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Superior Court of California  
County of Los Angeles

**SEP 01 2023**

David W. Slayton, Executive Officer/Clerk of Court

*Attorneys for the People of the State of California*

SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF LOS ANGELES

**THE PEOPLE OF THE STATE OF CALIFORNIA,**  
  
Plaintiff,  
  
v.  
  
**THE MONEY SOURCE, INC.,** a New York corporation,  
  
Defendant.

Case No. **23STCV21087**  
  
**COMPLAINT FOR PERMANENT INJUNCTION, CIVIL PENALTIES, AND OTHER EQUITABLE RELIEF**  
  
(BUS. & PROF. CODE, §§ 17200 et seq., 17500 et seq.)

Plaintiff, the People of the State of California (“Plaintiff” or the “People”), by and through Rob Bonta, Attorney General of the State of California, brings this action against The Money Source, Inc. (“Defendant” or “TMS”) for violations of the Unfair Competition Law and False Advertising Law (Bus. & Prof. Code, §§ 17200 et seq., 17500 et seq.), and alleges the following on information and belief:

**PARTIES**

1. Plaintiff is the People of the State of California. Under the Constitution of the State of California and based on specific independent statutory authority, Rob Bonta, Attorney General

1 of the State of California (“California Attorney General”), is generally authorized to bring suit  
2 and obtain relief on behalf of the People of the State of California. Cal. Const. art. V, section 13.

3 2. The California Attorney General is authorized to act in the name of the People of  
4 the State of California by California Business and Professions Code section 17204 and by  
5 California Business and Professions Code section 17535 to obtain injunctive relief to halt  
6 violations of, and enforce compliance with, California Business and Professions Code section  
7 17200 et seq., and California Business and Professions Code section 17500 et seq., respectively,  
8 and is authorized by California Business and Professions Code sections 17206 and 17536 to  
9 obtain civil penalties of up to \$2,500 for each violation of sections 17200 and 17500.

10 3. Defendant The Money Source, Inc. is a New York corporation with its principal  
11 place of business at 3138 E. Elwood Street, Phoenix, AZ 85034.

12 **JURISDICTION AND VENUE**

13 4. This Court has jurisdiction over the allegations and subject matter of the People’s  
14 Complaint filed in this action, brought under Business and Professions Code sections 17200 et  
15 seq. and 17500 et seq.

16 5. Defendant has transacted business within the State of California, including the  
17 County of Los Angeles, at all relevant times to this complaint. The violations of law described  
18 herein occurred in the County of Los Angeles and elsewhere in the State of California.

19 **THE CALIFORNIA MILITARY FAMILIES FINANCIAL RELIEF ACT**

20 6. The California Military Families Financial Relief Act (CMFFRA) allows  
21 reservists called to active duty to defer payments on certain financial obligations, including  
22 mortgage, credit cards, property taxes, car loans, utility bills, and student loans. (Mil. & Vet.  
23 Code, § 800(a).) The deferral period is 180 days or the period of active duty plus 60 calendar  
24 days, whichever is less. (*Id.*, § 800(d).)

25 7. To defer financial obligations under the CMFFRA, the reservist or the reservist’s  
26 designee is required to submit a written request for deferment by or on behalf of the reservist, and  
27 a copy of the reservist’s military order. (Mil. & Vet. Code, § 800(b)(1).) A financial institution  
28 may request proof of reduced income while the reservist is on active duty. (*Id.*, § 800(b)(2).)

1 Penalties for the nonpayment of principal and interest, charging of interest on the deferred  
2 payments, and foreclosure actions are prohibited during the deferral period. (*Id.*, § 804.)

3 8. Any person who receives a good faith request for deferment from a servicemember  
4 pursuant to the CMFFRA, and who believes the request is incomplete or not legally sufficient, or  
5 that the servicemember is not entitled to the relief requested, must, within 30 days of the request,  
6 provide the servicemember with a written response acknowledging the request. (Mil. & Vet.  
7 Code, § 813(a).) This written response must set forth the person's basis for believing or asserting  
8 that the request is incomplete or not legally sufficient, identify the specific information or  
9 materials that are missing from the request and required to grant the relief requested, and provide  
10 contact information. (*Ibid.*) If the person fails to provide such a response within 30 days of the  
11 request, "the person waives any objection to the request, and the service member shall be entitled  
12 to the relief request." (Mil. & Vet. Code, § 813(b).)

### 13 FACTUAL ALLEGATIONS

14 9. TMS is a mortgage servicer at all relevant times to this complaint. Since January  
15 2019, TMS received at least 13 requests for deferment pursuant to the CMFFRA. TMS  
16 improperly processed at least 10 of those requests, including because it delayed granting certain  
17 CMFFRA deferment requests, requested information for eligibility review beyond the 30-day  
18 timeframe to do so, and improperly denied certain CMFFRA deferment requests.

19 10. TMS also represented to borrowers on its website that it will process requests for  
20 relief under the Servicemembers Civil Relief Act (SCRA) within 30 days of the receipt of the  
21 request. TMS treats SCRA as including state military relief laws, including the California  
22 Military and Veterans Code (CMVC) and CMFFRA. Despite its representations, TMS failed to  
23 review and process requests for relief under the CMFFRA, CMVC, and/or the SCRA within the  
24 represented timeframe.

