on any of the questions that your Committee asked. In fact, a detailed deck responding to the Committee's questions was prepared by Ms. Lillie's team, but Chase never sent it and instead elected to send a more vague response. Ms. Lillie has provided both letters, and the unsent deck,[40] in the enclosures.

71. Ms. Lillie urges Congress and law enforcement agencies to investigate these matters and bring appropriate enforcement actions. On November 4, Ms. Lillie shared her concerns with JPM Chase's Risk, Governance and Audit Committees of the JPMorgan Chase Board of Directors,[41] and requested they begin the following steps toward remediation:

a. **Return funds to victims, not bad actors** — Stop the practice of returning funds to fraudsters when closing their account for fraud. When funds are not returned, implement a process to investigate and return these funds to victims instead of holding them in suspense. Conduct at least a five-year lookback on the $1.6 billion of current funds in suspense accounts to return money to the rightful owners. Do not escheat them to the state until every account has been reviewed, victims funds identified, and rightful returns made.

b. **Reimburse the more than $100 million** of unlawfully declined claims — remediate back to June 2021 for claims inappropriately declined, as described in the disclosure.

c. **Conduct a lookback and remediate any gaps in BSA reporting** identify and remediate any gaps in required BSA reporting, including submission where appropriate to the Department of Treasury, consistent with regulatory expectations.

d. **Self-report sanctions violations** — conduct at least a five-year lookback of potential missed filings for Wires and Bill Pay Checks; submit all required reports to Treasury's Office of Foreign Assets Control ("OFAC").

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[40] Enclosed in Chase Redacted Documents

[41] Enclosed as "2025_11_4 Lillie Chase Board Committee Disclosures."

e. **Audit of CCB Claims Operations** — Engage outside Compliance experts to establish an appropriate forward-looking audit cadence and sampling methodology beyond the single Zelle claim reviewed in 2023. Conduct a comprehensive retrospective audit across all product claims processes to assess regulatory alignment—rather than simple process adherence—including a statistically representative review of denied claim categories, analysis of the drivers behind low payout rates, and benchmarking against industry peers to identify variances. Invest in dedicated audit resources and consider refreshing Legal, Controls, and Compliance staffing to ensure sustained process integrity, effective challenge, and independence going forward.

f. **Assess and strengthen regulatory engagement model** — train all Legal, Risk, Compliance, Controls, Operational, and line-of-business leaders on 18 U.S.C. § 1001 —including the risks related to concealment and omission— while reinforcing expectations and incentives that promote complete, accurate, and transparent interactions with regulators.

g. **Correct statements to oversight authorities** — identify and remediate any misrepresentations, or inaccurate statements that were provided to the OCC, OFAC, Congress, or any other oversight authority that were false, omitted key facts, or were misleading.

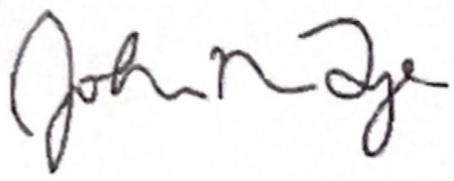
h. **Adjust leadership incentives & address culture imbalances** — reward issue documentation in CORE; ensure culture where Commercial & Investment Bank ("CIB") and CCB leaders are rewarded for escalating when needed; address legal culture issues that led operational and line-of-business leaders to act in violation of 18 U.S.C. § 1001, putting themselves and employees at personal legal risk, highlighting systemic culture problems.

i. **Full Review of disclosure & more research**— Review the full disclosure for opportunities to strengthen governance, controls, and realign investments. Ensure past issues are documented, addressed, remediated and systems support sustainable, compliant operations. Reinitiate research into Frauds and Scams.

72. Because Ms. Lillie has self-disclosed her whistleblower status to the bank, she is no longer concerned with maintaining anonymity. Therefore, she is able and willing to

testify publicly to Congress, and/or in any enforcement action(s) related to these issues. Please do not hesitate to contact me using the information below.

Sincerely,



John N. Tye,[42] Napier Network, PLLC

[redacted]

Enclosures under separate cover

[42] Admitted to practice law in Washington, DC.