



United States District Court for the  
Eastern District of New York

*Cheng v. HSBC Bank USA, N.A.*  
Case No. 1:20-cv-01551-BMC

## **NOTICE OF PROPOSED CLASS ACTION SETTLEMENT**

***A federal court has authorized this notice.***

***This is not a solicitation from a lawyer. You are not being sued.***

This settlement resolves a dispute with HSBC Bank USA, N.A. over whether HSBC failed to pay interest in accordance with Direct Savings Account terms for customers who initiated ACH transfers through HSBC's web portal.

The parties have reached a proposed \$495,000 settlement. Attorneys for the class will seek fees of \$164,999.99 (plus reimbursement of costs of \$30,786.07) out of the proposed settlement amount.

**You have been identified as a potential class member and may be entitled to money.**

**Your rights are affected whether you act or not. Read this notice carefully.**

If you disagree with the settlement or the attorneys' fees request, you can object. To object or opt out, you must act by July 21, 2026.

The Court will hold a final fairness hearing on September 16, 2026.

You must submit a Claim Form to receive a payment from this settlement. If you take no action, you will not receive a payment, but you will be bound by the settlement, and you will not be able to bring another lawsuit for the same issues against HSBC.

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## About This Notice

### Why did I get this notice?

This notice is to tell you about the settlement of a class action lawsuit brought in the United States District Court for the Eastern District of New York, Cheng v. HSBC Bank USA, N.A., Case No. 1:20-cv-01551-BMC, brought on behalf of HSBC customers who opened Direct Savings Accounts and initiated ACH transfers through HSBC's web

portal. You received this notice because our records indicate you are a member of the group of people affected, called the “class.” The settlement “class” has been defined as:

All persons in the United States who opened a Direct Savings Account with HSBC between March 25, 2014 and February 20, 2021, and who made noncash deposits into the account using HSBC’s online portal on a Business Day for which HSBC did not begin to apply interest on the same Business Day the deposits were initiated on the portal or on the first Business Day after a deposit initiated on a Saturday, Sunday, or Federal holiday.

People who did not receive email or mail Notice may still be part of the Settlement Class if they meet the requirements described above.

The Settlement Class does not include: (1) the Judge presiding over this Litigation, and members of the presiding Judge’s direct family; (2) the Defendants, its subsidiaries, parent companies, successors, predecessors, and any entity in which the Defendants or its parents have a controlling interest, and their respective current and former officers and directors; and (3) the Settlement Class Members who submit a valid Request for Exclusion prior to the deadlines outlined below.

The complete terms of the proposed Settlement are set forth in the Settlement Agreement, which is available on the Settlement Website at [www.HSBCDirectSavingsAccountSettlement.com](http://www.HSBCDirectSavingsAccountSettlement.com). This notice gives you only a summary of the terms of the proposed settlement agreement, explains what rights class members have, and helps class members make informed decisions about what action to take.

The Court approved this notice because you have a right to know about a proposed settlement of a class action lawsuit, and about all of your options, before the Court decides whether to approve the settlement. If the Court approves it, and objections and appeals (if any) are resolved, the Settlement Administrator will make the payments the settlement allows.

## What do I do next?

Read this notice to understand the settlement. Then, decide if you want to:

Options	More information about each option
Submit a Claim	You must submit a Claim Form to receive a payment. Submit online at <a href="http://www.HSBCDirectSavingsAccountSettlement.com">www.HSBCDirectSavingsAccountSettlement.com</a> or mail a paper form by the deadline. If you are a current HSBC Direct Savings Account customer, you will receive a credit to your account. Otherwise, you may receive an electronic payment or check.
Do Nothing	You will not receive any payment. If the Court approves the settlement, you give up your right to bring your own lawsuit about the issues in this case.

