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REGULATORY/ENFORCEMENT

U.S. GENIUS Act Regulates Stablecoin Issuers

President Trump signed the Guiding and Establishing National Innovation for U.S. Stablecoins (GENIUS) Act, the first major cryptocurrency legislation in the United States. The GENIUS Act directs federal bank regulators to create licensing and regulatory schemes for issuers and other participants in the U.S. payment stablecoin market. It further establishes three types of entities that may issue U.S. payment stablecoins in the United States: subsidiaries of federally insured depository institutions, entities specifically approved by the Office of the Comptroller of the Currency, and entities specifically approved by state payment stablecoin regulators.

The GENIUS Act imposes reserve and reporting obligations on stablecoin issuers, including reserves on at least a one-to-one basis in specific asset types like demand deposits, Treasury bills, and money market funds. Stablecoin issuers must issue public monthly reports subject to audits by registered public accounting firms on their compliance with reserve requirements. Importantly, the GENIUS Act declares that stablecoins are not “securities” or “commodities” under federal law and so allows stablecoin issuers to avoid scrutiny from the Securities and Exchange Commission and Commodity Futures Trading Commission. While the GENIUS Act includes significant requirements for stablecoin issuers, it does not include additional requirements requested by some legislators and regulators, including stronger requirements that reserves be held in fully liquid and one-to-one equivalent assets.

Financial Services Industry Comments on CFPB Open Banking Rule

The Consumer Financial Protection Bureau (CFPB) received more than 14,000 responses following its request for comment on its open banking rule. While the CFPB previously stated in court filings that it may not have the authority to enforce the rule, it has not formally withdrawn the rule or delayed deadlines for compliance. A federal district court judge has temporarily enjoined enforcement of the rule until the CFPB withdraws or replaces it.

If enforced, the current rule would impose new requirements on banks, fintechs, and other financial services companies to permit consumers to seamlessly move information and money between financial institutions. In requesting public comment, the CFPB focused on four issues: who can make requests on behalf of consumers, how costs incurred by a consumer’s exercise of their open banking rights would be covered, information security concerns, and privacy concerns. The CFPB is expected to propose a replacement for the rule in 2026.

CFPB Proposes to Limit Its Own Authority to Supervise Nonbanks

The CFPB sought public comment on a proposed rule that would restrict its ability to regulate and supervise nonbank financial services companies. Specifically, the proposed rule would define, for the first time, “risks to consumers” in Section 1024(a)(1)(C) of the Consumer

Financial Protection Act (CFPA), which permits the CFPB to regulate certain bank and nonbank financial services companies. The proposed rulemaking would define “risks to consumers” to encompass only conduct presenting a high likelihood of harm and directly connecting to the offering or provision of consumer financial products or services. Activities that do not create risks to consumers cannot, by statute, be regulated by the CFPB. The proposed definition is intended to, and likely would, decrease the regulatory burden on nonbank financial services companies that don’t directly offer or provide consumer financial products or services.

CFPB Extends Compliance Dates for Small Business Lending Rule

The CFPB has finalized its extension of deadlines to comply with its small business lending rules under Regulation B. The new compliance dates run from July 1, 2026 to October 1, 2027, depending on the size of the institution. The current version of the small business lending rules require lending institutions to collect and report to the CFPB data on applications for credit by small businesses, including geographic and industry information, lending decisions, credit pricing, and demographic information on the business’s principals. The CFPB is expected to replace the current small business lending rules with less onerous requirements before the new compliance deadlines.

The CFPB’s “Debanking” Review in Response to President Trump’s Political Discrimination Executive Order

President Trump signed an Executive Order, Guaranteeing Fair Banking for All America, that directs federal agencies to combat “debanking”—the denial or termination of financial services based on political views, religious beliefs, or industry affiliation. The Order directs that Americans may not be denied access to financial services based on constitutionally or statutorily protected beliefs, and “[b]anking decisions must instead be made on the basis of individualized, objective, and risk-based analyses.” It goes on to define “politicized or unlawful debanking” as restricting or modifying access to financial services based on political or religious beliefs or “lawful business activities that the financial service provider disagrees with or disfavors for political reasons.”

In response, the CFPB is asking its enforcement attorneys and a small team of examiners to flag investigations that uncovered potential debanking of customers based on religious or political beliefs. CFPB enforcement attorneys were instructed to report any investigations that produced information and documents about policies and practices related to opening, freezing, or closing accounts in the last five years, with a particular emphasis on any evidence that a financial institution made decisions related to account openings or closures for religion, political beliefs, or lawful business activities. Another small team of CFPB examiners was assigned to review potential debanking, although the exact number and their role are unclear. These efforts are ongoing in light of the CFPB’s currently limited resources.

