

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

BRADY TUCKER, RYAN HILTON and
STANTON SMITH, Individually and On Behalf
of All Others Similarly Situated,

Plaintiffs,

v.

CHASE BANK USA, N.A.,

Defendant.

Case No. 1:18-cv-03155-KPF

DEFENDANT’S ANSWER TO PLAINTIFFS’ AMENDED COMPLAINT

Defendant JPMorgan Chase Bank, N.A., f/k/a/ Chase Bank USA, N.A. (“Chase”), files its Answer and Statement of Affirmative Defenses to Plaintiffs’ Amended Complaint as follows:

To the extent the headings or jury demand in the Amended Complaint require a response, Chase denies the allegations contained therein.

To the extent the paragraph prior to the first allegation requires a response, Chase admits that Plaintiffs purport to bring this class action individually and on behalf of the class alleged in the Amended Complaint, but denies that such a class can or should be certified. Chase otherwise denies knowledge or information sufficient to respond to the allegations in that paragraph.

INTRODUCTION

1. Chase admits that it is one of the largest issuers of credit cards in the United States, that at account opening Chase provides credit-card customers with a contract setting forth the account terms, including the terms governing finance charges, and otherwise denies the remaining allegations in paragraph 1.

2. The allegations in paragraph 2 purport to characterize the documents attached to the Amended Complaint and thus no response is required. To the extent a response is required, Chase respectfully refers the Court to those documents, which speak for themselves.

3. The allegations in paragraph 3 purport to characterize the documents attached to the Amended Complaint and thus no response is required. To the extent a response is required, Chase respectfully refers the Court to those documents, which speak for themselves.

4. Chase admits that Plaintiffs and other Chase cardholders engaged in cryptocurrency transactions using their Chase credit cards, and otherwise denies knowledge or information sufficient to respond to the allegations in the first sentence of paragraph 4. The allegations in the second and third sentences of paragraph 4 purport to characterize documents attached to the Amended Complaint and thus no response is required. To the extent a response is required, Chase respectfully refers the Court to those documents, which speak for themselves.

5. Denied.

6. Chase admits that for some period of time, cryptocurrency exchanges designated cryptocurrency transactions conducted on those exchanges using the MCC code corresponding to purchases and that, as a result, Chase processed those transactions as purchases. Chase denies the remaining allegations in paragraph 6.

7. Chase denies knowledge or information sufficient to respond to the allegations in the first three sentences of paragraph 7. Chase admits that before late January 2018, as a result of Coinbase's designation of cryptocurrency transactions using the MCC code corresponding to purchases, Chase processed such Coinbase transactions made with Chase credit cards as purchases. Chase admits that Plaintiffs engaged in cryptocurrency transactions using their Chase credit cards in 2017 and 2018, and that certain transactions received from Coinbase, as a result of Coinbase's

designation of those transactions using the MCC code corresponding to purchases, were processed as purchases. Chase denies the remaining allegations of paragraph 7.

8. Chase admits that between January 23, 2018 and February 2, 2018 (inclusive), Plaintiffs engaged in cryptocurrency transactions on Coinbase using their Chase credit cards. Chase denies the remaining allegations of paragraph 8.

9. Chase denies the allegations in the first two sentences of paragraph 9. The remaining allegations in paragraph 9 purport to characterize the contents of other allegations in the Amended Complaint and therefore no response is required. To the extent a response is required, Chase respectfully refers the Court to those specific allegations, which speak for themselves.

JURISDICTION AND VENUE

10. The allegations in paragraph 10 are conclusions of law and thus no response is required. To the extent a response is required, Chase admits the allegations in paragraph 10.

11. The allegations in paragraph 11 are conclusions of law and thus no response is required. To the extent a response is required, Chase denies the allegations in paragraph 11.

12. The allegations in the first sentence of paragraph 12 are conclusions of law and thus no response is required. To the extent a response is required, Chase denies the allegations in the first sentence of paragraph 12. Chase denies the allegations in the second and third sentences of paragraph 12.

PARTIES

13. Chase denies knowledge or information sufficient to respond to the allegations in paragraph 13.

14. Chase denies knowledge or information sufficient to respond to the allegations in paragraph 14.

15. Chase denies knowledge or information sufficient to respond to the allegations in paragraph 15.

16. Chase admits that it is one of the largest credit card issuers in the United States. Chase denies the remaining allegations in paragraph 16.

SUBSTANTIVE ALLEGATIONS

17. Chase admits that money may be used to facilitate economic transactions. Chase further admits that forms of currency, including cryptocurrency, may be treated as money. Chase denies knowledge or information sufficient to respond to the remaining allegations in paragraph 17.