Opt Out	Exclude yourself from the settlement. You will get no payment. This option allows you to bring another lawsuit against HSBC about the same issues raised in this lawsuit.
Object	Tell the Court why you don't like the settlement or the request for attorneys' fees and costs. If the Court approves the settlement, you will still be bound by the terms and give up your right to bring your own lawsuit about the issues in this case.
Go to a Hearing	Ask to speak in Court about the fairness of the settlement. The hearing will be held at the United States District Court for the Eastern District of New York, 225 Cadman Plaza East, Brooklyn, NY 11201, Courtroom 10A South.

Read on to understand the specifics of the settlement and what each choice would mean for you.

**What are the most important dates?**

**Your deadline to submit a Claim Form:** August 20, 2026

**Your deadline to object or opt out:** July 21, 2026

**Settlement final approval hearing:** September 16, 2026 at 10:00 a.m.

**Learning About the Lawsuit**

**What is this lawsuit about?**

On March 25, 2020, Plaintiff Ji Dong Cheng (“Plaintiff”) filed a class action lawsuit against HSBC Bank USA, N.A. (“HSBC”) in the United States District Court for the Eastern District of New York. Plaintiff asserted, on behalf of the Settlement Class, that HSBC failed to pay interest in accordance with the Direct Savings Account terms and conditions, which stated during the relevant time period that “Interest begins to accrue on the Business Day you deposit noncash items (e.g. checks).”

Plaintiff contended that, with regard to ACH deposits, this provision required the bank to start paying interest on the Business Day when a customer initiated an ACH transfer through HSBC’s web portal, not when those funds were actually received by HSBC. Plaintiff asserted a claim for breach of contract on behalf of himself and the class.

HSBC asserts that the Direct Savings Account terms and conditions provide that interest would start to accrue on the Business Day when the funds were received in the customer’s Direct Savings Account. HSBC denies all allegations of wrongdoing, and the Court has not determined who is right. Rather, the Parties have agreed to settle the lawsuit to avoid the uncertainties and expenses associated with ongoing litigation.

## Why is there a settlement in this lawsuit?

The Parties have agreed to settle, which means they have reached an agreement to resolve the lawsuit. Both sides want to avoid the risk and expense of further litigation. While HSBC disputes the allegations in the lawsuit and denies any liability or wrongdoing, it enters into the settlement to avoid the expense, inconvenience, and distraction of further proceedings in the litigation.

In a class action, someone called a Class Representative (in this case Ji Dong Cheng) sues on behalf of all people who have similar claims. All of these people with similar claims are “Class Members,” and grouped together are a “Class.” One court resolves the issues for all Class Members, except for those who exclude themselves from the Class.

The Court has not decided this case in favor of either side.

## What happens next in this lawsuit?

You have until August 20, 2026 to submit a Claim Form to receive a payment, and until July 21, 2026 to object to or opt out of the settlement, with further details on these options provided below.

The Court will then hold a Fairness Hearing to decide whether to approve the settlement. The hearing will be held at:

**Where:** United States District Court for the Eastern District of New York, 225 Cadman Plaza East, Brooklyn, NY 11201, Courtroom 10A South

**When:** September 16, 2026 at 10:00 a.m.

The hearing may be moved to a different date or time, without additional notice.

The Court has directed the parties to send you this notice about the proposed settlement. Because the settlement of a class action decides the rights of all members of the proposed class, the Court must give final approval to the settlement before it can take effect. Payments will only be made if the Court approves the settlement.

You do not have to attend, but you may at your own expense. You may also ask the Court for permission to speak and express your opinion about the settlement. You cannot speak at the hearing if you exclude yourself from the Settlement Class.

If the Court does not approve the settlement, it will be void and the lawsuit will continue. The date of the hearing may change without further notice to members of the class.

## Learning About the Settlement

### What does the settlement provide?

HSBC has agreed to create a \$495,000.00 Settlement Fund to pay all approved claims to the Settlement Class, together with notice and administration expenses, approved attorneys' fees and costs to Class Counsel, and a Service Award to the Plaintiff.