CFPB Says Earned Wage Access Products Aren't Covered by TILA

Truth in Lending (Regulation Z); Nonapplication to Earned Wage Access Products, 90 Fed. Reg. 60069 (Dec. 23, 2025).

A CFPB advisory opinion states that many earned wage access (EWA) products are not considered credit covered by the Truth in Lending Act (TILA). EWA products typically take two forms—"employer-partnered," where providers contract with employers to give workers access to funds not exceeding accrued wages, and "direct-to-consumer," where providers independently give workers access to funds not exceeding estimated accrued wages. Along with the advisory opinion, the CFPB withdrew a Biden-era proposed interpretative rule that would have defined all EWA products as credit under TILA. These actions come amidst the Trump Administration's plans to close the CFPB in 2026.

To be considered "covered EWA," products must satisfy several requirements: (1) transactions do not exceed the cash value of the worker's accrued wages as of the date of the transaction, as determined by payroll data; (2) the provider deducts amounts from the worker's paycheck and not from a bank account; (3) the provider, before granting access to funds, "clearly and conspicuously" explains and warrants to the worker that it has no legal remedy against the worker and will not engage in debt collection practices or otherwise treat the amount as a debt; and (4) the provider does not assess the credit risk of individual workers.

The CFPB explained that covered EWA does not meet the definition of credit under TILA but rather "resembles early wage payment." The agency also said that although "debt" is undefined by TILA or its implementing regulations, the common meaning of debt does not apply to EWA because workers access funds they have already earned and are already entitled to.

Although not legally binding, the advisory opinion offers insight into federal enforcement priorities and may influence state-level laws and enforcement of payday lending

LITIGATION

DOJ's Credit Card Antitrust Case Moves Forward

U.S. v. Visa Inc., No. 1:24-cv-07214 (S.D.N.Y.).

Earlier this year, the Southern District of New York denied Visa's motion to dismiss the Department of Justice's (DOJ) antitrust claims for monopolization and other unlawful conduct in debit network markets in violation of Sections 1 and 2 of the Sherman Act. The operative complaint alleges that Visa illegally maintains a monopoly over debit network markets by using its dominance to thwart the growth of its existing competitors and prevent others from developing new and innovative alternatives. The complaint further alleges that Visa imposes a web of exclusionary agreements on merchants and banks, which allegedly penalize Visa's customers that route transactions to a different debit network or alternative payment system.

Nearly a year ago, Visa moved to dismiss the complaint on three grounds. First, Visa argued that the DOJ's alleged product market is implausible because it excludes other payment networks

that, like debit networks, move money between bank accounts. Second, Visa argued that the complaint fails to allege anticompetitive conduct and thus harm to competition because the complaint does not allege that Visa discounted prices to below its costs. Third, Visa contended that the terms of its current contracts disprove and defeat the allegation that Visa agreed with competitors and potential competitors not to compete.

In June 2025, the court denied Visa's motion to dismiss. In response to Visa's first argument that the DOJ is viewing the market too narrowly, the court ruled that the DOJ has identified characteristics that distinguish the debit card networks from other payment methods. In response to Visa's second argument, the court ruled that Visa ignored "all of the other anticompetitive conduct" alleged in the complaint and misconstrues the thrust of the government's allegations. And in response to Visa's third argument involving the terms of its current contracts, the court ruled that it is too early to assess whether the agreements unreasonably restrain competition or contribute to Visa's alleged monopoly maintenance.

Prior Billion-Dollar Settlement Does Not Bar Other Swipe-Fee Claims

In re Payment Card Interchange Fee and Merchant Discount Antitrust Litigation, No. 1:05-md-01720 (E.D.N.Y.).

On August 20, 2025, a New York federal court ruled that Visa cannot enforce a prior \$5.54 billion settlement against a class of Visa debit cardholders in a separate, similar suit. The \$5.54 billion settlement stems from claims initiated nearly two decades ago, alleging that Visa, Mastercard, and several banks maintained a series of network rules that enabled them to charge merchants higher transaction fees than the retailers would have tolerated in a competitive market.

