

ORIGINAL

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

RECEIVED
SEP 01 2023
FILING WINDOW

FILED
Superior Court of California
County of Los Angeles
09/06/2023
David W. Slayton, Executive Officer / Clerk of Court
By: E. Ma Reyes Deputy

SUPERIOR COURT OF THE STATE OF CALIFORNIA
COUNTY OF LOS ANGELES

23STCV21087

THE PEOPLE OF THE STATE OF CALIFORNIA,

Plaintiff,

v.

THE MONEY SOURCE, INC., a New York corporation,

Defendant.

Case No.

~~PROPOSED~~ FINAL JUDGMENT AND PERMANENT INJUNCTION

Plaintiff, the People of the State of California (“People” or “Plaintiff”), through its attorney, Rob Bonta, Attorney General of the State of California, by Supervising Deputy Attorney General Tina Charoenpong and Deputy Attorney General Monica J. Zi, and The Money Source, Inc. (“TMS” or “Defendant”), appearing through its attorney, Ryan E. Cosgrove of Nelson Mullins, have stipulated to the entry of this Final Judgment and Permanent Injunction (“Judgment”) by the Court without the taking of proof and without trial or adjudication of any issue of fact or law, and without TMS admitting any liability or wrongdoing, or violation of the below stated laws and regulations; and with the People and TMS (collectively, the “Parties”) having waived their right to appeal any issue of fact or law arising from the allegations addressed by this Judgment.

09/01/2023

1 The Court having considered the matter and the attached Stipulation, and good cause
2 appearing:

3 IT IS HEREBY ORDERED, ADJUDGED AND DECREED THAT:

4 1. This Court has jurisdiction over the allegations and subject matter of the People's
5 Complaint filed in this action, and the parties to this action; venue is proper in this County; and
6 this Court has jurisdiction to enter this Judgment.

7 **DEFINITIONS**

8 2. The following definitions shall apply for purposes of this Judgment:

9 A. "Borrower" means a borrower whose mortgage loan is or was serviced by
10 TMS.

11 B. "Effective Date" means the date on which this Judgment is entered by the
12 Court.

13 **INJUNCTION AND REMEDIATION**

14 3. The injunctive provisions of this Judgment shall apply to TMS as well as its
15 subsidiaries, successors, and the assigns of all or substantially all of the assets of its business, and
16 its directors, officers, employees, agents, independent contractors, associates, and representatives
17 of each of them.

18 4. Under Business and Professions Code sections 17203 and 17535, TMS is hereby
19 enjoined and restrained from directly or indirectly engaging in any of the following acts or
20 practices:

21 A. Failing to comply with the California Military and Veterans Code
22 (CMVC), including the California Military Families Financial Relief Act (CMFFRA) (Mil. &
23 Vet. Code § 800 et seq.);

24 B. Failing to comply with Coronavirus Aid, Relief and Economic Security
25 (CARES) Act, section 4022 (15 U.S.C. § 9056);

26 C. Failing to comply with the Rosenthal Fair Debt Collection Practices Act
27 (Civ. Code § 1788 et seq.), the federal Fair Credit Reporting Act (FCRA) (15 U.S.C. § 1681 et
28 seq.), and the California Consumer Credit Reporting Agencies Act (CCRAA) (Civ. Code §

09/01/2023

1 1785.1 et seq.);

2 D. Engaging in false or deceptive advertising or conduct under the False
3 Advertising Law or Unfair Competition Law (Bus. & Prof. Code §§ 17200 et seq., 17500 et seq.),
4 including but not limited to making any false or misleading representations to Borrowers
5 regarding TMS's processing of requests for relief under the Servicemembers Civil Relief Act
6 (SCRA) (50 U.S.C.A. §3901 et seq.) and CMVC.

7 5. If TMS fails to provide a written response as described in section 813(a) of the
8 CMVC within 30 days of receiving a Borrower's CMFFRA deferment request, TMS shall be
9 prohibited from requesting information from the Borrower for purposes of eligibility review,
10 including proof of reduced income, and shall grant and apply the requested deferment no later
11 than 45 days from TMS's receipt of the Borrower's CMFFRA deferment request.

12 6. If TMS engages in mortgage-loan servicing, TMS shall maintain letter templates
13 that are sent to Borrowers regarding their CMFFRA deferment request, and ensure they comply
14 with the injunctive terms described above. If a Borrower's SCRA request is granted but their
15 CMFFRA deferment request is still pending, TMS shall make that clear in its written
16 communications to the Borrower and shall refrain from using vague phrases, such as stating that
17 the Borrower's "eligibility under the SCRA and/or applicable state law has been confirmed."

18 7. If TMS engages in mortgage-loan servicing, TMS shall provide trainings at least
19 once a year to all customer-facing employees and employees with responsibilities related to loans
20 for military members regarding TMS's obligations and the rights of borrowers under the
21 CMFFRA, CMVC, and SCRA.

22 8. If TMS engages in mortgage-loan servicing, TMS shall maintain written policies
23 and procedures that set forth practices sufficient to ensure compliance with the injunctive terms
24 described above.

