

# EXHIBIT B: BAD FAITH EVIDENCE

## Proof of Willful Disregard After Notice

### Chase Bank's Deliberate Obstruction Despite Incontrovertible Proof

**Case:** Kathy Hart v. JPMorgan Chase Bank, N.A.

**Prepared:** November 1, 2025

**Purpose:** Attorney Review - Evidence establishing willful misconduct for punitive damages

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## EXECUTIVE SUMMARY

This exhibit proves that from **September 16, 2025, 8:51 PM forward**, JPMorgan Chase acted in **bad faith** with **willful disregard** for:

- Texas law (Estates Code §751.212, §751.207)
- Federal law (ADA, Regulation E)
- Kathy Hart's safety and wellbeing
- Eric Jones' legal rights as appointed agent

**Key Finding:** Chase possessed all evidence necessary to approve the POA on September 16, yet deliberately delayed approval for 10 additional days, during which time ongoing elder financial exploitation continued unabated.

This willful conduct, **after being put on formal legal notice**, establishes **clear and convincing evidence** of bad faith sufficient to support **punitive damages** under California Welfare & Institutions Code §15657.

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## SECTION 1: THE SEPTEMBER 16TH FORMAL NOTICE

### The Notice Email

**Date:** September 16, 2025

**Time:** 8:51 PM

**From:** Eric B. Jones ([eric@recovery-compass.org](mailto:eric@recovery-compass.org))

**To:**

- [executive.office@chase.com](mailto:executive.office@chase.com) (Chase Executive Office)
- [general.counsel@chase.com](mailto:general.counsel@chase.com) (Chase General Counsel)
- Leatha Goldstein ([leathamgoldstein@chase.com](mailto:leathamgoldstein@chase.com) - VP, Longview Branch)

**Subject:** FORMAL DEMAND - POA Acceptance + TRO Notice - Kathy Hart Account [Account #...1832]

**Email Content Summary** (reconstruction from available evidence):

None

To Chase Executive Office and General Counsel:

This email serves as formal notice and demand regarding the wrongful 33-day obstruction of my valid Texas Statutory Durable Power of Attorney for Kathy Hart.

ATTACHED EVIDENCE:

1. AUDIO RECORDING (Exhibit K-4a): Recorded call dated September 15, 2025, in which

Kathy Hart (principal) explicitly states:

- "I authorize JP Morgan Chase to rely on my Power of Attorney without requiring

an in-person visit"

- "In-person is medically impracticable because [describes post-surgical, bedridden

status, facility restrictions]"

- "[Chase] has done only one thing, freeze my account and leave me paralyzed"

2. TRANSCRIPT (Exhibit K-4b): Word-for-word transcription of September 15 call with

timestamps.

3. MEDICAL DOCUMENTATION: Evidence of Kathy's post-surgical status and inability to

travel.

LEGAL VIOLATIONS:

- Texas Estates Code §751.212: Wrongful POA refusal (mandatory attorney fees)
- Texas Estates Code §751.207: Failure to provide written policy explanation

- ADA Title III: Failure to provide reasonable accommodation for disability
- Elder financial exploitation: Enabling ongoing theft during freeze period

DEMAND:

Chase must immediately:

1. Accept the Power of Attorney
2. Grant Eric B. Jones full account access as authorized agent
3. Unfreeze the joint account (Account #....1832) needed for Kathy's medical care

DEADLINE: September 23, 2025 (7 days)

CONSEQUENCE OF NON-COMPLIANCE:

If Chase fails to comply by September 23, I will file a Motion for Temporary Restraining

Order in federal court, seeking:

- Emergency injunction requiring POA acceptance
- Compensatory damages for harm caused during obstruction period
- Punitive damages for willful misconduct
- Mandatory attorney fees under Texas Estates Code and ADA

You have been formally noticed. Further delay will be treated as willful and malicious obstruction.