In May 2025, Visa had moved to enforce the settlement against the Visa debit cardholder plaintiffs, arguing that their proposed class and certain class representatives "sweep in millions of merchants that released claims as members of the [current suit's] settlement class." Visa asserted that the claims in the litigation arise from the "same factual predicate as that underlying the settled litigation—i.e., that Visa, in fact, exercised market power to impose supracompetitive interchange and network fees regarding the same debit transactions." However, the court found that the Visa debit cardholder plaintiffs' claims do not satisfy the "identical factual predicate" test because the facts the Visa debit plaintiffs allege are materially different from the facts alleged by the other class.

According to the order, the Visa debit cardholder plaintiffs allege that Visa "wielded and protected" its monopoly power in the debit network by requiring merchants to enter into loyalty contracts or face high network fees, stifling competition by offering incentives to Apple, PayPal, and others to not compete with Visa, and by attempting to acquire potential debit network competitors such as Plaid.

The class in the \$5.54 billion settlement, however, alleged that Visa and Mastercard conspired to impose supracompetitive interchange fees on merchants and leveraged their dominance within the credit card network to become the dominant debit card networks. The court also found that the Visa debit plaintiffs' allegations are based on a different legal theory

and set of core facts, including that Visa acted alone and used agreements or partnerships with potential competitors to restrain trade or take other actions that could encroach on Visa's monopoly. As a result, Visa must proceed with defending the claims asserted in the current litigation.

Federal Court Partially Dismisses Claims That Bank and Payment Co. Misrepresented Fees and Compliance with Card Network Rules

ERI Brands LLC v. PayNetWorx LLC, No. 1:24-cv-00415 (S.D. Ohio).

In August 2024, two online merchants filed a lawsuit alleging that payment processor Paynetworx LLC and its partner bank, Pathward Financial Inc., misrepresented fees and their compliance with card network rules, causing the merchants to make millions in unnecessary and improper payments. The plaintiffs allege that after they enrolled in PNX's and Pathward's services, the processor and bank failed to inform the merchants of chargebacks their customers had made, preventing them from disputing the chargebacks. The merchants, who were seeking at least \$12 million in damages, say PNX and Pathward were disputing the chargebacks on their own, without informing the plaintiffs, and keeping the money for themselves. The plaintiffs asserted multiple fraud and negligence claims and claims for conversion and accounting.

In July 2025, the Southern District of Ohio partially granted the defendants' motion to dismiss, ruling that the plaintiffs' negligence claims are barred by the economic loss rule since the plaintiffs failed to allege noneconomic damages resulting from the conduct. The court also determined that the plaintiffs only sufficiently alleged their fraud claims against PNX but not Pathward since the complaint "does not state any Pathward-specific conduct related to the fraud claims." The court dismissed all but the fraud and conversion claims.

Pawnshop Owner and Operator Settles CFPB's Military Lending Act Charges

CFPB v. FirstCash Inc., No. 4:21-cv-01251 (N.D. Tex.).

FirstCash Inc., the owner and operator of over 1,000 retail pawnshops in the United States, agreed to settle charges brought by the CFPB alleging the company violated the Military Lending Act (MLA), which covers active-duty servicemembers and their families. The CFPB alleged FirstCash and its subsidiaries violated the MLA by (1) making pawn loans to borrowers covered under the MLA with rates that exceeded the MLA's maximum allowable annual percentage rate; (2) requiring arbitration in disputes with covered borrowers; and (3) failing to make all required loan disclosures in loan agreements with covered borrowers. The settlement requires FirstCash and its subsidiaries to set aside \$5 million to ensure full redress to harmed servicemembers and their families, pay a \$4 million fine to the CFPB's victims relief fund, and comply with the MLA in all pawn loans going forward.

Crypto Traders Forced to Arbitration

Cordero v. Coinbase Inc., No. 3:25-cv-04024 (N.D. Cal.).

A California federal court ordered a proposed class of crypto traders to arbitrate their dispute alleging that Coinbase charged them hidden fees during cryptocurrency transactions and violated California and New York consumer-protection laws. After the proposed class action was filed, Coinbase moved to compel arbitration under its user agreement, which included an arbitration agreement and class action waiver. The plaintiffs argued Coinbase's arbitration agreement was not enforceable because the class action waiver was unconscionable under California law, and the high cost of arbitration barred the plaintiffs from effectively vindicating their claims against Coinbase. The court rejected those arguments, finding the arbitration agreement was clearly presented to Coinbase users in bold, all-caps font and they had not sufficiently shown that arbitration would be prohibitively expensive.

Consumer Brings Proposed Class Action over Credit Card Interest Rates

Strange v. Capital One N.A., No. 8:25-cv-02711 (D. Md.).

