DX 1

REDACTED VERSION OF DOCUMENT SOUGHT TO BE SEALED PURSUANT TO STIPULATED PROTECTIVE ORDER

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UNITED STATES DISTRICT COURT

FOR THE SOUTHERN DISTRICT OF CALIFORNIA

SAN DIEGO DIVISION

IN RE: BANK OF AMERICA CALIFORNIA UNEMPLOYMENT BENEFITS LITIGATION

Case No. 21-MD-02992-GPC-MSB

DECLARATION OF ROBERT CHESTNUT IN SUPPORT OF DEFENDANT BANK OF AMERICA, N.A.'S MOTION FOR PARTIAL SUMMARY JUDGMENT

Date: April 17, 2026
Time: 1:30 p.m.
Ctrm: 12A – 12th Floor
Judge: Hon. Gonzalo P. Curiel

FILED PROVISIONALLY UNDER SEAL PURSUANT TO STIPULATED PROTECTIVE ORDER

I, Robert Chestnut, hereby declare as follows:

1. I am employed by Defendant Bank of America, N.A. (BANA), a party to this action, as a regional executive within MBAM Public Sector Banking. I make this declaration based upon personal knowledge and belief, upon BANA's records maintained in the ordinary course and scope of business, and upon information gathered from other BANA employees within the scope of their responsibilities. If called to testify as to any of the matters set forth in this declaration, I could and would competently testify thereto.

2. In my role as a regional executive overseeing client relationships, one of my responsibilities was oversight of the California Employment Development Department (EDD) prepaid card account. My responsibilities included overseeing the management of BANA's relationship with EDD, which involved regularly communicating with members of EDD's leadership team throughout the pandemic on numerous matters relating to the EDD program and BANA's prepaid debit card services, including with regards to the matters discussed in this declaration.

3. In my role at BANA, I am familiar with and regularly reviewed the terms of the contract between BANA and EDD (EDD Agreement), including the terms discussed in this declaration and the parties' practice in implementing them. Further, based on my role and experience overseeing BANA's relationship with EDD, I am familiar with the EDD Agreement's revenue share terms and understood BANA's [redacted] resulting from the pandemic.

BANA Served as the Prepaid Card Provider for the EDD UI Benefits Program.

4. BANA's government benefit prepaid debit card program was historically offered to states that otherwise used BANA's financial services in order to support a unique need of BANA's government client, rather than as an independent business unit or consumer product. California is one of only 12 states that previously

used BANA prepaid cards as an option to distribute unemployment insurance (UI) benefits.

5. In May 2010, EDD first contracted with BANA to distribute federal and state unemployment benefits to claimants using BANA's prepaid card services. EDD selected BANA as its prepaid card vendor after a competitive bid process in which EDD issued a Request for Proposal (RFP) specifying the requirements for its prepaid card program, BANA submitted a proposal in response to the RFP, and EDD selected BANA's proposal.

6. The agreement between BANA and EDD was renewed for another term beginning in 2016, after another competitive bid process in which BANA submitted a proposal in response to an RFP, and EDD selected BANA as its prepaid card vendor. A true and correct copy of the relevant portions of the agreement, together with its amendments (collectively, EDD Agreement), is attached to the Declaration of Laura G. Brys (Brys Dec.) as DX 39.[1]

7. Under the terms of the EDD Agreement, [redacted] and, if the cardholder did not opt to receive those benefits directly from EDD via check, EDD directed BANA to issue a card and funded the card account at BANA. BANA, as EDD's service provider, only issued initial prepaid cards to individual benefits recipients when instructed to do so by EDD. Under the terms of the EDD Agreement, BANA was required to process EDD card issuance and payment files on a daily basis within four hours of receipt. *See* DX 39 at -2435-40, -2661-66.

8. BANA, as a service provider to California, directly issued all cards to recipients as instructed by EDD and managed the card program. In addition to its agreement with EDD, BANA also had an agreement with each cardholder that was provided to each cardholder with the prepaid debit card (the Cardholder Agreement).

[1] Exhibits to the Brys Declaration shall be referred to as "DX."

A true and correct copy of the Cardholder Agreement is attached to Brys Dec. as DX 40.A.

9. Under the express terms of the Cardholder Agreement, BANA had the authority to freeze a Cardholder's Account "pending an investigation" if BANA "suspect[s] irregular, unauthorized, or unlawful activities may be involved with" such an Account. DX 40.A at Section 2.

