

AMERICAN ARBITRATION ASSOCIATION

Stevie Geiggars, Claimant

v. AAA- Case No. 01-20-0000-4604

Chime Financial, Inc. and

The Bancorp, Inc., Respondents

AWARD

FACTS

I, Frank S Hamlin, the Arbitrator in this matter, having been designated in accordance with the arbitration agreement entered into by these parties and having been duly sworn, with oral hearings having been waived in accordance with the AAA Consumer Arbitration Rules, and having fully reviewed and considered the written briefs and numerous documents and cases submitted to me by the parties, with the claimant represented by A. Blake Thomas and the Respondents represented by Allison Bowers do hereby render the following award:

This dispute involves alleged violations of 12 CFR section 1005, commonly known as regulation E of the US Treasury Department regulations. This federal regulation reflects the rights and duties of lending institutions and consumers involving electronic funds transfers and the use of debit cards. In this case the Claimant is contending that four debit card transactions in late December, 2019 and early January, 2020 were not performed by him and thus were unauthorized. The Respondents investigated this matter and declined to refund monies to the Claimant in the amount of

\$237.47, which was the total of the four transactions. The Claimant notified the Respondents of the alleged unauthorized transactions on the debit card on January 3, 2020. Geiggars said his debit card had been lost or stolen. They responded immediately, cancelled the debit card and issued a new one to the Claimant. The Respondents then started an investigation regarding the four charges in question. During the investigation the Respondents reviewed the Claimants deposit account, expenditures and account history. The Respondents further looked into the location, type, amount, and nature of the four charges. They discovered that Claimant had previously used his debit card at the same locations as the disputed charges. Further, the Claimant had made undisputed, in person transactions with the card between and after the disputed charges during the time when his card was supposedly lost or stolen. The Respondents, therefore, assumed that the card was still in Claimant's possession. Finally, Claimant made undisputed ATM withdrawals using his card and pin number during the time when his card was supposedly lost or stolen.

On January 4, 2020 Respondents concluded their investigation. They found that the Claimant had authorized the charges. The Respondents then sent an email letter stating that no error had been found and then informed Claimant that the investigation was now closed and offered to send him the documents used to resolve the investigation. The Claimant did request that documentation be sent to him including the investigative documents involving this dispute. The Respondents sent these documents to the Claimant

on January 20th, 2020. This was within 10 business days of the time of the request by the Claimant.

CONCLUSION

Based upon the proof put forth by the Claimant and records produced by both parties, I do **not** conclude that the Claimant suffered any actual damages. The probability that the Claimant either made or authorized these charges is very likely. Thus, I am **not** awarding the Claimant the \$237.40 claimed in alleged actual damages.

I must now determine whether the Respondents violated any of the procedural requirements of regulation E. There is legal precedent and arbitration precedent for granting a monetary award for procedural violations when the Claimant has not suffered actual damages. These decisions were cited by the parties and sent to this arbitrator. There is no need to go into detail on those holdings.

With regard to the claims that the Respondents violated procedural requirements of regulation E, I first address whether the Respondent adequately investigated this claim. I do conclude that the Respondents did a sufficient and timely investigation into this matter. Thus, I find that there was no violation regarding the depth of the investigation. While the Respondents may not have sent every single item of documentation involving the declining of this claim, I find that the Respondents in good faith did promptly send sufficient material to the Claimant. However, Respondent's email response letter of January 4, 2020 did not give a sufficient explanation of the Respondent's position in denying the claim. Therefore, I find that there was a violation of this provision of

regulation E. Next, I do **not** find that the statement that the Claimant gave to the Respondents surrounding the facts of this claim to be tantamount to an affidavit. Apparently, the Respondent never received the statement. I do not find a violation surrounding this document that the plaintiff is calling an affidavit. By the time that the statement was allegedly signed by the Claimant on February 3, 2020, the Claimant had already received the investigative documents from the Respondent on January 20, 2020.

Therefore, I award the sum of **\$500.00** to the Claimant as a penalty for the Respondents' email response of January 4, 2020 not giving a sufficient explanation for denying the claim. No other damages are being awarded for the actual damages claimed and any other alleged violations of regulation E. The parties and counsel have stipulated that if an award is made to the Claimant then this arbitrator it is to award the Claimant attorney's fees in the amount of **\$4,000.00**. That amount is awarded to Claimant. This award is joint and several.

The administrative fees of the AAA totaling \$1,900.00 and the compensation of the Arbitrator totaling \$1,500.00 shall be born as incurred.

This award is in full settlement of all claims submitted in this arbitration. All claims not expressly granted here in are hereby denied.

IT IS SO ORDERED.

Frank Hamlin

Frank S. Hamlin, Arbitrator

Date: February 2, 2021