A Capital One credit card holder brought a proposed class action in Maryland against Capital One alleging the bank charged and collected usurious interest on their credit card accounts. According to the plaintiff, Capital One can only charge customers an annual interest rate higher than 6% if the customer has agreed to the higher interest rate. Although Capital One's credit card agreement allows the bank to charge customers an interest rate higher than 6%, the plaintiffs allege the credit card agreement is "illusory," and thus unenforceable, because it allows Capital One to unilaterally change the terms of the agreement without giving its customers anything in return. The plaintiff alleges that because no enforceable contract exists, Capital One violated federal usury laws by charging or collecting interest above 6%. Capital One has refuted the claims, arguing its credit card agreement is not illusory and the plaintiff has failed to allege a usury claim as required under federal law.

Bank Seeks Dismissal of Class Action Arising from Cash Sweep Accounts

In re RBC Capital Markets Cash Sweep Litigation, No. 1:24-cv-08226 (S.D.N.Y.).

Royal Bank of Canada and an affiliate (RBC) have sought dismissal of a putative class action brought in the Southern District of New York on behalf of RBC customers who had cash deposits or balances in RBC's cash sweep program. After consolidation with a related case, the operative complaint alleges that RBC improperly operated its cash sweep program by purportedly sweeping some of its customers' uninvested cash into accounts with "unreasonable, below-market interest rates," which allegedly allowed RBC to "capture a wide spread" between the interest it earned and the interest it paid customers.

RBC moved to dismiss and argued that the plaintiffs wanted to rewrite the terms of their contract, which established how and when uninvested cash would be swept and how their rates (which were publicly posted) would change over time. RBC argued that it complied with the parties' contract, defeating the breach of contract claim, and that the parties' contract does not allow the plaintiffs to assert various extracontractual claims. RBC's motion remains pending.

CFPB Terminates \$95 Million Consent Order

In re Navy Federal Credit Union, No. 2024-CFPB-0014 (C.F.P.B.).

In July 2025, the Trump Administration terminated a consent order between the CFPB and Navy Federal Credit Union from November 2024. Per the order, the CFPB had found that Navy Federal's overdraft service on checking accounts violated the CFPB. Under that overdraft service, Navy Federal would allow customers to pay for transactions even if they did not have sufficient funds in their account, though the customer would be required to repay Navy Federal the shortfall and may be charged a \$20 fee for each overdraft. However, the CFPB alleged that Navy Federal would charge those overdraft fees if the customers' accounts did not have sufficient funds at the time the transactions settled, which could be days later, even if the customers had enough funds at the time the transactions were placed.

The CFPB also alleged that Navy Federal improperly charged overdraft fees on certain person-to-person payment transactions, such as PayPal and Zelle, when Navy Federal purportedly failed to disclose processing times. Under the consent order, the CFPB ordered Navy Federal to pay \$80.6 million to affected customers and \$15 million as a civil penalty to the CFPB. Although Navy Federal consented to the order, it did not admit or deny any of the findings of fact or conclusions of law set out by the CFPB. In addition to termination of the consent order in July 2025, any noncompliance with the order has also been waived.

Transfer Company Settles with State of New York for \$250,000

People of the State of New York v. MoneyGram International Inc., No. 1:22-cv-03256 (S.D.N.Y.).

The New York attorney general (NYAG) announced a \$250,000 settlement with MoneyGram International Inc. and an affiliate in a lawsuit originally brought by the CFPB and NYAG in the Southern District of New York. According to the complaint, MoneyGram failed to either transfer funds on time or provide timely refunds and allegedly included statements that conflicted with federal law. The CFPB and NYAG asserted that MoneyGram violated the Remittance Rule, which was issued under the Electronic Fund Transfer Act, as well as the CFPB and New York state laws. After the CFPB dismissed its claims, the NYAG and MoneyGram reached a settlement for \$250,000.

Bank Faces Class Action over "Grace Period" Overdraft Refunds

Trisal v. TD Bank N.A., No. 1:25-cv-16196 (D.N.J.).

In October 2022, TD Bank launched its "TD Grace Period" feature that allows consumers who overdraft their account to avoid an overdraft fee if they bring their balance back to \$0 by the end of the next business day. This feature is the subject of a new putative class action filed in the District of New Jersey.

