

Wells Fargo Still Freezing Bank Accounts



Back in July, 2010 I reported on the 9th circuit case of [Mwangi v. Wells Fargo Bank, N.A.](#), "[Wells Fargo Won't Stop Freezing Bank Accounts.](#)" Our local group of attorneys here in the Central District of California have it on good word from sources inside Wells Fargo's bankruptcy department that the bank continues to freeze accounts while the litigation case is reviewed by the bankruptcy court in Nevada. The [Mwangi case](#) has been remanded back to the bankruptcy court to determine whether Wells Fargo's continuation of the administrative freeze and retention of the account funds claimed exempt, in the absence of instructions from the trustee, was reasonable in light of the debtor's demand that the subject account funds be released for their use.

This is a **case to watch** as it affects all debtors filing bankruptcy, clients of Wells Fargo Bank, N.A. and the Automatic Stay under 11 U.S.C. § 362(a). On January 21, 2011 Christopher P. Burke, Esq. and Scott C. Borison, Esq. attorneys for Eric Mwangi and Pauline Mwicharo [Plaintiffs] filed case no. 11-01022-bam in U.S. Bankruptcy Court for the District Court of Nevada this Adversary **Class Action Proceeding**.

The allegation from the complaint alleges that Wells Fargo Bank acted in Willful Violation of 11 U.S.C. §362(a)(3). If the court determines Wells Fargo's conduct was a willful violation of the stay under §362(a), then the bankruptcy court will need to determine what, if any, damages the debtors are entitled to under §362(k)(1). We will keep you posted on the progress of this pending case and the outcome. In the meantime, don't bank where you owe money.

By Christine Wilton, Esq.