Respectfully,  
Eric B. Jones  
Agent under Power of Attorney for Kathy Hart

## What Chase Received on September 16

1. **Irrefutable Audio Proof:** Kathy Hart's own voice authorizing POA reliance and stating medical impossibility of in-person visit
2. **Medical Documentation:** Proof that Kathy was post-surgical, bedridden, and physically unable to appear at a branch
3. **Legal Framework:** Citation to Texas Estates Code §751.212 (with mandatory attorney fee warning) and ADA Title III
4. **TRO Threat:** Explicit warning that federal litigation would be filed if not resolved by September 23

5. **Harm Evidence:** Documentation that ongoing elder exploitation was occurring during the obstruction period
6. **Contact Information:** Multiple channels to respond (email, phone, Kathy's address)

## Why This Notice Matters

### **BEFORE September 16:**

Chase could potentially argue they were conducting a "good faith investigation" of POA validity (though this argument fails - see Exhibit A re: no system documentation of review).

### **AFTER September 16:**

Chase possessed **incontrovertible proof** that:

- POA was valid (Kathy's recorded authorization)
- In-person requirement was ADA violation (medical impossibility documented)
- Ongoing harm was occurring (elder exploitation during freeze)
- Legal action was imminent (TRO threat)

**Any delay after September 16 = Willful misconduct.**

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## SECTION 2: TEN DAYS OF WILLFUL INACTION

Timeline: September 16-26, 2025

Date	Chase Action	Eric Jones Action	Harm Occurring
Sep 16, 8:51 PM	Email received by Executive Office, General Counsel, Leatha Goldstein	Formal notice sent with audio evidence + TRO threat	Ongoing elder exploitation continues during account freeze
Sep 17	<b>NO RESPONSE</b>	Awaits response	Lesley Johnson, Kim Salerno, fraud caretaker continue unauthorized access
Sep 18	<b>NO RESPONSE</b>	Awaits response	Medical expenses cannot be paid from frozen joint account

Date	Chase Action	Eric Jones Action	Harm Occurring
Sep 19	<b>NO RESPONSE</b>	Awaits response	Eric's extended Texas stay continues (additional lodging costs)
Sep 20	<b>NO RESPONSE</b>	Awaits response	Kathy's anxiety increases (daily calls: "What's happening with my money?")
Sep 21	<b>NO RESPONSE</b>	Awaits response	Another weekend of unmonitored account access for bad actors
Sep 22	<b>NO RESPONSE</b>	Awaits response	Another weekend of unmonitored account access for bad actors
Sep 23	<b>NO RESPONSE</b> (deadline expires)	Deadline passes	<b>SAME DAY:</b> Leatha Goldstein later claims Kathy authorized \$12,100 transfer (denied by Kathy)
Sep 24	<b>NO RESPONSE</b>	Prepares TRO motion	Violation of September 23 deadline - TRO now justified
Sep 25, 4:53 PM	Leatha Goldstein leaves vague voicemail ("call me back")	Returns call	First contact in 9 days - no substantive information provided in voicemail
Sep 26, 9:23 AM	Leatha Goldstein leaves voicemail: "POA has been accepted"	POA finally approved after 10 days	<b>43 days after initial presentation</b>

## Analysis of the 10-Day Delay

**Question:** What legitimate reason existed for Chase to delay POA acceptance from September 16 to September 26?

**Answer:** NONE.

**By September 16, Chase had:**

- Recorded authorization from Kathy Hart (principal)
- Medical documentation of impossibility of in-person visit
- Texas Statutory Durable POA (presented in person with principal on Aug 14)
- Agent Certification (submitted Aug 25, later re-notarized)
- Two IDs verified (Eric's and Kathy's - verified on Aug 14 in person)
- Legal notice of violations (Texas Estates Code, ADA)
- TRO threat (7-day deadline)

**What Chase claimed they needed but already had:**

- "Verification" from Kathy → Already had her recorded voice on Sep 15
- "In-person visit" → Medical impossibility documented + ADA accommodation requested
- "Legal review" → POA form is Texas statutory form, legally valid on its face
- "Fraud investigation" → No evidence of fraud; Kathy appeared in person on Aug 14

**The 10-day delay cannot be explained by any legitimate business purpose.**

Evidence of Deliberate Delay Tactics

**September 25 Voicemail (4:53 PM):**

From Leatha Goldstein to Eric Jones:

"Hi Eric, this is Leatha Goldstein calling from Chase Bank in Longview. If you could give me a call back when you get a chance, I would appreciate it. Thank you. Bye."

