



## U.S. Department of Justice

*Executive Office for United States Trustees*

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### PRESS RELEASE

For Immediate Release

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#### **CAPITAL ONE BANK (USA) N.A. WILL REFUND MORE THAN \$2 MILLION IN MONIES IMPROPERLY COLLECTED FROM CONSUMERS IN BANKRUPTCY**

WASHINGTON—The U.S. Trustee Program (USTP) announced today that Capital One Bank (USA) N.A. will refund approximately \$2.35 million to consumers in bankruptcy (or their bankruptcy estates) for amounts received by Capital One as a result of erroneous claims it filed in bankruptcy cases for debts that previously had been discharged. Capital One also will reimburse attorneys' fees and costs to consumers and bankruptcy trustees who filed legal objections to Capital One's erroneous claims.

In October 2008, the USTP entered a settlement agreement with Capital One to resolve allegations that the company attempted to collect on debts that previously had been discharged in bankruptcy. At that time, the USTP alleged that Capital One had filed approximately 5,600 erroneous claims in bankruptcy cases, and the company acknowledged that it had received approximately \$340,000 to which it was not entitled.

As part of the settlement with the USTP, Capital One agreed to an audit process overseen by an independent auditor chosen by the court to examine Capital One customer accounts to ensure that all monies improperly received by Capital One as a result of erroneously filed claims were returned to consumers who had filed bankruptcy or to their bankruptcy estates. The auditor would also approve reimbursement to consumers and bankruptcy trustees for out-of-pocket costs and expenses, including attorneys' fees, incurred to contest erroneous claims.

The auditor filed her report with the bankruptcy court today, after examining nearly 700,000 claims made by Capital One. The auditor found that Capital One erroneously filed approximately 15,500 claims totaling approximately \$24.7 million on account of debts previously discharged in bankruptcy, and that the company received payment of approximately \$2.35 million on approximately 5,100 of those erroneously filed claims. The refund to each affected consumer or bankruptcy estate will be based on the amount paid to Capital One as a result of the erroneous claim, and consumers and bankruptcy trustees need not take any further action. Similarly, reimbursement of attorneys' fees and costs will be based on the amount paid by consumers to their counsel or costs incurred by the bankruptcy trustee to object to Capital One's erroneous claims, and affected consumers and bankruptcy trustees will receive further information from the auditor.

The auditor's report and the October 2008 settlement agreement are filed in the U.S. Bankruptcy Court for the District of Massachusetts (*United States Trustee v. Capital One Bank (USA) N.A.*, Adversary Proceeding No. 08-01272 (Bankr. D. Mass.)).

The USTP is the component of the Department of Justice that protects the integrity of the bankruptcy system by overseeing case administration and litigating to enforce the bankruptcy laws.

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