UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF CALIFORNIA

Smith v. JPMorgan Chase Bank, N.A.

Smith · No. 24-CV-1287 JLS (DTF) · Decided June 2, 2025

SUMMARY

The United States District Court for the Southern District of California denies Marcia Smith’s motion to remand, concluding that the action falls within federal jurisdiction under the Edge Act based on an international wire transfer. The court overrules the parties’ evidentiary objections, grants JPMorgan Chase Bank, N.A.’s motion to compel arbitration under the deposit account agreement, and stays the action pending completion of arbitration proceedings.

CASE DETAILS

COURT	United States District Court for the Southern District of California
WRITING FOR THE COURT	Janis L. Sammartino
JURISDICTION	United States District Court for the Southern District of California
DECIDED	June 2, 2025
DOCKET	24-CV-1287 JLS (DTF)
DISPOSITION	other
PROCEDURAL POSTURE	Plaintiff moved to remand a removed California state-court action and opposed Defendant Chase's motion to compel arbitration. The district court denied remand, overruled the parties' evidentiary objections, compelled arbitration, and stayed the action pending arbitration.
STANDARD OF REVIEW	Removal jurisdiction is reviewed according to whether the action could originally have been filed in federal court, with the removing party bearing the burden of establishing federal jurisdiction. A motion to compel arbitration is evaluated under the summary-judgment evidentiary standard. At that stage, the court considers whether the evidence's contents could be presented in admissible form at trial. Contract formation and arbitration-agreement enforceability are determined under ordinary state-law principles, while challenges to the contract as a whole are generally for the arbitrator.
PRECEDENTIAL VALUE	unpublished district court order; nonprecedential outside the case

PARTIES	Marcia Smith v. JPMorgan Chase Bank, N.A., Sadaf Zadeh, Angel Arenas, Does 1-10

TOPICS

subject matter jurisdiction · arbitration · evidence · consumer protection · civil procedure

PRACTICE AREAS

federal jurisdiction · arbitration · banking law · consumer protection · evidence

QUESTIONS PRESENTED

1. Whether the action was properly removable under the Edge Act because the claims arose out of transactions involving international or foreign banking.
2. Whether the court should consider Plaintiff's amount-in-controversy and diversity-jurisdiction arguments when Edge Act jurisdiction independently supported removal.
3. Whether Plaintiff entered into a valid agreement to arbitrate by signing the Personal Signature Card incorporating Chase's Deposit Account Agreement.
4. Whether the arbitration agreement was procedurally or substantively unconscionable under California law.
5. Whether California's McGill rule barred arbitration of Plaintiff's Unfair Competition Law claim because she sought public injunctive relief.
6. Whether the action should be stayed pending completion of arbitration.
7. Whether the parties' evidentiary objections should be sustained.

HOLDINGS

1. The action falls within the Edge Act because it is a civil action involving a United States-organized corporation and Plaintiff's alleged harm derives in significant part from an international wire transfer received abroad. The court therefore denied the motion to remand.
2. Plaintiff formed a valid agreement to arbitrate by signing the Personal Signature Card, which incorporated Chase's Deposit Account Agreement containing a mandatory arbitration provision. Plaintiff did not dispute that her claims fell within the provision's scope.
3. Plaintiff failed to establish that the arbitration agreement was procedurally or substantively unconscionable. The court therefore enforced the agreement.
4. The McGill rule did not preclude arbitration of Plaintiff's California Unfair Competition Law claim because Plaintiff failed to allege a threat of future harm and therefore lacked the Article III standing necessary to seek public injunctive relief.
5. The action must be stayed in its entirety pending completion of arbitration because the claims are subject to binding arbitration and a party requested a stay.

6. The court overruled Plaintiff's and Chase's evidentiary objections because it did not rely on evidence that could not be presented in admissible form at trial.

KEY QUOTATIONS

> *"Courts have widely recognized three requirements for Edge Act jurisdiction: "(1) a civil action, (2) in which a 'corporation organized under the laws of the United States' is a party, and which (3) 'aris[es] out of transactions involving international or foreign banking.'""* (at 4)

> *"In deciding whether to compel arbitration, courts must generally "determine two 'gateway' issues: (1) whether there is an agreement to arbitrate between the parties; and (2) whether the agreement covers the dispute.""* (at 12)

> *"When a court "finds that a lawsuit involves an arbitrable dispute, and a party requests a stay pending arbitration, § 3 of the FAA compels the court to stay the proceeding.""* (at 23)

FACTUAL BACKGROUND

Smith alleged that unknown individuals perpetrated an Amazon-related scam that caused her to withdraw funds from her Chase account, deposit money into a Bitcoin ATM, and wire money to a bank account in Hong Kong in August 2023. She alleged that Chase employees knew or should have known she was being scammed when she sought to complete a $37,000 international wire transfer and that Chase failed to assist her after she reported the scam. When Smith opened her Chase account in 2021, she signed a Personal Signature Card acknowledging receipt of and agreeing to be bound by Chase's Deposit Account Agreement, which contained an arbitration provision.

PROCEDURAL HISTORY

Smith filed suit in California Superior Court alleging financial elder abuse and, against Chase, violations of California's Unfair Competition Law arising from an alleged scam involving a cash withdrawal and an international wire transfer. Chase removed the action under the Edge Act and, alternatively, diversity jurisdiction. After discharging an order to show cause concerning removal, the court considered Smith's motion to remand and Chase's motion to compel arbitration. The court denied remand, granted arbitration, and stayed the case.

DISPOSITION

other

REMAND INSTRUCTIONS

The action is stayed in its entirety pending completion of arbitration. The parties must file a joint status update every 120 days beginning on the date of the Order and within 14 days after the arbitration proceedings conclude.

