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Beam Financial Users Sue After Months Of Withdrawal Delays

By **Emilie Ruscoe**

Law360 (November 12, 2020, 6:53 PM EST) -- Fintech company Beam Financial is facing a proposed class action alleging that the company offered to pay prospective customers unusually high interest rates and then inexplicably locked their funds away.

In a complaint filed in San Francisco federal court on Wednesday, plaintiff Frederick Chang claimed that he and other members of the putative class were missing thousands of dollars they deposited with Beam Financial.

"Concerned by Beam's failure to return his money, plaintiff has repeatedly requested information about the status of his withdrawal. Beam has admitted fault but offers no assurances that plaintiff or class members will receive their money any time soon — writing there is 'no timeline' for when we will return your money," Chang said in his complaint on Wednesday.

According to Chang, the alleged misconduct flies in the face of six specific representations made in Beam's ads.

For one thing, Chang said, the company said customers could earn interest on a daily basis by using their service.

Beam's descriptions of its platform also included characteristics of traditional bank accounts, according to the suit. Beam specifically promised users there would be "no lockup" on their accounts; that customers could make transfers in and out of their accounts; that funds could be moved "in 3-5 business days observing normal bank processing time," and that Beam users would have "24/7 access" to their accounts.

Chang said the company told would-be users they could earn an annual percentage yield of 4%, and that by referring friends, users could "boost the APY to as high as 7% each day."

But beginning in March, the plaintiff said, "Beam began having trouble processing customer withdrawals," adding that when the suit was filed, some withdrawal requests had been pending for months.

The company initially said the pandemic caused higher transaction volumes that affected its services, and later blamed the company processing Automated Clearing House requests and other companies for the problems.

But Chang cited an October statement by the ACH company indicating that the company decided to end its relationship with Beam, which shouldn't have affected the company's ability to get its users' funds back to them.

The case was assigned on Thursday to U.S. Magistrate Judge Joseph C. Spero.

Brian Danitz, an attorney for Chang, told Law360 on Thursday that "Beam Financial's conduct is

outrageous."

"A brick and mortar bank could never act in this way," he added. "The fact that Beam is a mobile application does not give it a license to lie to its customers, to break its promises, and to deprive its customers of their hard-earned money."

Representatives for Beam did not immediately respond to requests for comment.

Chang and the proposed class are represented by Joseph W. Cotchett, Brian Danitz, Tyson C. Redenbarger, Julia Peng and Reid Gaa of Cotchett Pitre & McCarthy LLP.

Counsel information for Beam could not be immediately determined.

The case is Chang v. Beam Financial Inc, case number 3:20-cv-07931, in the U.S. District Court for the Northern District of California.

--Editing by Nicole Bleier.

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