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CONFORMED COPY
OF ORIGINAL FILED
Superior Court of California
County of Los Angeles

AUG 20 2009

John A. Clarke, Executive Officer/Clerk
By RUGENA LOPEZ, Deputy

9 SUPERIOR COURT OF THE STATE OF CALIFORNIA
10 COUNTY OF LOS ANGELES

11 BC420115

13 THE PEOPLE OF THE STATE OF
14 CALIFORNIA,

Plaintiff,

15 v.

17 CASHCALL, INC., a California
18 corporation,

Defendant.

Case No.

COMPLAINT FOR PERMANENT
INJUNCTION, CIVIL PENALTIES AND
OTHER EQUITABLE RELIEF

21 Plaintiff, the People of the State of California, is informed and believes and on such
22 information and belief alleges:

23 INTRODUCTION

24 1. Defendant CashCall, Inc. is a lender that makes small, unsecured cash loans to
25 consumers at very high interest rates. CashCall's typical loan products offered to California
26 consumers have included a \$2,600 loan with an annual percentage rate of 99.25% CashCall
27 makes untrue or misleading statements about the annual percentage rate charged on its consumer
28

1 loans, including advertising that falsely suggests that lower interest rates available only to certain
2 borrowers are available to the general public.

3 2. Defendant also has engaged in unlawful and unfair debt collection practices,
4 including harassing borrowers with excessive and verbally abusive telephone calls at all hours of
5 the day, both at home and at work; causing borrowers to incur over-the-limit and other bank fees
6 by repeatedly trying to collect payments when CashCall knows there are insufficient funds in the
7 borrowers' accounts; threatening to initiate law enforcement and wage garnishment proceedings
8 against borrowers without any basis for doing so; improperly discussing borrowers' private
9 financial information with the borrowers' friends, co-workers and neighbors; not honoring
10 borrowers' requests to cancel automatic withdrawals from their checking accounts; and
11 continuing to contact borrowers by phone after receiving requests that Defendant contact them,
12 only in writing.

13 3. Defendant's conduct described in this complaint occurred in Los Angeles County and
14 throughout the State of California.

15 **DEFENDANT**

16 4. Defendant CashCall, Inc. is a California corporation with its principal place of
17 business in Anaheim, California. CashCall is, and at all times relevant to this complaint was,
18 engaged in the business of making and servicing unsecured loans to California consumers.
19 Whenever reference is made in this complaint to any act or transaction of defendant CashCall,
20 that allegation shall be deemed to mean that Defendant did or authorized the acts alleged in this
21 complaint through its principals, officers, directors, employees, members, agents and/or
22 representatives while they were acting within the actual or ostensible scope of their authority.

23 **DEFENDANT'S BUSINESS PRACTICES**

24 5. In recent years, Defendant has flooded television and radio with advertisements
25 touting their high interest loan products, and advertised extensively on the internet. Defendant
26 represented the easy availability of its loans as a way to finance vacations, car repairs, and pay
27 other bills.

28 6. Defendant offers small loans at interest rates of as high as 99.25%. A common

1 CashCall loan is for \$2,600 at 99.25%, and must be paid back over 3 1/2 years. Under these
2 terms, a borrower's total payment over the 42 month life of the loan, assuming all payments are
3 made on time, will total over \$9,000. Defendant offers lower interest rates to certain borrowers,
4 particularly members of the military. However, Defendant's advertising does not state that those
5 rates are available to only certain borrowers and instead falsely suggests it offers those lower rates
6 to all borrowers.

7 **FIRST CAUSE OF ACTION**

8 **VIOLATIONS OF BUSINESS AND PROFESSIONS CODE SECTION 17500**
9 **(UNTRUE OR MISLEADING STATEMENTS)**

10 7. Plaintiff realleges and incorporates herein by this reference all paragraphs above as
11 though set forth here in full.

12 8. Defendant has violated and continues to violate Business and Professions Code
13 section 17500 by making or disseminating untrue or misleading statements, or by causing untrue
14 or misleading statements to be made or disseminated in, or from California, with the intent to
15 induce members of the public to enter into consumer loan transactions, and/or to discourage
16 consumers from paying off their loan balances before due, when Defendant knew, or by the
17 exercise of reasonable care should have known, that these statements were untrue or misleading
18 when made. Defendant's conduct in this regard includes, but is not necessarily limited to, the
19 following:

20 a. Advertising interest rates or annual percentage rates on consumer loans that are
21 not made available to the general public, including, but not limited to, rates on consumer
22 loans made only to military personnel, without clearly and conspicuously stating that such
23 rates are available only to a subsection of the general population and without identifying
24 those persons eligible to receive the rates.

25 b. Making untrue or misleading statements about the interest rate or annual
26 percentage rate to be charged on its consumer loans.

27 c. Making untrue or misleading statements about the total amount required to pay
28 off a consumer loan.

1 communicating, by telephone or in person, with the borrower with such frequency as to be
2 unreasonable and to constitute harassment to the borrower under the circumstances.

3 g. Defendant has violated and continues to violate Civil Code section 1788.12,
4 subdivision (a), by communicating with a borrower's employer regarding the consumer
5 loan unless such a communication is necessary to the collection of the consumer loan.

6 h. Defendant has violated and continues to violate Civil Code section 1788.12,
7 subdivision (b), by communicating information regarding a consumer loan to a member of
8 the borrower's family prior to obtaining a judgment against the borrower, except where the
9 purpose of the communication is to locate the borrower.