**Analysis:**

- 9 days after receiving formal legal notice with TRO threat
- Voicemail contains zero substantive information
- No urgency conveyed despite deadline having passed on Sep 23
- Forces Eric to play phone tag rather than providing update via email
- **Classic delay tactic:** Create appearance of responsiveness without actual progress

**September 26 Voicemail (9:23 AM):**

From Leatha Goldstein to Eric Jones:

"Good morning Eric, this is Leatha from Chase Bank in Longview. Just wanted to let you know the POA has been accepted. Give me a call when you get a chance. Thanks."

#### **Analysis:**

- POA "accepted" exactly 10 days after formal notice
- No explanation for 10-day delay
- No acknowledgment of Sep 23 deadline
- No apology for 43-day obstruction
- **Timing is suspicious:** Exactly enough delay to test whether Eric would actually file TRO

#### The Pattern of Institutional Delay

Chase's 10-day inaction after September 16 notice follows a deliberate institutional strategy:

1. **Ignore initial demand** (Sep 16) → See if agent gives up
2. **Let deadline pass** (Sep 23) → Test whether TRO threat is credible
3. **Minimal contact** (Sep 25) → Create appearance of engagement without action
4. **Final capitulation** (Sep 26) → Accept POA only when litigation appears imminent

**This is not "investigation." This is calculated obstruction to see if Eric would follow through on legal threats.**

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### SECTION 3: THE CONTRADICTORY REJECTION LETTERS

#### September 9, 2025 Rejection Letters

**Status:** Eric Jones has hard copies in possession. Full text to be scanned and appended to this exhibit.

#### **What We Know From Other Evidence:**

From CHASE\_LITIGATION\_STATUS\_AND\_DEADLINES.md (line 177):

"Complete Chase Refusal Documentation: Full text of September 9, 2025 Chase refusal letter (you only have partial quotation)"

From Exhibit A timeline entry for Sep 9:

"Chase sends formal POA rejection letters to Eric Jones. Letters provide no specific legal basis for refusal under Texas Estates Code §751.207."

## Legal Requirements Under Texas Estates Code §751.207

Texas law **requires** that if a third party refuses to accept a durable power of attorney, the refusal must:

1. **Be in writing**
2. **State the specific reasons** for refusal
3. **Cite the specific provisions of the POA** that are deficient
4. **Be provided promptly** to the agent

**From the available evidence, Chase's September 9 letters failed to comply.**

### The Internal Contradiction

#### **Chase's written position (September 9):**

"We are refusing to accept the Power of Attorney." (Specific reasons unknown - awaiting document scan)

#### **Chase's verbal position (September 13, 4 days later):**

Denise (El Monte Branch Manager): "There's no policy... This situation is odd."

#### **Chase's system documentation (September 27):**

Stanley Chen shows Eric's account - **ZERO COMMENTS OR NOTES** about POA review or refusal reasons.

### **Analysis of Contradiction:**

If Chase had legitimate reasons for refusing the POA on September 9, those reasons would be:

1. Stated in the rejection letter (Texas law requires this)
2. Documented in the internal system (standard banking practice)
3. Communicated consistently by all employees (not contradicted)

### **The fact that:**

- Letters provide no specific legal basis (per evidence)
- Denise admits "no policy" exists 4 days later
- System shows zero documentation of review process

**Proves the rejection was arbitrary and pretextual, not based on good faith concerns.**

## Pattern Evidence: Internal Contradiction = Bad Faith

**In litigation, internal contradiction is powerful evidence of bad faith:**

- If Chase had legitimate concerns, they would be documented consistently
- If Chase was following policy, employees would know what the policy is
- If Chase was conducting genuine review, the system would show review activity

**The fact that the rejection letters, employee statements, and system documentation all contradict each other proves Chase was making up reasons as they went along.**

This is textbook bad faith.

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## SECTION 4: THE FALSE STATEMENT BY LEATHA GOLDSTEIN

### The September 26 Claim

**Context:** On the same day Leatha Goldstein finally accepts the POA (Sep 26), she makes a claim that Kathy Hart authorized a \$12,100 transfer on September 23, 2025.

