

Megan Varvais

Megan Varvais of Sacramento, CA and her husband have had both savings and checking accounts with Wells Fargo since 2012. They recently decided to switch from Wells Fargo to Golden One Credit Union. The reason? Wells Fargo imposes forced arbitration on its customers by including a “rip-off clause” in its contracts, and also engages in a multitude of illegal practices. In contrast, like the vast majority of credit unions, Golden One does not require its members to sign away their Constitutional rights in order to obtain banking services.

Megan has personal reasons to know the value of being able to sue a crooked bank. In 2009, during the Great Recession, Megan was a struggling student, and was between jobs. JP Morgan Chase illegally manipulated the order of when it deducted charges from her debit card account, and socked her with hundreds of dollars in overdraft fees. The bank re-ordered the transactions so that the largest charge was deducted first. As a result, instead of being hit with a single overdraft fee, she was hit with multiple fees. This scam is notorious for scenarios like banks charging “\$38 for a \$3 cup of coffee.”

In 2009, Megan Varvais was one of several consumers who successfully sued JP Morgan Chase, bringing a class action lawsuit on behalf of herself and other victims of the banking behemoth’s illegal manipulation of overdraft charges. The class action was originally known as *Luqueta v. JP Morgan Chase*. It became part of a larger legal case against multiple banks, *In re Checking Account Litigation*.

She eventually won, and was paid approximately \$5,000. Her class action lawsuit forced JP Morgan Chase to refund over \$110 million to victims of their overdraft scam and to stop charging fees for overdrafts less than \$5, for a period of at least 2 years. In response to the litigation, Chase also agreed to change its policies, and to stop re-ordering debit card transactions highest-to-lowest, reduce the maximum number of overdraft fees per day from 6 to 3, and cease charging fees when a customer’s account was overdrawn less than \$5 at the close of the business day.

Other banks – except Wells Fargo -- have settled similar class actions, refunding about \$1 billion to their victims. Wells Fargo continues to fight against a similar class action, seeking to avoid having to repay victims from other states. How does it plan to get rid of its victims’ claims? By forcing their litigation into arbitration.

Trump appointee Keith Norieka, Acting Comptroller of the Currency, gave Wall Street and GOP Senators ammunition to use against the CFPB rule. Norieka was one of the attorneys for Wells Fargo who fought to avoid having to refund overdraft fees to their customers in California. Wells Fargo went all the way to the U.S. Supreme Court, seeking to have the class action (*Gutierrez v Wells Fargo*) tossed out of court and into arbitration. However, when U.S. Supreme Court nominee Antonin Scalia died, the Supreme Court declined Wells Fargo’s appeal, and the California Court’s ruling stayed in effect. That meant that Wells Fargo had to refund \$203 million to 1,144,577 victims in California. The average payout was \$162. Some received several thousand dollars. The payments were automatically credited to their accounts.

Ethics watchdogs and some Democratic members of Congress have raised conflict-of-interest concerns about Norieka’s pivotal role in attacking the CFPB’s rule, without recusing himself from activities that stand to benefit Wells Fargo directly.

Megan is also an intern for the CARS Foundation, and is the Social Media Manager for the Consumer Federation of California.

Read more: New York Times: [Chase Agrees to Settle Lawsuit on Overdraft Fees](#)

Los Angeles Times: [Wells Fargo wants court to toss overdraft lawsuits and let it use arbitration](#)