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7
8 **UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA**

9 **KRISHNENDU CHAKRABORTY, JESUS
10 GUERRERO, MAUREEN YOUNG,
11 RACHELLE BLAKE, SHERIDINE
HARRIS, RHONDA MCDONALD,
12 EMILY WRIGHT, BRYAN DAHL,
KAREN NEEDHAM, and RACHEL
13 MULLINS, on behalf of themselves and all
others similarly situated,**

14 **Plaintiffs,**

15 **v.**

16 **VISA INC., VISA U.S.A. INC., AND VISA
INTERNATIONAL SERVICE
17 ASSOCIATION;**

18 **Defendants**

Case No. 3:21-cv-5302

CLASS ACTION COMPLAINT

(I) Unjust Enrichment;
(II) Violation of California Unfair
Competition Law, Cal. Bus. & Prof.
Code §§ 17200, et seq.;
(III) Washington Consumer Protection
Act, RCW § 19.86, et seq.;
(IV) Violations of the Illinois
Consumer Fraud Act

JURY TRIAL DEMANDED

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TABLE OF CONTENTS

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

INTRODUCTION 3

THE PARTIES..... 8

 A. Defendants 8

 B. Plaintiffs 8

FACTUAL ALLEGATIONS 14

 A. Overview of the Payment Card Foreign Exchange Market 14

 B. Applicable Contractual Provisions..... 16

 1. Member Bank Customer Agreements 16

 2. Visa Rules 17

 C. Visa Imposed Inflated Foreign Exchange Rates in Violation of the Visa Rules..... 20

CLASS ACTION ALLEGATIONS 21

CLAIMS FOR RELIEF 24

PRAYER FOR RELIEF..... 30

DEMAND FOR JURY TRIAL..... 31

1 Plaintiffs Krishnendu Chakraborty, Jesus Guerrero, Maureen Young, Rachelle
2 Blake, Sheridine Harris, Rhonda McDonald, Emily Wright, Bryan Dahl, Karen Needham,
3 and Rachel Mullins (“Plaintiffs”), allege the following claims for relief against Defendants
4 Visa Inc., Visa U.S.A. Inc., and Visa International Service Association (collectively “Visa”
5 or “Defendants”).

6 **INTRODUCTION**

7 1. Defendants Visa Inc., Visa U.S.A. Inc., and Visa International Service
8 Association are together a U.S.-based multinational financial services corporation that
9 processes electronic funds transfers throughout the world through its electronic payments
10 network (known as “VisaNet”), most commonly through Visa-branded credit cards, debit
11 cards, and prepaid cards (collectively, “payment cards”).

12 2. Plaintiffs and members of the proposed Classes¹ are Visa payment card
13 cardholders in the U.S. who were issued Visa-branded payment cards, and used those cards
14 to transact in foreign currencies.

15 3. Visa does not issue payment cards directly to consumers. Instead, it provides
16 financial institutions with Visa-branded payment products that the financial institutions then
17 use to offer payment cards to their customers.

18 4. Visa requires the banks that issue Visa-branded payment cards (the “member
19 banks” or “issuing banks”) to agree to be bound by certain rules of Visa (the “Visa Rules,”
20 available at [https://usa.visa.com/content/dam/VCOM/download/about-visa/visa-rules-
21 public.pdf](https://usa.visa.com/content/dam/VCOM/download/about-visa/visa-rules-public.pdf)). These Rules provide, *inter alia*, that the foreign exchange (“FX”) rates applied
22 to consumer payment card transactions in foreign currencies for each day will either be
23 wholesale FX market rates or a government-mandated rate. The vast majority of
24 jurisdictions do not have government-mandated rates.

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28 ¹ The Nationwide Class and proposed alternative State Classes are referred to herein as the
“Classes.”

1 5. The Visa Rules also provide that the member banks must provide specific
2 disclosures to member bank payment card cardholders describing what FX rates will be
3 imposed.

4 6. Member banks require all of their cardholders, including Plaintiffs and
5 members of the proposed Classes, to agree to the terms of standardized credit card
6 agreements and debit card agreements (together, the “Cardholder Agreements”) as a
7 condition of being issued Visa-branded payment cards.