18. Chase denies knowledge or information sufficient to respond to the allegations in paragraph 18.

19. Chase denies knowledge or information sufficient to respond to the allegations in paragraph 19.

20. Denied.

21. Chase denies knowledge or information sufficient to respond to the allegations in paragraph 21.

22. Chase denies knowledge or information sufficient to respond to the allegations in paragraph 22.

23. Chase denies knowledge or information sufficient to respond to the allegations in paragraph 23.

24. Chase denies knowledge or information sufficient to respond to the allegations in paragraph 24.

25. Chase denies knowledge or information sufficient to respond to the allegations in paragraph 25.

26. Chase denies knowledge or information sufficient to respond to the allegations in paragraph 26.

27. Chase denies knowledge or information sufficient to respond to the allegations in paragraph 27.

28. Chase denies knowledge or information sufficient to respond to the allegations in paragraph 28.

29. Chase admits that cryptocurrencies serve as digital units of currency. Chase denies knowledge or information sufficient to respond to the remaining allegations in paragraph 29.

30. Chase denies knowledge or information sufficient to respond to the allegations in paragraph 30.

31. Chase denies the allegations in the first and second sentences of paragraph 31. Chase denies knowledge or information sufficient to respond to the allegations in the third sentence of paragraph 31. The remaining allegations in paragraph 31 purport to characterize, quote from, or summarize judicial decisions and news articles and thus no response is required. To the extent a response is required, Chase respectfully refers the Court to those judicial decisions and news articles, which speak for themselves.

32. Chase denies knowledge or information sufficient to respond to the allegations in paragraph 32.

33. Chase denies knowledge or information sufficient to respond to the allegations in paragraph 33.

34. Chase denies knowledge or information sufficient to respond to the allegations in paragraph 34.

35. Chase admits that it issues a number of different credit cards to consumers in the United States, and the cards vary in their terms and conditions, including whether they have rewards features.

36. Chase admits that it issues a number of different credit cards to consumers in the United States, and the cards vary in their terms and conditions, and that those terms and conditions are contained in written cardmember agreements, which set forth the applicable interest rates and fees that apply to different types of credit card transactions. Chase further admits that the APR applicable to cash advances is generally higher than the APR applicable to purchases. Chase denies the remaining allegations in paragraph 36.

37. The allegations in paragraph 37 purport to characterize the documents attached to the Amended Complaint and thus no response is required. To the extent a response is required, Chase respectfully refers the Court to those documents, which speak for themselves.

38. The allegations in paragraph 38 purport to characterize the documents attached to the Amended Complaint and thus no response is required. To the extent a response is required, Chase respectfully refers the Court to those documents, which speak for themselves.

39. The allegations in paragraph 39 purport to characterize the documents attached to the Amended Complaint and thus no response is required. To the extent a response is required, Chase respectfully refers the Court to those documents, which speak for themselves.

40. The allegations in paragraph 40 purport to characterize the documents attached to the Amended Complaint and thus no response is required. To the extent a response is required, Chase respectfully refers the Court to those documents, which speak for themselves.

41. Chase admits that foreign currency is currency and money. To the extent paragraph 41 alleges anything further, Chase denies those allegations.

42. Chase admits that a wire transfer generally involves the transfer of money between different accounts and that the money deposited generally constitutes money. To the extent paragraph 42 alleges anything further, Chase denies those allegations.

43. Chase admits that travelers checks generally have a face value. Chase denies knowledge or information sufficient to respond to the allegations in paragraph 43.

44. Chase admits that money orders generally have fixed values. Chase denies knowledge or information sufficient to respond to the allegations in paragraph 44.

45. Chase denies knowledge or information sufficient to respond to the allegations in paragraph 45.

46. Denied.

47. Chase admits that Plaintiff Tucker engaged in cryptocurrency transactions on Coinbase using his Chase credit card on or before January 22, 2018 and that, as a result of Coinbase's designation of those transactions using the MCC code corresponding to purchases, Chase processed those transactions as purchases.

48. Chase admits that on and after January 23, 2018, Plaintiff Tucker engaged in cryptocurrency transactions on Coinbase using his Chase credit card, and otherwise denies knowledge or information sufficient to respond to the allegations in the first sentence of paragraph 48. Chase admits the allegations in the second sentence of paragraph 48. Chase admits that, as a result of Coinbase's designation of Plaintiff Tucker's cryptocurrency transactions using the MCC code corresponding to cash advances, Chase processed those transactions as cash advances. Chase denies the remaining allegations of the third sentence of paragraph 48. Chase admits that Plaintiff Tucker disputed the charges on his account and that Chase did not remove the charges. Chase denies the remaining allegations in paragraph 48.

