

Thursday 16-July-2009, morning
[my address]
[my phone]
ChaseProblem@JohnRepici.com

[recipient address]

Gentle people:

Quick Summary: Chase mailed solicitations offering special terms to a small group of cardholders in order to entice them into accepting long-term agreements. Chase is now imposing punishing changes to the terms that were in place at the time of the mailings, but ONLY on cardholders who accepted the offer.

This letter is to inform you that J. P. Morgan Chase has singled me out, along with a small group of other Chase credit-card holders, to have our minimum monthly payments increased to two and a half times their original amounts. Specifically, Chase is increasing the minimum payment from 2% of balances owed, to 5% of balances owed, but ONLY for a small group of cardholders who accepted deals that Chase apparently no longer wishes to honor. These are people who—by definition—have faithfully paid their bills on time. For me, this will mean my \$160.00 monthly credit-card payment will increase to over \$400.00/month. Something that looks more like a “car payment” than a credit-card payment.

Upon receiving its advertisements, a reasonable person would certainly expect that Chase could change its minimums during the contract period. No reasonable person would ever imagine that Chase could single out for increased minimums, ONLY those cardholders who accepted the advertised offer. Chase is using changed terms in this way to renege on the special deals that it initially used to convince cardholders to enter into long term agreements with it. In my opinion, now that Chase's terms have convinced us to accept its offers, it simply no longer sees any reason to continue honoring the obligations originally implied in those advertised offers.

Apparently, if your organization has been deemed "too big to fail", you can claim exemption from all those outdated, and old-fashioned notions, like: ethics, morality, integrity, honor, and dealing in good-faith with others... Or at least it would appear that the executives at J. P. Morgan Chase are now convinced of this.

Please help me show them that they are wrong.

- 1. The people singled out for punishment by J. P. Morgan Chase have done nothing wrong.** — These punitive new terms have been imposed without cause, and in fact, the only “reason” I have been able to infer from Chase's phone agent, is that we paid these balances on time every month and didn't default. In other words, the only justification Chase has offered for punishing this small group of cardholders is simply that the company no longer wishes to be bound by the inducements it offered to entice us to accept the deal in the first place. It bears mentioning that Chase initiated these deals.
- 2. This increase is only for SOME cardholders, specifically those who Chase enticed to enter into a deal, and who kept their end of the bargain.** — Chase has stated that it is not imposing this change in terms on any of its other cardholders. In other words, Chase is applying these terms inconsistently

and capriciously, for the sole purpose of punishing those with whom it has made deals it no longer wishes to honor. — Specifically, ONLY good customers who were enticed to enter into agreements with it through offers of special rates and terms. One can conclude, then, that Chase is NOT using these punitive terms when attempting to woo new potential cardholders.

3. **There are multiple domino-effects here.** — Chase seems to be attempting to push good borrowers into default, using policies that will predictably push many of them over the edge. Good borrowers are likely to be in good standing with other lenders as well. Those other lenders are threatened by Chase's obvious targeting of only its good borrowers. There is also a less obvious domino effect in play. If lawmakers allow some companies to arbitrarily change existing agreements that are counted on by groups of their customers, there is no way anyone can know when, or by how much, our commitments might arbitrarily change in the future. In other words, these new rules say: “too big to fail” businesses are permitted to pull the rug out from under the rest of us at any time, and for any reason. It means there is no way to make plans or guarantee anyone anything relating to our ability to keep future commitments.

4. **Chase's original postal-mailings do not mention or imply that it will change the terms of the offer simply because it no longer wishes to honor them.** — They do explicitly list reasons for the terms changing, which include payment not “received by the date and time your payment is due”, etc. As stated, though you could surmise that Chase could change its minimums during the period, there was no possible way to predict—and nothing to suggest—that Chase could make “special” minimums, that apply only to recipients of the offer. Especially if its sole purpose for doing so would be because it was no longer happy with the deal it made to induce customers to accept the offer in the first place. If such an implication were made, it would have made the other words in the mailings seem like meaningless and bizarre gibberish. Essentially, it would be like offering a guarantee on a car that's good for as long as the car runs.

5. **It seems clear that Chase offered these enticements in bad-faith, expecting the recipients to default** — Chase obviously now sees these people who have kept their commitments as a “problem”, which it is trying to “fix” by imposing unreasonable changes in terms, solely on them.

Thank you for your time in reading this, and for any help you may be able to render.

Respectfully,

D. John Repici

P.S. As I write this, Chase has reported higher-than-expected earnings of \$2.7 billion on record revenue.

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This letter includes the following attachments:

1. A list of some of the people and organizations to whom this letter is being sent, and the reasons it is being sent to them. Some because I'm hoping they can help, others just to inform.
2. A terse backgrounder on me.
3. A redacted scan of the notice Chase sent to inform that my payment was increasing to 2.5 times its original value. I've highlighted that, and the section where they provide their justification for punishing me in this manner (the latter, primarily, to provide some comic relief to an otherwise horrible situation).