8 7. The member banks include language referencing the Visa Rules in their
9 Cardholder Agreements, promising their cardholders, including Plaintiffs and Class
10 Members, that the FX rates applied to foreign transactions will be either wholesale market
11 rates or, in jurisdictions that have them, government-mandated rates.²

12 8. Contrary to the Visa Rules and Cardholder Agreements, the FX rates applied
13 to cardholder transactions do not represent rates available in the wholesale FX market.

14 9. Further, even when the FX rates imposed by Visa are within the trading
15 ranges of the individual currencies within the wholesale market for the applicable dates, the
16 methods by which the rates are imposed are unfair, in bad faith, and therefore in violation
17 of the Visa Rules and the Cardholder Agreements.

18 10. Based on the language of the Visa Rules regarding exchange rates—and the
19 identical language set forth in the Cardholder Agreements—cardholders reasonably expect
20 (and are led to believe) that the banks will charge wholesale rates that bear some
21 resemblance to the rates that Visa and the banks themselves receive when transacting in
22 foreign currencies to facilitate the cardholders’ transactions. In fact, however, the banks and

23 ² Some countries use fixed exchange rate systems, sometimes called a pegged exchange
24 rate, in which their respective currency’s value is fixed or pegged by a monetary authority
25 against the value of another currency, such as the U.S. Dollar. For example, the Bermudian
26 dollar is pegged to the U.S. Dollar at a one-to-one ratio by the Bermuda Monetary Authority.
27 Visa does not apply government-mandated exchange rates for foreign payment card
28 transactions in the limited set of countries that have adopted fixed exchange rate systems;
instead, it adjusts the rates to provide a profit for Visa. For all other currencies, the Visa
Rules and the Cardholder Agreements provide that wholesale FX market rates must be
applied.

1 Visa rarely engage in wholesale market transactions to facilitate the cardholders'
2 transactions, but when they do, they will charge and/or be charged genuine wholesale rates.
3 Visa settles much of the transactions by U.S. cardholders with foreign merchants in U.S.
4 Dollars, meaning neither the banks nor Visa engage in any currency conversion at all. In
5 these instances, the need for any currency conversion at all is a pure fiction, and any hidden
6 charge for the same, and/or the manipulation of FX rates in breach of the Visa Rules and
7 the Cardholder Agreements, is unlawful and unjustly enriches Visa to the detriment of Visa
8 cardholders. While the price the U.S. cardholder was quoted was in a foreign currency at
9 the point of sale, the cardholder's account was in fact debited in U.S. Dollars, and the
10 foreign merchant was typically paid in the foreign merchant's domestic currency.

11 11. Even in transactions that Visa actually settles in foreign currencies, the need
12 for currency exchange is minimal. Visa is engaged in multilateral global transactions on a
13 massive scale (*i.e.*, doing multiple transactions in both directions—*e.g.*, U.S. Dollars to
14 Euros, and Euros to U.S. Dollars). As a result of all these transactions, Visa is constantly in
15 possession of large amounts of various currencies. Given its own currency balances, Visa
16 only needs to engage in foreign currency transactions to settle any *net* currency settlement
17 requirements.

18 12. In sum, the FX rates Visa imposes and that banks charge cardholders for
19 foreign transactions are largely a fiction and represent a non-transparent charge. They bear
20 no resemblance to any exchange rate obtained or which could be obtained by the banks or
21 Visa in wholesale markets, as many times Visa exchanged no currency whatsoever (because
22 the transaction was settled in U.S. Dollars or because Visa had foreign currency on hand to
23 settle the transaction with the foreign merchant) or traded at spot or forward FX prices.

24 13. Instead of approximating the issuing banks and Visa's actual costs of
25 acquiring foreign currency to settle transactions, the rates Visa imposes and member banks
26 charge consumers for FX transactions are designed to maximize profits for the banks and
27 Visa. Specifically, the rates imposed vary based on the direction of the transaction, and are
28 always in the banks' and Visa's favor. For example, for any given processing date, the rate

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