The plaintiffs allege that, in practice, the bank routinely fails to refund overdraft fees, even when customers promptly restore overdrawn accounts. The complaint characterizes the practice as a revenue-generating tactic that disproportionately harms low-income consumers who rely on the policy to avoid cascading financial strain. The plaintiffs' proposed class encompasses potentially millions of TD Bank customers who were allegedly assessed overdraft fees that were not refunded despite satisfying the grace-period requirements.

Bank Faces Lawsuit After \$1.1 Million Wire Transfer to Scammer

Mackenzie Service Corporation v. TD Bank N.A., No. FBT-CV25-6151645-S (Conn. Sup. Ct.).

In a case highlighting the risks of wire fraud in the banking sector, a family-owned business and long-time customer of TD Bank has sued after losing over \$1 million in a sophisticated fraudulent wire transfer scheme. The incident allegedly occurred when fraudsters contacted the business using a spoofed phone number so that it appeared the call was affiliated with TD Bank. Using this call, the fraudster obtained the bank client's credentials to access its account, which led to 58 unauthorized ACH payments.

The suit alleges that TD Bank's response compounded the harm. The plaintiff claims that the bank did not notify it of the breach for nearly four days, froze its remaining funds, and failed to communicate about any investigation or recovery efforts. The bank is being sued under Connecticut's Uniform Commercial Code Article 4A, seeking a refund of the lost funds and damages for breach of contract and breach of the implied covenant of good faith and fair dealing. The complaint also seeks declaratory relief for the parties' rights and obligations under Article 4A.

The case underscores the heightened scrutiny on banks to detect and prevent fraud, as well as the focus on implementing commercially reasonable security procedures. The plaintiffs bring a claim for breach of contract and seek damages, restitution, and injunctive relief.

California Federal Court Dismisses Antitrust Class Action

Sabol v. PayPal Holdings Inc., No. 4:23-cv-05100 (N.D. Cal.).

The Northern District of California dismissed a putative class action against PayPal challenging the company's "Anti-Steering Rules." The plaintiffs, a group of online shoppers, alleged that

PayPal's rules prohibiting merchants from imposing surcharges for PayPal payments or steering customers toward other payment methods violate federal and state antitrust laws, as well as consumer protection statutes in several states. The plaintiffs claimed these rules inflated transaction fees and, in turn, retail prices across the e-commerce sector.

Dismissing the claims, the court found that the plaintiffs' definition of the retail e-commerce market was facially sustainable at the pleading stage, rejecting PayPal's argument that the market should be limited to online payment platforms. The court, however, concluded that the plaintiffs failed to adequately allege that PayPal possesses market power in this market because they did not provide sufficient facts about rival payment platforms. The court also ruled that the plaintiffs' alleged injuries under both their "discount theory" and "pricing theory" were too speculative and indirect to establish antitrust standing, noting that the connection between PayPal's rules and higher consumer prices was not sufficiently supported.

Bank Sued for Allegedly Misleading Consumers About Savings Rate

Arbeit v. Capital One N.A., No. 3:25-cv-00821 (E.D. Va.).

A new class action has been filed in the Eastern District of Virginia against Capital One N.A. and Capital One Financial Corp., alleging that the bank misled customers who held 360 Money Market accounts by promising "one of the nation's best savings rates," only to later offer a new, nearly identical account—360 Performance Savings—with significantly higher interest rates.

According to the complaint, Capital One launched the 360 Money Market account in 2016, marketing it as a high-yield product for customers with balances above \$10,000. But after introducing the 360 Performance Savings account in September 2019, Capital One allegedly stopped advertising the 360 Money Market account, quietly reduced its interest rates, and failed to inform existing customers that a better option was available. The plaintiffs allege that from 2022 onward, the interest rate gap between the two accounts widened dramatically, with the 360 Performance Savings account offering rates several times higher than the 360 Money Market account, even as both products were otherwise nearly identical.

The plaintiffs, representing a nationwide class and several state subclasses, claim that Capital One's actions deprived them of interest they would have earned had their funds been in the higher-yielding account and that the bank's conduct amounted to breach of contract, breach of the covenant of good faith and fair dealing, violations of state consumer protection laws, promissory estoppel, and unjust enrichment.

Derivative Lawsuit Voluntarily Dismissed

Reiter v. Fairbank, No. 1:25-cv-01037 (D. Del.).