The Net Settlement Fund, out of which claims will be paid, is equal to the net amount of the Settlement Fund after payment of Court-approved attorneys' fees and costs, any Service Award approved by the Court, and all notice and administrative expenses. Class Counsel will seek attorneys' fees of \$165,000.00 and costs of \$30,786.07 and a service award of \$6,000 to the Class Representative for the time and effort he contributed to the case.

Members of the Settlement Class who submit a valid and timely Claim Form will receive a pro rata share of the Net Settlement Fund, calculated in proportion to the interest that accrued on each class member's subject deposits. Members of the Settlement Class who do not submit a valid and timely Claim Form or do not opt out will not receive a payment from the Settlement Fund, but they will "release" their claims as part of the settlement, which means they cannot sue HSBC for the same issues and legal violations raised in this lawsuit. The full terms of the release can be found in the Settlement Agreement, available on the Settlement Website.

If there is money left over after the payment process is completed, it will be donated to one or more court-approved charitable organizations as a *cy pres* distribution.

### How much will my payment be?

The amount paid to each Settlement Class Member will depend on the number of claims filed. Specifically, each Settlement Class Member who submits a valid and timely Claim Form will receive a pro rata share of the Net Settlement Fund. Your settlement compensation depends on how much you transferred from external financial institutions to your HSBC Direct Savings Account via ACH transfers initiated on the HSBC web portal and the interest rate in place at the time of each transfer, as well as the number of Settlement Class Members who file a claim.

The amount payable to each Settlement Class Member submitting a claim shall be calculated pro rata as between all Settlement Class Members submitting a timely claim, in proportion to the total amount of interest accrued on the Settlement Class Member's subject deposits between the Business Day when an ACH transfer was initiated on the HSBC portal (or the next Business Day, if the ACH transfer was not initiated on a Business Day) and the day when the ACH transfer was credited to the Settlement Class Member's Direct Savings Account, for every ACH transfer initiated by the Settlement Class Member on the HSBC portal during the Class Period (March 25, 2014 through February 20, 2021). The interest rate applied will equal the actual interest rate that the Direct Savings Account earned at the time the ACH transfer was made.

It is anticipated that every Settlement Class Member who submits an approved claim will receive a payment of at least \$10.00 (“Minimum Payment”). If your pro rata share of the Net Settlement Fund would otherwise be less than \$10.00, it is anticipated that you will instead receive a payment of \$10.00.

However, if the total amount of approved claims submitted by all Settlement Class Members is greater than the Net Settlement Fund after adjusting for all approved claims that would receive the Minimum Payment, the Minimum Payment shall be reduced, on a pro rata basis, to the largest amount that can be paid to each Settlement Class Member with an Approved Claim without exceeding the Net Settlement Fund, and each Settlement Class Member with an Approved Claim shall instead receive that reduced amount instead of the Minimum Payment.

If you are a current HSBC customer with an open Direct Savings Account, any benefit from the settlement will be issued as a credit to your current HSBC Direct Savings Account. If you do not currently have an open Direct Savings Account, you must provide electronic payment information on your Claim Form to receive an electronic payment, or you will receive a check at the address listed on your Claim Form.

## Deciding What to Do

### How do I weigh my options?

You have several options. You can submit a claim, do nothing, opt out of the settlement, or object to the settlement. This chart shows the effects of each option:

	Do Nothing	Opt Out	Object
Can I receive settlement money if I . . .	NO*	NO	YES
Am I bound by the terms of this lawsuit if I . . .	YES	NO	YES
Can I pursue my own case if I . . .	NO	YES	NO
Will the class lawyers represent me if I . . .	YES	NO	NO

\* If you do nothing (*i.e.*, do not submit a Claim Form), you will not receive a payment, but you will still be bound by the settlement.

### What is the best path for me?

If you are satisfied with the proposed settlement and want to receive a payment, submit a Claim Form by the deadline.