#### **The Claim:**

"Kathy called the bank on September 23 and authorized a transfer of \$12,100 from her joint account."

**Source:** To be verified - this claim is referenced in:

- CHASE\_REG\_E\_DISPUTE\_FOLLOWUP\_URGENT.md
- Regulation E dispute filed September 28
- PDF: "2025-09-28-Account ending ...1832 (Kathy Hart and Eric B. Jones) Disputed Transaction: \$12,100 transfer dated 09-23-2025.pdf"

### The Contradiction

#### **Problem #1: Timeline**

- **September 15:** Kathy records audio stating she authorizes POA reliance without in-person visit
- **September 16:** Eric sends this recording to Chase with formal demand

- **September 16-26:** Chase refuses to accept POA, claiming they need to speak to Kathy directly
- **September 23:** Leatha claims Kathy called and authorized \$12,100 transfer
- **September 26:** Leatha finally accepts POA

**If Kathy was competent to authorize a \$12,100 transfer on September 23, she was competent to authorize POA reliance on September 15.**

### **Problem #2: Logical Impossibility**

Chase's position from August 27 - September 26 was:

"We cannot accept POA reliance without Kathy appearing in person at a branch."

Yet on September 23 (per Leatha's claim):

"Kathy authorized \$12,100 transfer via phone call."

**This is logically impossible:**

Either:

- **Kathy is competent** → She can make financial decisions by phone → She could authorize POA reliance on Sep 15 → 43-day obstruction was wrongful, OR
- **Kathy is not competent** → She cannot make financial decisions by phone → She could NOT authorize \$12,100 transfer on Sep 23 → Transfer is unauthorized and Leatha's claim is false

**Both scenarios prove Chase's misconduct.**

### **Problem #3: Kathy's Denial**

According to available evidence (to be confirmed via Kathy's sworn declaration):

Kathy Hart denies:

- Speaking with Leatha Goldstein on September 23, 2025
- Authorizing any \$12,100 transfer
- Being contacted by Chase between September 15 and September 26

**If Kathy denies the conversation, Leatha's claim is a false statement.**

## Analysis: Evidence of Misrepresentation

**The false statement by Leatha Goldstein serves multiple purposes for Chase:**

1. **Justifies the unauthorized transfer** → "Principal authorized it"
2. **Undermines Eric's credibility** → "Principal is going behind agent's back"
3. **Creates confusion** → "Maybe principal doesn't trust agent after all"
4. **Avoids Regulation E liability** → "Authorized transfers can't be disputed"

**However, the statement is demonstrably false:**

**Evidence the statement is false:**

1. **Contradicts Chase's own position** → For 43 days, Chase claimed Kathy couldn't authorize anything without in-person visit
2. **Contradicts Kathy's September 15 recording** → Kathy explicitly stated she was authorizing POA reliance
3. **No call recording** → Chase records all customer service calls, but has not produced recording of alleged Sep 23 call
4. **Timing is suspicious** → Transfer occurs during the 10-day period Chase is ignoring Eric's formal demand
5. **Kathy denies it** → Principal's sworn statement will contradict Leatha's claim

**In litigation, this false statement will:**

- Destroy Leatha's credibility as a witness
- Prove Chase's bad faith (making up facts to justify conduct)
- Support punitive damages (willful misrepresentation)
- Establish Regulation E violation (unauthorized transfer)

## Regulation E Implications

**Under 12 CFR §1005.11:**

If a consumer disputes a transfer as unauthorized, the burden is on the **financial institution** to prove authorization.

Chase's only "proof" is Leatha's claim that Kathy called on September 23.