CASES CITED

- Kim v. Wells Fargo, N.A., 2021 WL 5996486, at *2 (N.D. Cal. Dec. 20, 2021)

- Lin v. JPMorgan Chase Bank N.A., 2024 WL 2272387, at *1-*4 (C.D. Cal. May 19, 2024)
- Gavaldon v. Standard Chartered Bank International (Americas) Limited, 2020 WL 835311, at *11 (S.D. Cal. Feb. 20, 2020)
- Gray v. Ben, 2022 WL 3928375, at *2-*4 (C.D. Cal. Aug. 31, 2022)
- Bortz v. JPMorgan Chase Bank, N.A., 2021 WL 4819575, at *2 n.2 (S.D. Cal. Oct. 15, 2021)
- Burge v. JPMorgan Chase Bank, N.A., 2022 WL 18540501, at *3 (S.D. Ind. Nov. 18, 2022)
- Ekopel D.O.O. v. Citibank, N.A., 717 F. Supp. 3d 17, 26 (D.D.C. 2024)
- Ritchie Cap. Mgmt., L.L.C. v. JP Morgan Chase & Co., 960 F.3d 1037, 1047 (8th Cir. 2020)
- City of Chicago v. International College of Surgeons, 522 U.S. 156, 163 (1997)
- Rodriguez v. AT&T Mobility Services LLC, 728 F.3d 975, 978 (9th Cir. 2013)
- Lewis v. Verizon Communications, Inc., 627 F.3d 395, 399 (9th Cir. 2010)
- British-American Tobacco Co. v. Federal Reserve Bank of New York, 105 F.2d 935, 936 (2d Cir. 1939)
- Gilmer v. Interstate/Johnson Lane Corp., 500 U.S. 20, 24-26 (1991)
- AT&T Mobility LLC v. Concepcion, AT&T Mobility LLC v. Concepcion, 563 U.S. 333, 339 (2011)
- Moses H. Cone Memorial Hospital v. Mercury Construction Corp., 460 U.S. 1, 24 (1983)
- Rent-A-Center, West, Inc. v. Jackson, 561 U.S. 63, 67, 71 (2010)
- Howsam v. Dean Witter Reynolds, Inc., 537 U.S. 79, 84 (2002)
- Lifescan, Inc. v. Premier Diabetic Services, Inc., 363 F.3d 1010, 1012 (9th Cir. 2004)
- Mastrobuono v. Shearson Lehman Hutton, Inc., 514 U.S. 52, 62 (1995)
- Alkutkar v. Bumble Inc., 2022 WL 16973253, at *3 (N.D. Cal. Nov. 16, 2022)
- Sandoval v. County of San Diego, 985 F.3d 657, 666 (9th Cir. 2021)
- Pierre v. IEC Corp., 2023 WL 3551962, at *4 n.1 (C.D. Cal. Mar. 14, 2023)
- Cherewick v. State Farm Fire & Casualty, 578 F. Supp. 3d 1136, 1157 (S.D. Cal. 2022)
- Vasquez v. RSI Home Products, Inc., 2020 WL 6778772, at *13 (C.D. Cal. Nov. 12, 2020)
- Van Ness Townhouses v. Mar Industries Corp., 862 F.2d 754, 756 (9th Cir. 1988)
- Johnson v. JP Morgan Chase Bank, N.A., 2018 WL 4726042, at *3 (C.D. Cal. Sept. 18, 2018)
- Schwartz v. Comcast Corp., 256 F. App'x 515, 518 (3d Cir. 2007)
- Blau v. AT&T Mobility, 2012 WL 10546, at *4 (N.D. Cal. Jan. 3, 2012)
- Al-Thani v. Wells Fargo & Co., 2009 WL 55442, at *6 (N.D. Cal. Jan. 7, 2009)
- Caballero v. Premier Care Simi Valley LLC, 284 Cal. Rptr. 3d 560, 564-65 (Ct. App. 2021)
- Randas v. YMCA of Metropolitan Los Angeles, 21 Cal. Rptr. 2d 245, 248 (Ct. App. 1993)
- Armendariz v. Foundation Health Psychcare Services, Inc., 6 P.3d 669, 690 (Cal. 2000)
- Bridge Fund Capital Corp. v. Fastbucks Franchise Corp., 622 F.3d 996, 1000-02 (9th Cir. 2010)
- Pinnacle Museum Tower Ass'n v. Pinnacle Market Development (US), LLC, 282 P.3d 1217, 1232 & n.12 (Cal. 2012)
- Kilgore v. KeyBank, National Ass'n, 718 F.3d 1052, 1059 (9th Cir. 2013)
- Circuit City Stores, Inc. v. Ahmed, 283 F.3d 1198, 1199-1200 (9th Cir. 2002)

- Morris v. Redwood Empire Bancorp, 27 Cal. Rptr. 3d 797, 1321 (Ct. App. 2005)
- Heckman v. Live Nation Entertainment, Inc., 120 F.4th 670, 683 (9th Cir. 2024)
- Wright v. JPMorgan Chase Bank N.A., 2014 WL 13130330, at *7 (C.D. Cal. Aug. 1, 2014)
- Baltazar v. Forever 21 Inc., 367 P.3d 6, 12-13 (Cal. 2016)
- In re StubHub Refund Litigation, 2021 WL 5447006, at *9 (N.D. Cal. Nov. 22, 2021)
- Davis v. TWC Dealer Group, Inc., 254 Cal. Rptr. 3d 443, 450-51 (Ct. App. 2019)
- Davidson v. Kimberly-Clark Corp., 889 F.3d 956, 969-70 (9th Cir. 2018)
- Stover v. Experian Holdings, Inc., 978 F.3d 1082, 1087 (9th Cir. 2020)
- Smith v. Spizzirri, 601 U.S. 472, 478 (2024)