10 i. Defendant has violated and continues to violate Civil Code section 1788.12,
11 subdivision (d), by communicating with the borrower by means of a written
12 communication that displays or conveys any information about the consumer loan or the
13 borrower other than the name, address and telephone number of the borrower.

14 j. Defendant has violated and continues to violate Civil Code section 1788.13,
15 subdivision (f), by collecting or attempting to collect on a consumer loan by means of the
16 use of any untrue or misleading statement that information concerning a borrower's failure
17 to pay a consumer loan has been, or is about to be, referred to a consumer reporting agency.

18 k. Defendant has violated and continues to violate Civil Code section 1788.13,
19 subdivision (j), by collecting or attempting to collect on a consumer loan by means of the
20 use of any untrue or misleading statement that a legal proceeding has been, is about to be, or
21 will be instituted unless payment of the consumer loan is made.

22 l. Defendant has violated and continues to violate Civil Code section 1788.13,
23 subdivision (k), by collecting or attempting to collect on a consumer loan by means of the
24 use of any untrue or misleading statement that a consumer loan has been, is about to be, or
25 will be sold, assigned, or referred to an outside debt collector for collection.

26 m. Defendant has violated and continues to violate Civil Code section 1788.14,
27 subdivision (c), by collecting or attempting to collect on a consumer loan by initiating
28 communications, other than written statements of account, with the borrower with regard to

1 the consumer loan, when Defendant has been previously notified in writing by the
2 borrower's attorney that the borrower is represented by such attorney with respect to the
3 consumer loan.

4 n. Defendant has violated and continues to violate 15 United States Code section
5 1692b, subdivision (3), as incorporated into the California Rosenthal Fair Debt Collection
6 Practices Act by Civil Code section 1788.17, by communicating with any person, other
7 than the borrower, for the purpose of acquiring location information about the borrower,
8 more than once unless requested to do so by such person.

9 o. Defendant has violated and continues to violate 15 United States Code section
10 1692c, subdivision (a)(1), as incorporated into the California Rosenthal Fair Debt
11 Collection Practices Act by Civil Code section 1788.17, by communicating with a
12 borrower at any unusual time or place or at a time or place known or which should be
13 known to be inconvenient to the borrower, including, but not limited to, any time before
14 8:00 a.m. or after 9:00 p.m., local time at the borrower's location.

15 p. Defendant has violated and continues to violate 15 United States Code section
16 1692c, subdivision (a)(3), as incorporated into the California Rosenthal Fair Debt
17 Collection Practices Act by Civil Code section 1788.17, by communicating with a
18 borrower at the borrower's place of employment when Defendant knows or has reason to
19 know that the borrower's employer prohibits the borrower from receiving such
20 communication.

21 q. Defendant has violated and continues to violate 15 United States Code 1692c,
22 subdivision (c), as incorporated into the California Rosenthal Fair Debt Collection
23 Practices Act by Civil Code section 1788.17, by collecting or attempting to collect on a
24 consumer loan by continuing to communicate with a borrower after the borrower has a
25 made a written request that Defendant cease communication with the borrower.

26 r. Collecting or attempting to collect on a consumer loan by means of the use of
27 any untrue or misleading statement that the borrower's delinquent account has been, is
28 about to be, or will be referred to outside legal counsel.

1 s. Collecting or attempting to collect on a consumer loan by means of the use of
2 any untrue or misleading statement that the failure to pay the consumer loan has resulted, or
3 will result, in a referral to a law enforcement agency, including, but not limited to, the police
4 or any immigration agency.

5 t. Collecting or attempting to collect on a consumer loan by means of a threat that
6 the failure to pay the consumer loan will result in a referral to a law enforcement agency,
7 including, but not limited to, the police or any immigration agency.

8 u. Communicating information regarding a consumer loan to any friend,
9 acquaintance, co-worker, or neighbor of the borrower prior to obtaining a judgment against
10 the borrower, except where the purpose of the communication is to locate the borrower.

11 v. Failing to abide by each agreement made with any borrower concerning the
12 repayment of a consumer loan, including, but not limited to, deferments of payment,
13 payment due date changes and cancellations of Automated Clearing House (ACH)
14 payments.

15 **PRAYER FOR RELIEF**

16 WHEREFORE, Plaintiff prays that this Court:

17 1. Permanently enjoin, under the authority of Business and Professions Code section
18 17535, Defendant and its successors, agents, representatives, employees, and all persons who act
19 in concert with them from making any untrue or misleading statements in violation of Business
20 and Professions Code section 17500, including, but not limited to, the untrue or misleading
21 statements alleged in the First Cause of Action;

22 2. Permanently enjoin, under the authority of Business and Professions Code section
23 17203, Defendant and its successors, agents, representatives, employees, and all persons who act
24 in concert with them from committing any acts of unfair competition in violation of Business and
25 Professions Code section 17200, including, but not limited to, the violations alleged in the Second
26 Cause of Action;

1 3. Assess a civil penalty, under the authority of Business and Professions Code sections
2 17206 and 17536, of \$2,500 against Defendant for each violation of Business and Professions
3 Code section 17200 and 17500 proved at trial, but in an amount of at least \$500,000;

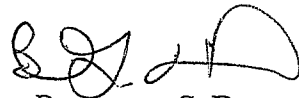
4 4. Order such other and further relief that the Court deems just and proper, including an
5 order that defendant is not entitled to indemnification or any other insurance coverage for this
6 action, as provided in Insurance Code section 533.5; and

7 5. Order that the People recover their costs of suit.

8 Dated: August 18, 2009

Respectfully Submitted,

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