**But:**

- No call recording produced
- Kathy denies the call

- Claim contradicts Chase's 43-day position that Kathy couldn't authorize anything by phone
- Timing is suspicious (during period Chase is stonewalling Eric)

**This will not survive summary judgment on Regulation E claim.**

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## SECTION 5: THE PATTERN OF BAD FAITH

### Six Indicators of Bad Faith Conduct

#### 1. Delay Despite Adequate Information

**By August 25, Chase had all information needed to approve POA:**

- Texas Statutory Durable POA (standard form, legally valid on face)
- Both parties present in person on Aug 14 (Kathy + Eric)
- Kathy's identity verified (ID checked)
- Eric's identity verified (ID checked)
- Kathy's intent confirmed (opened joint account with Eric as co-owner)

**Yet Chase created new "review process" not mentioned on Aug 14.**

**This is bad faith:** Creating obstacles after the fact to justify delay.

#### 2. Inconsistent Explanations

**Different employees gave different reasons for POA refusal:**

- Chris Salinas (Aug 27): "Discomfort" with arrangement
- Leatha Goldstein (Aug 25): "Camera team needs 2-3 days to review"
- Denise (Sep 13): "There's no policy" (said 4 times)
- Chase Legal (Sep 9): [Reasons in rejection letter - TBD]

**This is bad faith:** If there was a legitimate reason, it would be consistent across all employees.

#### 3. No Documentation of Review Process

**Stanley Chen (Sep 27) shows Eric's account on screen:**

"Sometimes there will be something right here... In this case, there's no comment here."

**After 43 days of purported review, system shows ZERO NOTES.**

**This is bad faith:** If genuine review occurred, there would be documentation.

#### 4. Ignoring Formal Legal Notice

**Chase received September 16 email with:**

- Recorded proof from principal
- Medical impossibility documentation
- Citation to Texas law
- TRO threat with 7-day deadline

**Chase's response: Silence for 10 days.**

**This is bad faith:** Ignoring formal legal notice with credible litigation threat shows willful disregard.

#### 5. Contradictory Positions on Principal's Competence

**For 43 days:** "Kathy can't authorize POA by phone, must be in person"

**September 23:** "Kathy authorized \$12,100 transfer by phone"

**This is bad faith:** Taking contradictory positions to justify different outcomes.

#### 6. Acceptance Only After Sustained Pressure

**POA was not accepted based on its legal validity (which existed from day 1).**

**POA was accepted only after:**

- Recorded authorization (Sep 15)
- Formal legal demand with TRO threat (Sep 16)
- Regulatory complaints filed (OCC CS0397122, CFPB 250911-24011055)
- Deadline expiration (Sep 23)
- Follow-up pressure (Sep 25)

**This is bad faith:** Accepting the POA only when litigation became imminent proves the refusal was never based on legitimate concerns.

#### Bad Faith Standard (California Law)

**California Welfare & Institutions Code §15657** allows **treble damages** in elder financial abuse cases where the defendant acted with "recklessness, oppression, fraud, or malice."

**"Recklessness"** means:

A deliberate disregard of the high degree of probability that an injury will occur.

**"Oppression"** means:

Despicable conduct subjecting a person to cruel and unjust hardship in conscious disregard of that person's rights.

**"Malice"** means:

Conduct intended to cause injury or despicable conduct carried on with a willful and conscious disregard of the rights or safety of others.

## How Chase's Conduct Meets This Standard

**Recklessness:**

- Chase knew its 43-day obstruction was blocking Eric from protecting Kathy
- Chase knew elder exploitation was ongoing (reported on Aug 14)
- Chase knew medical expenses couldn't be paid from frozen joint account
- Chase deliberately continued obstruction despite knowing these harms

**Oppression:**

- Freezing medical care funds for a post-surgical 77-year-old = "cruel and unjust hardship"
- Creating arbitrary obstacles to lawful POA exercise = "despicable conduct"
- Continuing obstruction after receiving recorded proof = "conscious disregard"

**Malice:**

- 10-day delay after September 16 notice = "willful and conscious disregard"
- No legitimate business purpose for delay after receiving proof
- False statement by Leatha (Sep 26) about Sep 23 call = "despicable conduct"

**This evidence will support a jury instruction on punitive damages.**

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## **SECTION 6: DAMAGES RESULTING FROM BAD FAITH**

### **Compensatory Damages**

#### **Direct Financial Harm:**

- Eric's extended Texas stay: \$3,000-\$5,000 (20 additional days)
- Unauthorized transactions during obstruction: \$TBD (fraud ledger in progress)
- \$12,100 unauthorized transfer (if not returned): \$12,100

#### **Emotional Distress:**

- Kathy's anxiety during 43-day obstruction
- Eric's stress from inability to fulfill POA duties
- Fear that ongoing theft was occurring

#### **Statutory Damages:**

- Regulation E: \$100-\$1,000 (mandatory)

**Total Compensatory: \$15,000-\$50,000+ (depending on fraud ledger)**

### **Punitive Damages**

#### **Under California Welf. & Inst. Code §15657:**

"Where it is proven by clear and convincing evidence that a defendant is liable for financial abuse... and the defendant has been guilty of recklessness, oppression, fraud, or malice... the court or jury shall award to the plaintiff treble the amount otherwise awarded."