25 9. For each Borrower who submitted a deferment request pursuant to the CMFFRA
26 on or after January 1, 2019, where TMS (i) failed to provide a written response as required in
27 section 813(a) of the CMVC within 30 days of the request, or (ii) has no valid basis for asserting
28 that the Borrower is not entitled to deferment pursuant to the CMFFRA, within 30 days of the

1 Effective Date, TMS shall, to the extent it has not already done so:

2 A. Grant and retroactively apply the requested deferment;

3 B. Ensure that the information TMS previously furnished to credit reporting
4 agencies is corrected to reflect what the status of the Borrower's account should have been had
5 TMS timely granted the requested CMFFRA deferment, including by submitting a correction to
6 credit reporting agencies; and

7 C. Reverse any penalties, including late fees, assessed during the requested
8 period of deferment.

9 10. If TMS is unable to grant and retroactively apply the requested CMFFRA
10 deferment pursuant to Paragraph 9A of this Judgment because the Borrower's loan has been
11 transferred to a new servicer, within 30 days of the Effective Date, TMS shall inform the new
12 servicer of the Borrower's CMFFRA deferment request and provide the new servicer with a copy
13 of the Borrower's CMFFRA deferment request and this Judgment.

14 11. TMS certifies that it has already completed the remediation efforts described in
15 Paragraph 9 and 10.

16 **COMPLIANCE**

17 12. For three years after the execution of this judgment, TMS shall provide annual
18 compliance reports to the Attorney General's office based on information obtained from current
19 servicer, as described herein and in Paragraph 13. The first compliance report shall be provided
20 on December 1, 2023. The annual report shall address current servicer's efforts to evaluate and
21 confirm the following:

22 A. That CMFFRA deferment requests are being properly processed in
23 accordance with the CMFFRA and the timelines described in this Judgment;

24 B. That letter templates sent to borrowers regarding their CMFFRA deferment
25 request are maintained to ensure compliance with applicable law and clear with respect to the
26 status of the borrower's CMFFRA and/or SCRA request;

27 C. That written policies and procedures are maintained to ensure compliance
28 with applicable law;

1 D. That trainings are provided at least once a year to all customer-facing
2 employees and employees with responsibilities related to loan for military members regarding the
3 servicer's obligations and the rights of borrowers under the CMFFRA, CMVC, and SCRA; and

4 E. That customer-facing employees are properly communicating to borrowers
5 regarding their rights and benefits under the CMFFRA, as well as information regarding the
6 servicer's processing of requests for relief under the CMFFRA, CMVC, and SCRA.

7 13. The annual reports shall also include the following requested information:

8 A. The number of CMFFRA deferment requests received in the past year;

9 B. For each of the CMFFRA deferment requests received:

10 i. The borrower's name and loan account number;

11 ii. The date any request was received by servicer;

12 iii. The outcome of the request (i.e., granted or denied);

13 iv. The date any written response was provided, as described in section
14 813(a) of the CMVC, if any;

15 v. The date any final determination was made;

16 vi. If the request was granted, the date deferment was applied; and

17 vii. If the request was denied, the reason for the denial.

18 C. Certification that servicer has provided the required trainings to its
19 employees;

20 D. The findings of any evaluation regarding the issues described in Paragraph
21 12, and any actions planned or taken in response to any such adverse findings on any loan, if any.

22 **MONETARY RELIEF**

23 14. Pursuant to Business and Professions Code sections 17206 and 17536, TMS shall
24 pay Fifty-Eight Thousand Dollars (\$58,000) in civil penalties. Payment shall be made within 30
25 days of the Effective Date, pursuant to instructions provided by the Attorney General's Office.

26 **OTHER TERMS**

27 15. Nothing in this Judgment alters the requirements of federal or state law to the
28 extent they offer greater protection to consumers.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

16. No part of this Judgment shall create, waive, release or limit any private cause of action.

17. TMS shall cooperate with the People in any inquiry concerning TMS's compliance with this Judgment.

18. This Court retains jurisdiction over this Judgment and the Parties hereto for the purpose of enabling the Parties to apply to the Court for such orders or directions as may be necessary or appropriate for the construction or modification of the injunctive provisions of this Judgment, and for the enforcement of this Judgment, and for any other purpose authorized by law.

19. Unless otherwise directed by the People, TMS shall provide all submissions, requests, communications, or other documents related to this Judgment by email to the following:

Monica J. Zi
Deputy Attorney General
Monica.Zi@doj.ca.gov

20. The clerk is ordered to enter this Judgment forthwith.

ORDERED AND ADJUDGED at Los Angeles, California.

DATED: 09/06/2023



Thomas D. Long

JUDGE OF THE SUPERIOR COURT
Thomas D. Long / Judge

09/01/2023

DECLARATION OF SERVICE BY E-MAIL

Case Name: *The People of the State of California v. The Money Source, Inc.*
Case No.: TBA

I declare:

I am employed in the Office of the Attorney General and a member of the California State Bar. I am 18 years of age or older and not a party to this matter.

On September 1, 2023, I served the attached document:

- **[PROPOSED] FINAL JUDGMENT AND PERMANENT INJUNCTION**

by transmitting a true copy via electronic mail as follows:

Frank Giglio
Chief Legal Officer
THE MONEY SOURCE, INC.
1800 Walt Whitman Road, Suite 130
Melville, NY 11747
Email address:
Frank.Giglio@TheMoneySource.com

Ryan E. Cosgrove
Nelson Mullins
19191 South Vermont Avenue
Suite 900
Torrance, CA 90502
Email address:
ryan.cosgrove@nelsonmullins.com

I declare under penalty of perjury under the laws of the State of California the foregoing is true and correct and that this declaration was executed on September 1, 2023 in Los Angeles, California.

Monica J. Zi
Declarant



Signature