



JPMorgan Chase: Hold the phone on those DOJ robo-signing charges

Claims DOJ misrepresented settlement agreement

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JPMorgan Chase (JPM) is pushing back at the **U.S. Department of Justice's** claims that it admitted to misfiling more than 50,000 payment change notices in bankruptcy courts that were “improperly signed, under penalty of perjury, by persons who had not reviewed the accuracy of the notices.”

The DOJ [announced earlier Tuesday](#) that it reached a \$50 million settlement agreement with Chase, and that Chase admitted that more than 25,000 of the 50,000 payment change notices were signed in the names of former employees or of employees who had nothing to do with reviewing the accuracy of the filings.

But, according to Chase Vice President and Head of External Communications Jason Lobo, Chase made no such admissions, despite agreeing to the settlement.

Lobo said the settlement agreement contained no admission of liability, as is often the case in settlements between the DOJ, other federal agencies and financial institutions.

In the [text of the release](#) from the DOJ, Acting Associate Attorney General Stuart Delery said that Chase did indeed “admit” to the charges.

“It is shocking that the conduct admitted to by Chase in this settlement, including the filing of tens of thousands of documents in court that never had been reviewed by the people who attested to their accuracy, continued as long as it did,” Delery said in the release.

“Such unlawful and abusive banking practices can deprive American homeowners of a fair chance in the bankruptcy system, and we will not tolerate them.”

It should be noted that in the text of the release, DOJ used the term “acknowledged” instead of “admitted” when referring to Chase’s conduct in regards to the improperly signed notices.

“Our payment change notices were appropriately reviewed and substantively correct in the overwhelming majority of cases, even though the process for filing them electronically was flawed,” Lobo said. “We have changed our system to ensure electronic signatures on bankruptcy filings will match the individual who reviewed the filing for accuracy.”

Lobo also said that Chase takes issue with the DOJ’s description of the events Chase “admitted” to as

robo-signing. In the press release announcing the settlement with Chase, the DOJ did not mention robo-signing in the statement itself, but did make specific mention of it in the sub-headline of the release, which read:

Settlement Addresses Robo-Signing and Other Improper Practices in Bankruptcy Case

“We do not think it is accurate to characterize as ‘robo-signing’ a process in which a bank employee reviewed the accuracy of the information in each payment change notice. Here, bank employees reviewed the accuracy of the information in the 50,000 PCNs and the notices were accurate over 99% of the time,” Lobo said.

"The issue was that the employees who reviewed the PCNs did not electronically sign and file the PCNs with the bankruptcy court, as required by the bankruptcy court electronic filing rules," Lobo continued. "The bank has enhanced its process, and today the bank employees reviewing the PCNs have electronic filing credentials and they electronically sign and file the PCNs that they review."

Under the terms of the settlement agreement, Chase will pay more than \$50 million to more than 25,000 homeowners who are currently or previously were in bankruptcy. The payments will be made in the form of cash payments, mortgage loan credits and loan forgiveness, including:

- \$22.4 million in credits and second lien forgiveness to about 400 homeowners who received inaccurate payment increase notices during their bankruptcy cases
- \$10.8 million to more than 12,000 homeowners in bankruptcy through credits or refunds for payment increases or decreases that were not timely filed in bankruptcy court and noticed to the homeowners
- \$4.8 million to more than 18,000 homeowners who did not receive accurate and timely escrow statements. This includes credits for taxes and insurance owed by the homeowners and paid by Chase during periods covered by escrow statements that were not timely filed and transmitted to homeowners
- \$4.9 million, through payment of approximately \$600 per loan, to more than 8,000 homeowners whose escrow Chase may have applied in a manner inconsistent with escrow statements it provided to the homeowners
- \$7.5 million to the **American Bankruptcy Institute**'s endowment for financial education and support for the Credit Abuse Resistance Education Program

“Years after uncovering improper mortgage servicing practices and entering into court-ordered settlements to fix flawed systems, it is deeply disturbing that a major bank would still make improper court filings and fail to provide adequate and timely notices to homeowners about payments due,” Director Cliff White of the U.S. Trustee Program said.

“Other servicers should take note that the U.S. Trustee Program will continue to police their practices and will work to ensure that those who do not comply with bankruptcy law protections for homeowners will pay a price, just as Chase has done in this matter.”



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