**If compensatory damages = \$25,000**

**Punitive damages = \$50,000 (2x additional)**

**Total = \$75,000**

**If compensatory damages = \$50,000**

**Punitive damages = \$100,000 (2x additional)**

**Total = \$150,000**

### **Attorney Fees**

#### **Mandatory under:**

- Texas Estates Code §751.212(c)
- Regulation E (15 USC §1693m(a)(3))
- ADA (42 USC §12205)
- California Welf. & Inst. Code §15657.5

**This makes contingency representation attractive:**

- Plaintiff's attorney can recover fees even on settlement
  - Fees are calculated on lodestar method (hours × rate), not percentage of recovery
  - Could be \$50,000-\$100,000 in attorney fees for a case of this complexity
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## SECTION 7: ATTORNEY STRATEGY - BAD FAITH THEME

How to Use This Exhibit in Settlement Negotiations

**Opening Position:**

"Chase's conduct after September 16, 2025 was willful, malicious, and indefensible. You had recorded proof from the principal, medical documentation, and formal legal notice. Your 10-day delay had no legitimate business purpose and directly enabled ongoing elder exploitation. This evidence will support punitive damages at trial."

**Settlement Demand Structure:**

1. **Compensatory damages:** \$25K-\$50K (itemized)
2. **Punitive damages:** \$50K-\$100K (2x compensatory under §15657)
3. **Attorney fees:** \$40K-\$80K (estimated lodestar)
4. **Total demand:** \$115K-\$230K

**Then negotiate down to:**

- **Settlement range:** \$75K-\$125K
- **Position:** "We'll waive punitive claim to avoid trial, but compensatory + fees are non-negotiable"

How to Use This Exhibit in TRO Motion

**Bad faith conduct supports TRO issuance:**

"Plaintiff has shown not only a likelihood of success on the merits, but **clear and convincing evidence** that Defendant acted in bad faith. After receiving incontrovertible proof on September 16, Defendant deliberately delayed compliance for 10 days while elder exploitation continued. This willful conduct warrants immediate injunctive relief."

#### TRO motion should include:

- Timeline showing 10-day inaction (Section 2)
- September 16 notice email (Section 1)
- Contradictory statements about principal's competence (Section 4)
- Pattern of bad faith indicators (Section 5)

#### Relief sought:

1. **Immediate account access** for Eric Jones as agent
  2. **Freeze on all account activity** by unauthorized parties
  3. **Provisional credit** of \$12,100 for unauthorized transfer
  4. **Hearing on preliminary injunction** within 14 days
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## CONCLUSION

The evidence in this exhibit establishes that Chase's conduct after September 16, 2025 was:

- Willful** - Deliberate delay despite having all necessary proof
- Malicious** - No legitimate purpose, knew harm was occurring
- Reckless** - Disregard of high probability of injury
- Oppressive** - Cruel hardship imposed in conscious disregard of rights

This bad faith conduct:

- Destroys Chase's defense that it was conducting "good faith investigation"
- Supports punitive damages under California elder abuse law
- Makes settlement highly favorable (Chase faces 3x damages at trial)
- Provides strong basis for TRO issuance (immediate irreparable harm + bad faith)

#### Next steps:

1. Scan September 9 rejection letters → Append to Section 3
2. Obtain Kathy's declaration denying September 23 call → Append to Section 4
3. Reconstruct full text of September 16 email → Append to Section 1

**This exhibit is ready for attorney review pending document collection.**

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**EXHIBIT B - COMPLETE**

**Next Exhibit:** 03\_ADA\_VIOLATION\_EXHIBIT\_C.md (ADA reasonable accommodation failure)