49. Chase denies the allegations in the first sentence of paragraph 49. Chase denies knowledge or information sufficient to respond to the allegations in the second sentence of paragraph 49.

50. Chase admits that Plaintiff Hilton engaged in cryptocurrency transactions on Coinbase using his Chase credit card on or before January 22, 2018 and that, as a result of Coinbase's designation of those transactions using the MCC code corresponding to purchases, Chase processed those transactions as purchases.

51. Chase admits that on and after January 23, 2018, Plaintiff Hilton engaged in cryptocurrency transactions on Coinbase using his Chase credit card, and otherwise denies knowledge or information sufficient to respond to the allegations in the first sentence of paragraph 51. Chase admits the allegations in the second sentence of paragraph 51. Chase admits that, as a result of Coinbase's designation of Plaintiff Hilton's cryptocurrency transactions using the MCC code corresponding to cash advances, Chase processed those transactions as cash advances. Chase denies the remaining allegations of the third sentence of paragraph 51. Chase denies the remaining allegations in paragraph 51.

52. Chase denies the allegations in the first sentence of paragraph 52. Chase denies knowledge or information sufficient to respond to the allegations in the second sentence of paragraph 52.

53. Chase admits that Plaintiff Smith engaged in cryptocurrency transactions on Coinbase using his Chase credit card on or before January 22, 2018 and that, as a result of Coinbase's designation of those transactions using the MCC code corresponding to purchases, Chase processed those transactions as purchases.

54. Chase admits that on and after January 23, 2018, Plaintiff Smith engaged in cryptocurrency transactions on Coinbase using his Chase credit card, and otherwise denies knowledge or information sufficient to respond to the allegations in the first sentence of paragraph 54. Chase admits the allegations in the second sentence of paragraph 54. Chase admits that, as a result of Coinbase's designation of Plaintiff Smith's cryptocurrency transactions using the MCC code corresponding to cash advances, Chase processed those transactions as cash advances. Chase denies the remaining allegations of the third sentence of paragraph 54. Chase admits that it processed Plaintiff Smith's cryptocurrency transactions as cash advances and denies the remaining allegations in the fourth sentence of paragraph 54. Chase admits that Plaintiff Smith called Chase's customer service line to dispute those charges and that Chase refunded the fees but did not refund certain interest charges. Chase denies the remaining allegations in paragraph 54.

55. Chase admits the allegations in the first sentence of paragraph 55. Chase denies knowledge or information sufficient to respond to the allegations in the second sentence of paragraph 55.

56. Denied.

57. Denied.

58. To the extent the allegations in paragraph 58 purport to characterize the contents of a news article, no response is required. To the extent a response is required, Chase respectfully refers the Court to that article, which speaks for itself. Chase denies the remaining allegations in paragraph 58.

59. To the extent the allegations in paragraph 59 purport to characterize the contents of a news article, no response is required. To the extent a response is required, Chase respectfully

refers the Court to that article, which speaks for itself. Chase denies the remaining allegations in paragraph 59.

60. Chase admits that it received disputes concerning its processing of cryptocurrency transactions as cash advances. Chase denies the remaining allegations in paragraph 60, including because it lacks knowledge or information sufficient to respond to certain of the allegations.

61. Denied.

62. Chase denies knowledge or information sufficient to respond to the allegations in paragraph 62.

63. Chase denies the allegations in the first and second sentences of paragraph 63. The allegations in the third sentence of paragraph 63 purport to characterize the contents of a website and thus no response is required. To the extent a response is required, Chase respectfully refers the Court to that website, which speaks for itself. The allegations in sentence four of paragraph 63 are nonsensical and thus no response is required. To the extent a response is required, Chase denies the allegations in the fourth sentence of paragraph 63.

64. Chase admits that in late January 2018 Coinbase changed the MCC code it used to designate cryptocurrency transactions. Chase denies the remaining allegations in paragraph 64.

65. Because paragraph 65 does not define “the relevant time period,” Chase lacks knowledge or information sufficient to admit or deny the allegation concerning that time period. Chase denies the remaining allegations of paragraph 65.

66. The allegations in paragraph 66 purport to characterize the contents of a document—the Visa Data Standards Manual—and thus no response is required. To the extent a response is required, Chase respectfully refers the Court to that document, which speaks for itself.

67. The allegations in paragraph 67 purport to characterize the contents of a document and thus no response is required. To the extent a response is required, Chase respectfully refers the Court to that document, which speaks for itself.