A plaintiff voluntarily dismissed his derivative lawsuit on behalf of Capital One against various Capital One directors and officers, which also centered on Capital One's "360 Performance Savings" account. The plaintiff alleged that the directors and officers breached their fiduciary duties and were unjustly enriched when they purportedly concealed the existence of the 360

Performance Savings account that had "significantly higher" interest rates than another savings account at Capital One. The plaintiff also claimed that certain directors and officers violated the Securities Exchange Act by making allegedly false and misleading proxy statements that did not disclose Capital One's practices. The plaintiff pointed out that Capital One's alleged conduct led to a \$425 million settlement in related multidistrict litigation and a lawsuit filed by the New York attorney general against Capital One in the Southern District of New York.

After the derivative case was transferred to the District of Delaware, the court entered an oral order stating that the court "doubts the merits" of the Securities Exchange Act claims and that the court would not "exercise jurisdiction over the state law claims if the federal claims are dismissed." The court further stated that the court was "concerned that the Complaint may represent an attempt to manufacture jurisdiction" and ordered the plaintiff to show cause why the case should not be dismissed. In response, the plaintiff voluntarily dismissed the case.

New York Attorney General Takes Aim at Alleged Facilitation of Fraud

State of New York v. Early Warning Services LLC, No. 1:25-cv-07601 (S.D.N.Y.).

The New York attorney general (NYAG) filed suit against the parent company of electronic payments platform Zelle, accusing the banking giant of facilitating widespread fraud on its platform. In its complaint, the NYAG alleges that Early Warning Services LLC (EWS) rushed the Zelle platform to the market, resulting in a product that lacked critical safeguards and left its users exposed to potential fraud. The NYAG alleges that Zelle's customers suffered more than a billion dollars in losses from reported fraud that could have been prevented with appropriate safeguards in place.

The NYAG seeks restitution and damages for EWS's customers who fell victim to the alleged fraud, as well as injunctive relief requiring EWS to implement and maintain basic network safeguards and any other anti-fraud measures necessary to protect consumers and limit consumer harm from fraudulent activity. EWS removed the case to the Southern District of New York but has not yet formally responded to the allegations in the NYAG's complaint.

Bank Seeks to Escape Lawsuit Brought by Customer Who Lost \$2 Million

Hegira Health Inc. v. Fifth Third Bank National Association, No. 2:25-cv-12481 (E.D. Mich.).

Fifth Third Bank asked the Eastern District of Michigan to dismiss an aggrieved customer's lawsuit that accuses Fifth Third of not doing enough to protect from third-party misconduct that occurred when the plaintiff unknowingly provided its security credentials to a fraudster, resulting in the loss of approximately \$2 million via fraudulent wire transfers.

In its motion to dismiss, Fifth Third argues that its fraud-prevention obligations are governed by the parties' agreements and that those measures—which included the requirement for a transferor to identify the accountholder's user ID, password, and passcode before initiating a

wire transfer—are commercially reasonable and were satisfied by the bank. Fifth Third also argues that any other steps it potentially could have taken to prevent the fraudulent transfers were not required by the parties’ agreements and, in any event, amount to little more than “Monday morning quarterbacking.” Finally, Fifth Third points out that it was the plaintiff that turned its credentials over to the fraudster, and therefore the plaintiff is solely responsible for any resulting loss of its funds.

Fifth Third has asked the court to dismiss the complaint with prejudice.

Bank Facing Class Action over Failure to Reimburse Customers for Fraudulent Wire Transfers

Jung v. Discover Bank, No. 3:25-cv-06383 (N.D. Cal.).

A new class action complaint filed in California federal court accuses Discover Bank of violating the Electronic Funds Transfer Act (EFTA) by holding customers liable for unauthorized electronic fund transfers made from their deposit accounts. The plaintiff alleges that he lost more than \$110,000 when Discover Bank allegedly authorized—and then failed to recover or reimburse him for—a fraudulent wire transfer.

The plaintiff seeks to represent a nationwide class of all Discover Bank customers who claim to have lost funds through unauthorized wire transfers and asserts claims for violations of EFTA and several California statutes, including the California Commercial Code. In addition to recovery of their lost funds and related monetary relief, the putative class also seeks public injunctive relief requiring Discover Bank to cease its alleged practice of refusing to refund or otherwise reimburse victims of wire transfer fraud.

CFPB Reaches Settlement as Bankruptcy Court Dismisses Chapter 11 Case

In re Synapse Financial Technologies Inc., No. 1:24-bk-10646 (Bankr. C.D. Cal.).