25 11. Due to TMS's failure to properly process and timely grant CMFFRA deferment  
26 requests, TMS imposed late fees or other fees against certain borrowers for the nonpayment of  
27 payments that should have been deferred.

28 12. In some instances, TMS also furnished inaccurate information to credit reporting

1 agencies, including by reporting certain accounts as delinquent when TMS knew or should have  
2 known that those payments should have been deferred, and by placing an “account in  
3 forbearance” special comment on certain accounts when those borrowers did not request a  
4 forbearance.

5 13. TMS attempted to collect payment from certain borrowers during the requested  
6 deferral period, including by making collection calls to certain borrowers and sending debt  
7 collection notices to certain borrowers that threatened fees and foreclosure if payment was not  
8 made.

### 9 **FIRST CAUSE OF ACTION**

#### 10 **Violations of Business and Professions Code Section 17200**

#### 11 **(Unfair Competition)**

12 14. The People reallege and incorporate by reference each and every allegation  
13 contained in the preceding paragraphs 1 through 13 as though fully set forth herein.

14 15. Defendant has engaged in business acts or practices that constitute unfair  
15 competition as defined in the Unfair Competition Law, Business and Professions Code section  
16 17200 et seq. These acts or practices include, but are not limited to, the following:

17 a. Violating the CMFFRA, including California Military and Veterans Code  
18 sections 800, 804, and 813, by failing to properly process requests for deferment under the  
19 CMFFRA;

20 b. Violating sections 4022 and 4023 of the Coronavirus Aid, Relief and  
21 Economic Security (CARES) Act (15 U.S.C. § 9056) by placing certain mortgage loans into  
22 forbearance when the borrower did not request a forbearance;

23 c. Violating the Fair Credit Reporting Act (15 U.S.C. § 1681 et seq.) and the  
24 California Consumer Credit Reporting Agencies Act (Civ. Code § 1785.1 et seq.), including by  
25 furnishing information to credit reporting agencies that Defendant knew or had reasonable cause  
26 to believe is inaccurate (15 U.S.C. § 1681s-2(a); Civ. Code, § 1785.25(a));

27 d. Violating the Rosenthal Fair Debt Collection Practices Act (Civ. Code, §  
28 1788 et seq.), including by threatening to take action when it had no legal right to do so, making

1 misrepresentations, and engaging in harassing, oppressive, or abusive conduct, in connection with  
2 the collection of a consumer debt (Civ. Code, §§ 1788.10, 1788.13, 1788.17); and

3 e. Violating Business and Professions Code section 17500, as alleged in  
4 paragraphs 16 through 18, below.

5 **SECOND CAUSE OF ACTION**

6 **Violations of Business and Professions Code Section 17500**

7 **(Untrue or Misleading Representations)**

8 16. The People reallege and incorporate by reference each and every allegation  
9 contained in the preceding paragraphs 1 through 15 as though fully set forth herein.

10 17. Defendant has made or caused to be made statements to the public that were  
11 untrue or misleading in violation of Business and Professions Code section 17500 et seq. These  
12 untrue or misleading statements include, but are not limited to, representations to borrowers  
13 regarding Defendant's processing of requests for relief under the CMFFRA, CMVC, and/or the  
14 SCRA.

15 18. At the time these representations were made, Defendant knew or by the exercise of  
16 reasonable care should have known that these representations were untrue or misleading.

17 **PRAYER FOR RELIEF**

18 **WHEREFORE**, Plaintiff prays for judgment as follows:

19 1. Pursuant to Business and Professions Code sections 17203  
20 and 17535, that the Court enter an injunction restraining and enjoining Defendant and its agents,  
21 employees, and all other persons or entities, corporate or otherwise, in active concert or  
22 participation with any of them, from violating Business and Professions Code sections 17200 et  
23 seq. or 17500 et seq., including, but not limited to, as alleged in this Complaint;

24 2. Pursuant to Business and Professions Code sections 17206 and 17536, that the  
25 Court assess a civil penalty of two thousand five hundred (\$2,500) for each violation of Business  
26 and Professions Code sections 17200 et seq. and 17500 et seq., as proved at trial;

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3. Pursuant to Business and Professions Code section 17206.2, that the Court assess an additional penalty of two thousand five hundred (\$2,500) for each violation of Business and Professions Code section 17200 et seq. against servicemembers or veterans, as proved at trial;

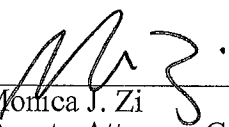
4. Pursuant to California Business and Professions Code sections 17203 and 17535, and the Court's inherent equity powers, that this Court order Defendant to restore to any person any money or property which has been acquired by means of Defendant's violations, as proven at trial;

4. That Plaintiff recover its costs of suit, including costs of its investigation; and

5. For such other and further relief that the Court deems just and proper.

Dated: September 1, 2023

ROB BONTA  
Attorney General of California  
TINA CHAROENPONG  
Supervising Deputy Attorney General

  
\_\_\_\_\_  
Monica J. Zi  
Deputy Attorney General  
*Attorneys for the People of the  
State of California*