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[EXEMPT FROM FILING FEES
PURSUANT TO GOVERNMENT
CODE SECTION 6103]

13 SUPERIOR COURT OF THE STATE OF CALIFORNIA
14 COUNTY OF LOS ANGELES

15 **THE PEOPLE OF THE STATE OF
16 CALIFORNIA,**

17 Plaintiff,

18 v.

19 **ACI WORLDWIDE CORP.,** a Nebraska
20 corporation,

21 and

22 **ACI PAYMENTS, INC.,** a Delaware
23 corporation,

24 Defendants.

Case No. **23STCV25337**

**COMPLAINT FOR PERMANENT
INJUNCTION, CIVIL PENALTIES,
RESTITUTION, AND OTHER
EQUITABLE RELIEF**

(BUS. & PROF. CODE, § 17200 et seq.)

[STIPULATION FOR ENTRY OF FINAL
JUDGMENT AND PERMANENT
INJUNCTION and PROPOSED ORDER filed
concurrently herewith]

1 into ACI Payments. Commencing March 1, 2021, ACI assumed IT responsibility for supporting
2 and maintaining the Speedpay Platform. At the time of this transition, the Speedpay Platform was
3 still hosted in the previous owner's IT environment with certain services still provided by legacy
4 third-party vendors.

5 7. ACI was a vendor for a large U.S. residential mortgage lending and servicing
6 company (the "Mortgage Company") that used the Speedpay Platform for payment processing
7 services as it related to its residential mortgage servicing activities. ACI regularly processed
8 mortgage payments for certain consumer mortgage borrowers whose loans were serviced by the
9 Mortgage Company. ACI created Automatic Clearing House ("ACH") files used to facilitate bill
10 payment for those consumer borrowers and remitted the debited funds to the Mortgage
11 Company's bank account and remitted credited funds to borrowers' bank accounts.

12 8. On or about April 23, 2021, ACI conducted testing to optimize the Speedpay
13 Platform's ACH processing code to increase the rate at which ACH files were generated for
14 production through the Speedpay Platform for the Mortgage Company (the "Speedpay
15 Optimization Project"). To accomplish the Speedpay Optimization Project, ACI's testing used
16 consumer information previously obtained through its processing of debt and credit transactions
17 for the Mortgage Company. During the Speedpay Optimization Project, the legacy vendors'
18 circumvention of internal data security controls, and a lack of segregation between internal
19 production and testing environments, resulted in 1,432,821 ACH debit and credit entries, relating
20 to 478,568 customer borrowers of the Mortgage Company, being unintentionally and erroneously
21 sent to the ACH Network (the "Money Transmission Instruction Error"). These entries reflected a
22 total dollar value of \$2,389,173.559.05.

23 9. ACI became aware of the Money Transmission Instruction Error the morning of
24 the day following the submission of the erroneous files, a Saturday, and took immediate steps
25 with the intent to reverse the erroneous debits and credits and to minimize the impact of the
26 Money Transmission Instruction Error on consumers. ACI has represented that although these
27 credits and debits were reflected on the consumers' respective accounts, the steps taken to reverse
28 the erroneous debits and credits resulted in approximately 99.998% of the erroneous debit entries

1 being offset before any funds moved from consumer accounts. ACI has represented that by the
2 end of May 2021, all of the accounts impacted by erroneous debit entries had been corrected.

3 10. Some consumers impacted by the Money Transmission Instruction Error received
4 excess credits to their accounts from ACI's funds, which were deposited as part of the process of
5 reversing the erroneous debits. ACI has represented that as of the end of August 2021, the total
6 balance of excess credits deposited in these consumers' accounts was approximately \$2.9 million.
7 ACI has represented that it has waived its right to recoup these excess credits from consumers.

8 11. Although the full indirect consumer impact is undetermined, approximately 2,710
9 consumers reported to the Mortgage Company that they experienced financial harm as a result of
10 the Money Transmission Instruction Error.

11 12. Shortly after ACI became aware of the Money Transmission Instruction Error,
12 ACI investigated all its server settings and prevented communications between all applicable
13 production and testing/quality assurance servers. ACI has represented that it has implemented and
14 is in the process of implementing additional safeguards to prevent duplicate transactions from
15 being processed.

16 13. The Money Transmission Instruction Error was possible due to significant defects
17 in ACI's privacy and data security procedures and technical infrastructure related to the Speedpay
18 platform. Specifically, the level of supervision and training of vendor personnel and system
19 controls on the Speedpay platform did not ensure that: (1) vendors followed required policies,
20 procedures, and practices such as sending production database requests to the correct group and
21 validating that the databases were scrubbed to remove consumer data and (2) that there were
22 sufficient technological safeguards to enforce the forgoing policies and procedures.

23 **FIRST CAUSE OF ACTION**

24 **VIOLATION OF BUSINESS AND PROFESSIONS CODE SECTION 17200**

25 **(UNFAIR COMPETITION)**

26 14. The People re-allege and incorporate by reference each of the paragraphs above as
27 though fully set forth herein.

28 15. Defendants have engaged in business acts or practices that constitute unfair

1 competition as defined in the Unfair Competition Law, Business and Professions Code section
2 17200 et seq. These acts or practices include, but are not limited to, failing to maintain adequate
3 controls and safeguards for Defendants' privacy and data security IT program and technical
4 infrastructure, which resulted in Defendants erroneous money transmissions relating to 478,568
5 consumers.

6 **PRAYER FOR RELIEF**

7 WHEREFORE, the People pray for judgment as follows:

8 1. Under Business and Professions Code section 17203, that Defendant, its affiliates,
9 subsidiaries, successors and assigns, its officers and employees, and all persons who act in
10 concert with Defendant, be permanently enjoined from committing any unlawful, unfair, or
11 fraudulent acts of unfair competition in violation of Business and Professions Code section 17200
12 as alleged in this Complaint;

13 2. That the Court make such orders or judgments as may be necessary to prevent the
14 use or employment by Defendant of any practice that constitutes unfair competition or as may be
15 necessary to restore to any person in interest any money or property that may have been acquired
16 by means of such unfair competition, under the authority of Business and Professions Code
17 section 17203;

18 3. That the Court assess a civil penalty of \$2,500 against Defendant for each
19 violation of Business and Professions Code section 17200 in an amount according to proof, under
20 the authority of Business and Professions Code section 17206;

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- 4. That the People 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: October 16, 2023

Respectfully submitted,
ROB BONTA
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TINA CHAROENPONG
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*Attorneys for Plaintiff the People of the State
of California*