

STATE OF NORTH CAROLINA

GUILFORD COUNTY

AISHA PHILLIPS, ALFONSO BELLAMY, ALICIA C.S.C.
ADAMS, ANGELA HALL, ANTHONY FULLER, APRIL
TOBIAS, ARLENE FISHER, ASHLEY SMITH, BESSIE
SCALES, BETTY GILES, BETTY J. WILKERSON,
BRADLEY LYNCH, BRUCE MOORE, CANDIACE
HAWKINS, CECIL JONES, CHANDLER DAVIS,
CHAQUOYA BROWN, CHARLES CARVER, CHRISTIE
MARTIN, CLINTON HOWELL, CURTIS WEATHERS,
DARRELL PRATT, DAVID WILEY, DAWAYNE
COUSIN, DEANGELO MASON, DEJA SMITH,
DESIREE SANDERS, DIAMOND BROWN, DINESE
JACKSON, DONALD ARMSTRONG, DONALD DAVID,
DWAYNE COCKERHAM, EDWARD WATERS, ERIC
CAUDLE, ERIC STOKES, FAYE BROWN, FELICIA
MALLOY, GENEVA JEFFERIES, GEORGETTE
WILSON, HAZEL KING, HEIDI ANDRADE, HELEN
ASPAUGH, HUMPHREY TRUITT, IRIS JOHNSON,
JAMES BURRIS, JAQUISHA DAVIS, JARVIS
BROADNAX, JESSICA SYKES, JOHN GREEN, JOSEPH
AMANCHUKWU, JOYCE BALL, JULIAN HAWKINS,
SR., KAREN LAWSON, KASEAN FRANCIS, KAY
GREEN, KAYLA TRIPP, KELLY WEST, KENDRA
BROWNING, KIMBERLY ARRINGTON, KYLE JONES,
LAKYCHIA MYERS, LARONDA VANN, LARRY
HARRIS, LARRY JONES, LASHANN WILLIAMS,
LASHAWNA MICKIE, LASHONDA JOYNER,
LATASHA TOMLIN, LATOYA SLIGH, LEKITTA
ROBINSON, LEON JOHNSON, LINDA SATTERWHITE,
LORI GRAVES, LORRAINE WHITE, MARCUS
CRAWFORD, MARGARITA RAMON, MARQUITA
LEE, MARSHELL BENNETT, MARY DICKERSON,
MARY JANE WILEY, MATTIE WILLIAMS, MAURICE
SHARPE, MEKESHA BELFIELD, MICHAEL LEE
PRICE, MICHAEL PRICE, NAKEYA MCNAIR,
NAUDIA HOLEMAN, NICOLAS JONES, NICOLE

IN THE GENERAL COURT
OF JUSTICE SUPERIOR
COURT DIVISION

19 CVS 4032

FILED
2019 MAR -8 P 4:05

COMPLAINT

JOHNSON, NINA MARISA HALL, OLINA DAVIS, PA
COMMA, QUINITA EDWARDS, RASHEKA TERRY,
REGINA PURVIS, REGINALD SCOTT, RETRINA
LEONARD, RHONDA BEST, ROBERT GONZALES,
RODNEY JONES, RON LOWE, ROSA JEFFERY,
SAMANTHA CABBAGESTALK, SANDRA HOLDER,
SEAN EDWARDS , SHANNON JARRELL,
SHANQUETTA LEGGETT, SHAQUANTA PONDER,
SHARIKA JOHNSON, SHARON MULLER, SHAUNTE
DAVIS, SHEENA ROBINSON, SILKEYA
YARBOROUGH, STACIE SMITH, STANLEY
STEPHENSON, STEPHANIE WHITTED, STEVEN
BATCHELOR, STEVEN BROWN, TALEA COWAN,
TAMIEKA WOOLFOLK, TAMIKO MOSES, TARA
HORTON, TARAJEE TYLER, TASHA FEASTER,
TEMEKA CARTER, TERESA MOORE, THIERRY
KABUYA, TIFFANY RICKS, TIMOTHY ATKINSON,
TONEY FIELDS, TONYA ALSTON, TONYA KING,
TYNISHA ELLIS, VALERIA HAMPTON, VALERIE
WALLS, VINCENT JOHNSON, VONZOLA A.
BRADSHAW, WINFRED WARREN

Plaintiffs,

v.

SELECT MANAGEMENT RESOURCES, LLC;
ANDERSON FINANCIAL SERVICES, LLC; LOANMAX,
LLC; LOANSMART, LLC; KIPLING FINANCIAL
SERVICES, LLC; NORTH AMERICAN TITLE LOANS,
LLC

Defendants.

Plaintiffs complaining of Defendants, and allege and state as follows:

SUMMARY OF ACTION

Plaintiffs' claims are for violations of the North Carolina Consumer Finance Act and Unfair and Deceptive Trade Practices. Defendants are automobile title lenders who routinely violated North Carolina law by entering into loan transactions with North Carolina residents charging in excess of 250% interest in violation of North Carolina law. Collectively, Defendants currently

possess security interests in the vehicles of more than 8,000 North Carolina residents pursuant to title loan transactions that violate the North Carolina Consumer Finance Act.