If you are not satisfied with the proposed settlement and want to file your own lawsuit and not be bound by this lawsuit, opt out of the settlement by the deadline.

If you are not satisfied with the proposed settlement but do not want to opt out, you may object in writing to explain why you don't like it. The Court will consider your objection.

## Submitting a Claim

### How do I get a payment if I am a class member?

You must submit a Claim Form to receive a benefit from the settlement. You may submit a Claim Form either electronically on the Settlement Website at [www.HSBCDirectSavingsAccountSettlement.com](http://www.HSBCDirectSavingsAccountSettlement.com), or by printing and mailing in a paper Claim Form, copies of which are available for download on the Settlement Website. Claim Forms must be submitted online by 11:59 p.m. EST on August 20, 2026 or postmarked and mailed by August 20, 2026.

To be eligible to receive a payment, you must submit a completed Claim Form confirming your name, current email, current mailing address, and Unique ID number.

If you are a current customer of HSBC with an open Direct Savings Account as of August 20, 2026, any benefit from the settlement that you receive will be issued as a credit to your current HSBC Direct Savings Account. If you do not currently have an open Direct Savings Account as of August 20, 2026, you must provide electronic payment information on your Claim Form to receive an electronic payment. Otherwise, you will receive a check at the address listed on your Claim Form.

### Do I have a lawyer in this lawsuit?

In a class action, the Court approves class representatives and lawyers to work on the case and represent the interests of all class members. For this settlement, the Court has approved the following lawyers as Class Counsel:

- **Daniel A. Schlanger** from Schlanger Law Group LLP
- **Beth Terrell** from Terrell Marshall Law Group PLLC

These are the lawyers who negotiated this settlement on your behalf. They are experienced in handling similar cases. If you want to be represented by your own lawyer, you may hire one at your own expense.

### Do I have to pay the lawyers in this lawsuit?

For Class Counsel, lawyers' fees and costs will be paid from the Settlement Fund. You will not have to pay the lawyers directly.

To date, the lawyers have not been paid any money for their work or the expenses that they have paid for the case. To compensate them for their time and risk in bringing this case without any guarantee of payment unless they were successful, Class Counsel will request, as part of the final approval of this Settlement, that the Court approve a payment of up to \$165,000.00 in attorneys' fees plus out-of-pocket costs and expenses of \$30,786.07 from the Settlement Fund.

Lawyers' fees and expenses will only be awarded if approved by the Court as a fair and reasonable amount. You have the right to object to the lawyers' fees even if you think the settlement terms are fair.

Class Counsel will also ask the Court to approve a Service Award of \$6,000 to the Class Representative for the time and effort he contributed to the case. If approved by the Court, the Service Award will be paid from the Settlement Fund.

## Opting Out

### What if I don't want to be part of this settlement?

You can exclude yourself, which is often referred to as "opting out" of the settlement. If you do, you will not receive payment and cannot object to the settlement. However, you will not be bound or affected by anything that happens in this lawsuit. That means you keep the right to sue HSBC or be part of another case against HSBC about the issues in this lawsuit. If you have a pending lawsuit against HSBC, speak to your lawyer in that case immediately. You may need to exclude yourself from this Class to continue your own lawsuit.

### How do I opt out?

To opt out of the settlement, you must submit a Request for Exclusion to the Settlement Administrator postmarked no later than July 21, 2026. You may also submit an online form on the Settlement Website. The Request for Exclusion must include:

(1) the name of the proceeding (*Cheng v. HSBC Bank USA, N.A.*); (2) your full name, current address, telephone number, and email; (3) your personal signature; and (4) the words "Request for Exclusion" or a comparable statement that you do not wish to participate in the Settlement.

Opt-out requests must be submitted individually and cannot be made on behalf of a group of Settlement Class Members. Each request must be signed by the Settlement Class Member who is opting out. If you do not timely file a Request for Exclusion, you will lose the opportunity to exclude yourself from the Settlement and you will be bound by the Settlement and its "release provisions."