10. As of February 15, 2024, BANA no longer issues prepaid cards nor receives funds for cardholders for the EDD UI benefits program. All BANA EDD prepaid cards were closed on or before April 30, 2024, and the EDD Agreement officially expired in July 2025.

Financial Terms of the EDD Agreement

11. BANA's Agreement with EDD was, at best, [redacted] A true and correct copy of a letter from BANA to EDD dated May 26, 2021, [redacted], is attached to Brys Dec. as DX 55.

12. As a result of the pandemic and resulting fraud that plagued the EDD program, [redacted] BANA thus estimated [redacted], including [redacted] A true and correct copy of the letter [redacted], is attached to Brys Dec. as DX 154.

13. Additionally, EDD did not pay fees to BANA under the EDD Agreement. In fact, EDD received additional amounts (*i.e.*, a revenue share) from BANA under the EDD Agreement. The revenue earned was derived from [redacted]. Under the terms of the EDD Agreement, BANA and EDD split this revenue 50/50. This revenue share arrangement had, by late May 2021, required BANA to pay California a [redacted], including [redacted]. DX 55. A true and correct copy of data produced by [redacted] is attached to Brys Dec. as DX 170.

14. [redacted].

15. There were few incidental charges to EDD prepaid cardholders and, during the pandemic, these fees were often waived by BANA. [redacted]. A true and correct copy of the [redacted] is attached to Brys Dec. as DX 70.

16. BANA further defrayed service and card costs by [redacted].

The RFP and EDD Agreement Required Magnetic Strip Cards

17. Under the terms of EDD's RFP for the UI Program and the EDD Agreement, EDD requested and BANA agreed to issue EDD prepaid cards with "no

less than an ISO 7811-compliant high coercivity magnetic strip." DX 39 at -2462, -2741.

18. The terms of the EDD Agreement stated that BANA was not permitted to make any "significant change . . . to the project scope," or to amend the EDD Agreement in any manner without the State's prior approval and an executed modification to the EDD Agreement. DX 39 at -2423, -2651 (Requirements). My team and I understood this to mean that changes to EDD prepaid card technology, such as adding an EMV chip in addition to the ISO 7811 magstripe, would require EDD approval and an executed modification.

19. Between 2015 and January 2020, [redacted]. Rather, in [redacted] A true and correct copy of the [redacted] is attached to Brys Dec. as DX 131.

20. [redacted]. It is my understanding that this was, at least in part, because [redacted].

BANA's Efforts to Work with EDD to Provide Benefits to EDD Cardholders

21. BANA recognized early in March 2020, that with prepaid cards being the primary solution for EDD UI benefits recipients, it would need to scale up card production and determine the best distribution channels for cards in light of the pandemic's devastating impact on the national distribution infrastructure.

22. [redacted]

[redacted]

23. Additionally, in March and April 2020, BANA made numerous attempts to engage EDD in order to prevent disruptions to EDD's UI beneficiaries. [redacted]

24. BANA also sought to assist and support EDD's call center. Beginning in May 2020, [redacted]. For example, BANA offered [redacted]

BANA's Efforts to Work with EDD to Prevent Fraud on the EDD Program

25. BANA made numerous attempts to engage EDD in order [redacted]. Starting in April

2020, and throughout the pandemic, BANA [redacted].

26. In July 2020, BANA notified EDD of [redacted]. BANA also began [redacted].

27. Throughout September and October 2020, BANA and EDD held a number of meetings to specifically discuss [redacted].

28. Through BANA's discussions with EDD, it became increasingly evident that [redacted]. To help offset these challenges, in October 2020, BANA sent a letter to EDD [redacted]. A true and correct copy [redacted] is attached to Brys Dec. as DX 53. BANA and EDD discussed [redacted]

[redacted]. A true and correct copy of the [redacted] is attached to Brys Dec. as DX 80.

29. [redacted]

BANA's Communications with EDD Concerning the Claim Fraud Filter

30. On or around September 28, 2020, BANA applied a fraud strategy known as the Claim Fraud Filter (CFF) to freeze certain accounts [redacted]. Upon doing so, [redacted]

31. On October 3, 2020, [redacted] A true and correct copy of that communication is attached to Brys Dec. as DX 78.

32. [redacted] A true and correct copy of that communication is attached to Brys Dec. as DX 182.

33. [redacted].

34. During that same period, [redacted]

35. On many occasions, including through virtual meetings, electronic communications, and phone calls, [redacted]

I declare under the penalty of perjury that the foregoing is true and correct. Executed on this 16th day of October, 2025.

ROBERT CHESTNUT