68. The allegations in paragraph 68 purport to characterize the contents of a document and thus no response is required. To the extent a response is required, Chase respectfully refers the Court to that document, which speaks for itself.

69. Denied.

70. The allegations in paragraph 70 purport to characterize the contents of a document and thus no response is required. To the extent a response is required, Chase respectfully refers the Court to that document, which speaks for itself.

71. The allegations in paragraph 71 purport to characterize the contents of a document and thus no response is required. To the extent a response is required, Chase respectfully refers the Court to that document, which speaks for itself. Chase denies the remaining allegations in paragraph 71.

72. Denied.

73. Chase denies knowledge or information sufficient to respond to the allegations in paragraph 73.

74. The allegations in paragraph 74 purport to characterize the contents of a news article and thus no response is required. To the extent a response is required, Chase respectfully refers the Court to that article, which speaks for itself.

75. Respecting those allegations in paragraph 75 that do not pertain to Chase, Chase lacks knowledge or information sufficient to admit or deny the allegations. Chase denies the remaining allegations of paragraph 75.

76. Certain allegations in paragraph 76 purport to characterize the contents of a document and thus no response is required. To the extent a response is required, Chase respectfully refers the Court to that document, which speaks for itself. Chase lacks knowledge or information sufficient to admit or deny the remaining allegations in paragraph 76.

77. Denied.

78. The allegations in paragraph 78 purport to characterize the contents of a document and thus no response is required. To the extent a response is required, Chase respectfully refers the Court to that document, which speaks for itself.

79. Denied.

80. Chase admits that in February 2018, Chase ceased permitting its cardholders to use their credit cards to engage in cryptocurrency transactions. The allegations in the fourth sentence of paragraph 80 purport to characterize a press statement and thus no response is required. To the extent a response is required, Chase respectfully refers the Court to that press statement, which speaks for itself. Chase denies the remaining allegations of paragraph 80.

81. Chase denies the allegations in the first sentence of paragraph 81. The allegations in the second sentence of paragraph 81 purport to characterize the contents of a news article and thus no response is required. To the extent a response is required, Chase respectfully refers the Court to that article, which speaks for itself. Chase admits that customers may use their Chase credit cards to obtain lottery tickets and casino gaming chips to the extent permitted by and subject to the terms of the governing cardmember agreements. Chase denies all remaining allegations in the third sentence of paragraph 81.

82. Denied.

83. Denied.

COUNT I
Breach of Contract

84. Chase repeats and reasserts each and every response to the allegations asserted in the foregoing paragraphs with the same force and affect as if fully set forth herein.

85. Chase admits that Plaintiffs and members of the putative class entered into cardmember agreements with Chase, and otherwise denies the allegations in paragraph 85.

86. The allegations in paragraph 86 purport to characterize the contents of a document and thus no response is required. To the extent a response is required, Chase respectfully refers the Court to that document, which speaks for itself.

87. Denied.

88. The allegations in paragraph 88 purport to characterize the contents of a document and thus no response is required. To the extent a response is required, Chase respectfully refers the Court to that document, which speaks for itself. Chase denies the remaining allegations in paragraph 88.

89. Denied.

COUNT II
**Violations of Truth in Lending Act, 15 U.S.C. §§ 1601, *et seq.*, Regulation Z,
12 C.F.R. §§ 1026.1, *et seq.* – “Clear and Conspicuous” Requirement**

90. The allegations in paragraph 90 purport to characterize, quote from, or summarize TILA and Regulation Z and thus no response is required. To the extent a response is required, Chase respectfully refers the Court to the language of those laws for a complete and accurate recitation of their contents.

91. The allegations in paragraph 91 purport to characterize, quote from, or summarize Regulation Z and thus no response is required. To the extent a response is required, Chase

respectfully refers the Court to the language of that law for a complete and accurate recitation of their contents.

92. The allegations in paragraph 92 purport to characterize, quote from, or summarize judicial decisions and thus no response is required. To the extent a response is required, Chase respectfully refers the Court to the language of those decisions, which speak for themselves.

93. Denied.

94. The allegations in paragraph 94 purport to characterize, quote from, or summarize Regulation Z and the Staff Commentary and thus no response is required. To the extent a response is required, Chase respectfully refers the Court to the language of that law for a complete and accurate recitation of their contents.

95. Denied.

96. Chase denies knowledge or information sufficient to respond to the allegations in paragraph 96 concerning the conditions under which Plaintiffs and other members of the putative class would not have used their Chase credit cards to engage in virtual currency transactions. Chase denies the remaining allegations in paragraph 96.