If you choose to mail your Request for Exclusion, please mail it to:

Cheng v. HSBC Bank USA, N.A.  
c/o Settlement Administrator  
P.O. Box 25226  
Santa Ana, CA 92799

## Objecting

### What if I disagree with the settlement?

If you disagree with any part of the settlement (including the lawyers' fees) but don't want to opt out, you may object. You must give reasons why you think the Court should not approve it. The Court will consider your views. The Court can only approve or deny the settlement — it cannot change the terms of the settlement. You may, but don't need to, hire your own lawyer to help you.

You can only object if you stay in the class. If you opt out of the class, you cannot object because the case no longer affects you.

The objection must:

- (1) be in writing;
- (2) be filed with the Clerk of the Court and mailed to the Settlement Administrator, postmarked by July 21, 2026;
- (3) include the case name and number (*Cheng v. HSBC Bank USA, N.A.*, 1:20-cv-01551-BMC);
- (4) include your full name, current mailing address, email, and telephone number;
- (5) include the identity of any attorneys representing you;
- (6) state the specific grounds for the objection, as well as any documents supporting the objection;
- (7) state whether you (or your attorney) intend to appear at the Final Approval Hearing;
- (8) include a statement identifying all class action settlements you have objected to in the previous five (5) years;
- (9) include your signature or the signature of your attorney.

Objections must be submitted individually and cannot be made on behalf of a group of Settlement Class Members.

File your written objection with the Clerk of the Court and mail a copy to the Settlement Administrator, postmarked by July 21, 2026. The Court is located at:

United States District Court  
Eastern District of New York  
225 Cadman Plaza East  
Brooklyn, NY 11201

You may ask the Court for permission to speak at the Final Approval Hearing. You cannot speak at the hearing if you exclude yourself from the settlement.

## Doing Nothing

### What are the consequences of doing nothing?

If you do nothing (*i.e.*, you do not submit a Claim Form, opt out, or object), you will not receive a payment from the Settlement Fund. However, you will be bound by the settlement and its “release” provisions. That means you won’t be able to start, continue, or be part of any other lawsuit against HSBC about the issues in this case. A full description of the claims and persons who will be released if this settlement is approved can be found in the Settlement Agreement, available on the Settlement Website.

## Key Resources

### How do I get more information?

This notice is a summary of the proposed settlement. The complete settlement with all its terms and related case documents can be found on the Settlement Website. To get a copy of the settlement agreement or get answers to your questions:

- Visit the Settlement Website at: [www.HSBCDirectSavingsAccountSettlement.com](http://www.HSBCDirectSavingsAccountSettlement.com)
- Contact Class Counsel (information below)
- Access the Court’s Case Management/Electronic Case Files (CM/ECF) system online or by visiting the Clerk’s office of the Court (address below)

**Please do not call the Court, HSBC, or HSBC’s counsel regarding the settlement.**

<b>Settlement Administrator</b>	Cheng v. HSBC Bank USA, N.A. c/o Settlement Administrator P.O. Box 25226 Santa Ana, CA 92799 <a href="mailto:info@HSBCDirectSavingsAccountSettlement.com">info@HSBCDirectSavingsAccountSettlement.com</a>
<b>Your Lawyers (Class Counsel)</b>	Daniel A. Schlanger SCHLANGER LAW GROUP LLP 150 Allens Creek Road, Suite 240 Rochester, NY 14618 212-500-6114 <a href="mailto:dschlanger@consumerprotection.net">dschlanger@consumerprotection.net</a>

	<p>Beth Terrell TERRELL MARSHALL LAW GROUP PLLC 936 N 34th St, Ste 300 Seattle, WA 98103 206-816-6603 bterrell@terrellmarshall.com</p>
<b>Court</b>	<p>United States District Court Eastern District of New York 225 Cadman Plaza East Brooklyn, NY 11201</p>