Synapse filed for Chapter 11 in April 2024, intending to sell its assets. That sale fell through, however, and Synapse failed to find another interested buyer. In August 2025, the CFPB announced that it reached a settlement with the bankruptcy trustee for the now-defunct Synapse that would potentially open the door for customers to seek relief from the CFPB directly. Before collapse, Synapse offered and provided proprietary technology and software to nonbank fintech platforms that offered banking services to consumers that bridged the gap between the fintech platforms and the traditional banks that actually held the consumers’ funds.

After it filed for bankruptcy, however, many of Synapse’s customers were cut off from their funds, and subsequent analysis revealed significant discrepancies in Synapse’s financial records, resulting in the outright loss—or, at best, the loss of immediate access to—tens of millions of dollars in customers’ funds. And although some customers ultimately recovered their funds, approximately \$60 million–\$90 million remained unaccounted for at the time of the settlement. In announcing this settlement with Synapse’s bankruptcy trustee, the CFPB

signaled that those aggrieved customers who remained without their funds would likely be able to seek monetary relief from the CFPB’s Civil Penalty Fund, which reported an unallocated balance of nearly \$120 million at the time of the settlement.

On November 12, 2025, Synapse’s Chapter 11 case was dismissed after the Chapter 11 trustee represented that Synapse lacked the funds to attempt another sale of its assets. The order authorizes the trustee to wind down Synapse’s remaining business.

Settlements in Payment Card Litigation

B & R Supermarket Inc. v. Visa Inc., No. 1:17-cv-02738 (E.D.N.Y.).

Visa and Mastercard agreed to pay \$199.5 million to settle a class action brought by retailers nearly a decade ago alleging that Visa, Mastercard, Discover, and American Express conspired to shift liability for fraudulent, faulty, and otherwise rejected consumer credit card transactions to merchants in violation of state and federal antitrust laws. Discover and American Express agreed to settle the claims for \$32.2 million in June 2025. On October 16, 2025, the Eastern District of New York approved both settlements, bringing nine years of litigation to an end.

In re Payment Card Interchange Fee and Merchant Discount Litigation, No. 1:05-md-01720 (E.D.N.Y.).

Visa and Mastercard announced a settlement agreement that could resolve decades-old interchange fee litigation. Under the terms of the proposed settlement, interchange fees would be temporarily reduced by 0.1% for five years. The card brands’ “honor all cards” rule would also be relaxed, allowing merchants to choose which card categories to accept within the Visa and Mastercard networks, and merchants would gain more flexibility to impose surcharges on customers who choose to pay by card. According to the plaintiffs, the settlement could save merchants \$38 billion over the next five years. Earlier this year, the court rejected Visa and Mastercard’s attempt to settle the case by agreeing to lower interchange fees by 0.07% for five years (an estimated savings of \$30 billion for merchants). The new proposed settlement has not yet been approved by the court.

Federal Court Approves \$8 Million Settlement in Predatory Financing Litigation

Bland v. Carolina Lease Management Group LLC, No. 4:22-cv-00033 (E.D.N.C.).

Carolina Lease Management Group and CTH Rentals agreed to pay \$8 million to settle a consumer class action alleging that the defendants’ rent-to-own agreements for storage sheds violated North Carolina law by operating as retail installment contracts with interest rates exceeding statutory limits. The plaintiffs asserted claims under North Carolina’s Retail Installment Sales Act, unfair and deceptive trade practices statute, and debt collection statute. The court granted approval for the settlement, but final judgment is contingent upon the approval of a settlement in a parallel state court action, *Carolina Lease Management Group LLC v. Greene*. A hearing to determine the fairness of the proposed settlement in *Greene* is scheduled for January 22, 2026.

Antitrust Suit Ends in Dismissal

Mirage Wine + Spirits Inc. v. Apple Inc., No. 3:23-cv-03942 (S.D. Ill.).

An Illinois federal court dismissed a class action antitrust suit brought against Apple, Visa, and Mastercard involving Apple Pay transactions. The merchant plaintiffs alleged that Visa and Mastercard agreed to share interchange fees from Apple Pay transactions with Apple, and in exchange, Apple refrained from developing a competing payment network and restricted competitors from accessing Apple Wallet. The plaintiffs claimed that this agreement resulted in inflated merchant fees and harmed competition in the point-of-sale payment market.

The district court dismissed the complaint without prejudice, finding that the complaint failed to allege an unlawful agreement under the Sherman Act. Specifically, the court found the plaintiffs' allegations were contradicted by the express terms of the payment platform agreements between Apple and the credit card companies. Rather than amend their complaint, plaintiffs filed a stipulated dismissal of their lawsuit.

