

Bank of America sued over EDD unemployment debit card fraud

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A new federal lawsuit takes aim at Bank of America for failing to secure the unemployment debit cards of thousands of jobless Californians, part of the lax processing that has made the Employment Development Department the target of widespread fraud.

The complaint filed Thursday in U.S. District Court in San Francisco alleges that the bank acted negligently and proved “either unwilling or unable to stop criminals” from breaching unemployment accounts. In the process, thousands of out-of-work Californians were left unable to access badly needed unemployment funds, or in some cases penalized for alleged fraudulent charges.

“This case is pretty unique,” Brian Danitz, a partner at claimant law firm Cotchett, Pitre & McCarthy, told CalMatters. “This is a \$286 billion financial Goliath. The CEO makes \$25 million a year, and they did not provide even basic security measures to protect EDD cardholders.”

As CalMatters previously reported, confusion over mass unemployment fraud during the pandemic has led to finger pointing between the state and its contractors, such as Bank of America. The lawsuit was filed as a class action case, pending court review, and Danitz said his office has been “flooded with other victims” since filing the suit.

“Unfortunately, there has been billions of dollars of fraud during this pandemic in state unemployment programs, including California,” Bank of America said in a previous statement to CalMatters, and has repeatedly urged those impacted to contact the bank. “We are working with the state and law enforcement to identify and take action against fraudulent applicants, protect taxpayer money and ensure that legitimate applicants can access their benefits.”