97. Chase admits that Plaintiffs and the putative class purport to bring this Count for the purposes set forth in paragraph 97, but denies that any such damages, fees, or expenses can be recovered.

COUNT III
**Violation of Truth in Lending Act, 15 U.S.C. §§ 1601, *et seq.*, Regulation Z,
12 C.F.R. §§ 1026.1, *et seq.* – “Significant Change in Account Terms”**

98. Chase repeats and reasserts each and every response to the allegations asserted in the foregoing paragraphs with the same force and affect as if fully set forth herein.

99. By order dated August 1, 2019, the court dismissed this Count and thus no response is required.

100. By order dated August 1, 2019, the court dismissed this Count and thus no response is required.

101. By order dated August 1, 2019, the court dismissed this Count and thus no response is required.

102. By order dated August 1, 2019, the court dismissed this Count and thus no response is required.

103. By order dated August 1, 2019, the court dismissed this Count and thus no response is required.

104. By order dated August 1, 2019, the court dismissed this Count and thus no response is required.

105. By order dated August 1, 2019, the court dismissed this Count and thus no response is required.

106. By order dated August 1, 2019, the court dismissed this Count and thus no response is required.

COUNT IV

(In the Alternative)

**Violation of Truth in Lending Act, 15 U.S.C. §§ 1601, *et seq.*, Regulation Z,
12 C.F.R. §§ 1026.1, *et seq.* – “Basis of Disclosures”**

107. By order dated August 1, 2019, the court dismissed this Count and thus no response is required.

108. By order dated August 1, 2019, the court dismissed this Count and thus no response is required.

109. By order dated August 1, 2019, the court dismissed this Count and thus no response is required.

110. By order dated August 1, 2019, the court dismissed this Count and thus no response is required.

111. By order dated August 1, 2019, the court dismissed this Count and thus no response is required.

112. By order dated August 1, 2019, the court dismissed this Count and thus no response is required.

COUNT V
Declaratory Judgment, 28 U.S.C. § 2201

113. Chase repeats and reasserts each and every response to the allegations asserted in the foregoing paragraphs with the same force and affect as if fully set forth herein.

114. The allegations in paragraph 114 contain legal conclusions and thus no response is required. To the extent a response is required, Chase denies the allegations in paragraph 114.

115. Chase admits that Plaintiffs purport to seek a declaratory judgment as stated in paragraph 115 but denies that such a declaratory judgment is warranted.

CLASS ACTION ALLEGATIONS

116. Chase admits that Plaintiffs purport to bring this action on behalf of the class set forth in paragraph 116. Chase denies that the class can or should be certified.

117. Denied.

118. Denied.

119. Denied.

120. Denied.

121. Denied.

PRAYER FOR RELIEF

Chase denies that the relief requested is appropriate or warranted. All allegations

in the Amended Complaint not specifically admitted or otherwise answered are denied

CHASE'S STATEMENT OF AFFIRMATIVE DEFENSES

Without assuming any burden of proof that it would not otherwise bear, Chase asserts the following defenses. Chase reserves the right to assert further defenses that may be identified in the course of further investigation, discovery, or litigation of this action, including, in the event any class is certified, the right to advance additional defenses pertinent to class members.

FIRST DEFENSE

Plaintiffs fail to state a claim upon which relief can be granted.

SECOND DEFENSE

Plaintiffs' claims are barred in whole or in part by their failure to mitigate any damages they may have suffered.

THIRD DEFENSE

Plaintiffs' damages, to the extent they suffered any, are the result of their own conduct and/or the conduct of third parties over whom Chase exercises no control.

FOURTH DEFENSE

Plaintiffs' claims are barred in whole or in part by estoppel and/or waiver.

FIFTH DEFENSE

Plaintiffs' claims are barred in whole or in part because Plaintiffs materially breached the cardmember agreement.

SIXTH DEFENSE

Even if not applicable to Plaintiffs, some or all of the defenses asserted above may be applicable to one or more of the putative class members whom Plaintiffs may seek to represent. In the event that any attempt is made to certify a class in this action, Chase reserves the right to

identify and advance any further defenses that may apply to persons other than the named Plaintiffs.

PRAYER

WHEREFORE, premises considered, Defendant prays that the Court dismiss Plaintiffs' claims with prejudice and for all other relief to which it may show itself to be justly entitled.

DEMAND FOR JURY TRIAL

Chase hereby demands trial by jury on all issues so triable raised by Plaintiffs' Amended Complaint.

Dated: August 22, 2019

/s/ Alan E. Schoenfeld _____
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