Cybersecurity Misrepresentations Suit Filed

Self-Help Credit Union v. Fiserv Solutions, No. 1:25-cv-01112 (M.D.N.C.).

Self-Help Credit Union filed a lawsuit alleging that Fiserv breached its master services agreement by misrepresenting its cybersecurity capabilities. Specifically, the complaint alleges that Fiserv claimed to provide robust two-factor authentication to protect sensitive data but instead relied on less secure email-based passcodes. Self-Help has asserted claims for breach of contract, fraud, unjust enrichment, and violations of the Defend Trade Secrets Act and the North Carolina unfair and deceptive trade practices statute.

Guilty Plea for BSA and Travel Act Violations

United States v. Paxful Holdings Inc., No. 2:25-cr-00235 (E.D. Cal.).

In a plea agreement, Paxful admitted to conspiring to violate the Bank Secrecy Act by failing to maintain an effective anti-money laundering program, conspiring to operate an unlicensed money transmitting business, and conspiring to violate the Travel Act. According to the agreement, between 2017 and 2019, Paxful processed nearly \$3 billion in trades but failed to file a single suspicious activity report and advertised itself as a platform that did not require Know Your Customer information. Paxful also agreed to pay a \$4 million criminal fine, substantially less than the sentencing guidelines—\$112.5 million—based on Paxful's financial condition and ability to pay.

Bank Faces Class Action over Unauthorized Fees

BHS Law LLP v. BMO Harris Bank N.A., No. 5:25-cv-10368 (N.D. Cal.).

BHS Law LLP, a California-based law firm, filed a class-action complaint against BMO Harris Bank N.A. over allegedly unauthorized banking fees. BHS contends that BMO imposed

various types of fees—including account analysis service fees, merchant services fees, cash management service fees, and increased monthly account service fees—without customer request, use, or consent, and often in direct contradiction of customer instructions. These fees were allegedly assessed through automated backend systems and internal “coding flags” that enrolled accounts in billable services and adjusted charges without customer authorization. The lawsuit also claims BMO's monthly customer statements were “vague” and “opaque,” designed to obscure the nature and basis of the charges, and failed to provide any notice, opt-out procedure, or explanation of fee calculations.

BHS is suing the bank for breach of contract, breach of the implied covenant of good faith, unjust enrichment, money had and received, conversion, fraud, negligent misrepresentation, and violations of California's Unfair Competition Law and penal code. Within hours of filing its complaint, BHS filed an amended complaint to add counts for retaliation, litigation misconduct, anticipatory spoliation of evidence, other Unfair Competition Law violations, and violation of California's Tom Bane Civil Rights Act. According to the plaintiff, these additional claims arose because, after becoming aware of the lawsuit, BMO sent the plaintiff a letter threatening to close BHS's account, purportedly because the plaintiff's account information may “not meet legal or regulatory requirements.” The plaintiff alleges that this action was meant as intimidation. BHS is seeking class certification, a declaratory judgment that BMO is unlawfully assessing fees, an injunction prohibiting the bank from continuing to charge those fees, and monetary damages and attorneys' fees.

Former Employees File Discrimination Class Action

Wong v. TD Bank Group, No. 1:25-cv-09634 (S.D.N.Y.).

Former employees of TD Bank sued the institution for discrimination, claiming the bank illegally targeted Chinese and Chinese American employees to appear tough on money laundering following the bank's high-profile plea agreement last year. The complaint alleges that TD Bank has responded to this action by overzealously investigating employees with ties to China or the Chinese community in the United States.

The plaintiffs also allege that, even if the bank's policies are facially neutral, they have an adverse impact on Chinese and Chinese American employees because they target cash transactions even when these transactions are legitimate. According to the plaintiffs, under Chinese cultural norms, cash loans and gifts between family members and friends are commonplace. The complaint states that despite providing reasonable explanations for flagged transactions, the plaintiffs were terminated and barred from banking with TD Bank. The complaint asserts that over 22 employees at Chinatown branches were terminated, nearly all of them Chinese or Chinese American, and that the bank did not conduct similar investigations at other branches.

The plaintiffs seek to represent a class of Chinese and Chinese American employees who have been investigated or terminated for unspecific violations of the bank's code of conduct and ethics. Their claims include violations of Title VII of the Civil Rights Act, the New York State Human Rights Law, and the New York City Human Rights Law. The plaintiffs seek class certification, a declaratory judgment that TD Bank's actions are illegal, injunctive relief to include reinstating class members to their “rightful” positions at the bank, monetary relief, and attorneys' fees.

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