FACTUAL ALLEGATIONS

1. Plaintiffs are each North Carolina residents who entered into one or more title loan transaction(s) with one or more of the Defendants. At least some of the Plaintiffs are citizens and residents of Guilford County, North Carolina.

2. Defendants, upon information and belief, are foreign corporation organized and existing under the laws of a state other than North Carolina. At all times relevant to the events and transactions alleged herein, Defendants unlawfully engaged in the automobile title loan business in North Carolina. Defendants have not registered to do business in with the Office of the Secretary of State of North Carolina despite the fact that they are doing business in North Carolina.

3. Although each Plaintiff entered into one or more title loans with one or more of the Defendants, each Plaintiff asserts claims against each Defendant herein because the defendants are all related business that are operated as one enterprise. Regardless of the entity named on any individual loan contract, payments made pursuant to the loan agreements at issue are in some cases paid to a different defendant entity, most often Select Management Resources, LLC.

4. This Court has jurisdiction over Defendants pursuant to N.C.G.S. §1-75.4 in that at all times relevant to the events and transactions alleged herein, Defendants, via the internet, cellular telephone and/or other media and communication methods solicited, marketed, advertised, offered, accepted, discussed, negotiated, facilitated, collected on, threatened enforcement of, and/or foreclosed upon automobile title loans with Plaintiffs and other North Carolina citizens in violation of the North Carolina Consumer Finance Act, N.C.G.S. §53-164, et seq. Plaintiffs further allege that, for a considerable amount of time prior to the events and transactions with Plaintiffs as alleged herein, Defendants had regular, ongoing, continuous and systematic contacts with the state of North Carolina and its citizens and has conducted business in this state in that Defendants via the Internet, cellular telephone and/or other media and communication methods solicited, marketed, advertised, offered, accepted, discussed, negotiated, facilitated, collected on, threatened enforcement of and foreclosed upon automobile title loans with North Carolina citizens in violation of the North Carolina Consumer Finance Act, N.C.G.S. §53-164, et seq., such that this Court has personal jurisdiction over Defendants pursuant to N.C.G.S. §1-75.4.

5. Venue is appropriate in this judicial district pursuant to NCGS 1-80 because, among other reasons, the Defendants do business in Guilford County, and some of the Plaintiffs are residents of Guilford County.

6. Defendants, at all times relevant hereto, were and remain in the business of making consumer car title loans to residents of North Carolina.

7. Plaintiffs are informed and believe, and therefore allege, that Defendants have knowingly and intentionally engineered internet advertising to ensure that Defendants' out of state office locations appear into internet search results when a North Carolina consumer conducts an internet search for "car title loan" or terms similar thereto.

8. Upon information and belief, at all times relevant hereto, Defendants have regularly solicited customers in North Carolina.

9. Upon information and belief, at all times relevant hereto, Defendants regularly entered into North Carolina to take possession of motor vehicles.

10. Upon information and belief, at all times relevant hereto, Defendants have registered to assert motor vehicle title liens with the North Carolina DMV, and has numerous liens on North Carolina owned and titled motor vehicles.

11. Upon information and belief, when North Carolina consumers conduct internet searches using the search terms "car title loans" or similar search terms, Defendants' out of state locations appear as prominent search results, which results were intended by Defendants and engineered by Defendants to occur.

12. Defendants have business locations located just over the North Carolina state line for the purpose of entering into loan transactions with North Carolina residents in an effort to avoid the application of North Carolina law.

13. Each Plaintiff entered into one or title more loan transactions with Defendants.

14. Each Plaintiff went to Defendants' out of state office, and met Defendant's representative who presented them with the loan documents, obtained Plaintiff's signature on the loan documents and exchanged Defendants' loan funds for Plaintiff's North Carolina car title.

15. At all times relevant hereto, Defendants knew or should have known that each Plaintiff was a North Carolina resident and held a North Carolina title on his or her vehicle.

16. Upon information and belief, Defendants intentionally and regularly accept loan payments from North Carolina consumers while those consumers are physically in the state of North Carolina by mail, telephone debit card payments, online payments and by Western Union.

17. Upon information and belief, Defendants regularly and intentionally, and in connection with car title loans of the type and kind alleged herein, solicit, discuss, negotiate, offer, receive, accept, and deliver and accept funds, with North Carolina consumers at a time when those consumers are physically in the state of North Carolina. Plaintiffs are further informed and believe, and therefore alleges, that Defendants regularly and intentionally take actions and measures to enforce those loans in North Carolina, including repossession and sales of collateral automobiles owned by North Carolina consumers.

18. Defendants secured said loans by a placing lien on each Plaintiff's vehicle(s) through the North Carolina Department of Motor Vehicles.

19. Defendants solicited each Plaintiff for the loans alleged herein, discussed and negotiated loans, offered to make each Plaintiff that loan and received each Plaintiff's acceptance to its loan offers all at a time while each Plaintiff was a North Carolina resident and owned a vehicle with a North Carolina title.

20. At all times relevant hereto, each Plaintiff's vehicle was registered in the state of North Carolina, garaged in North Carolina and bore a North Carolina license plate, all of which was known to Defendants at the time of the transactions alleged herein.

21. Defendants otherwise come into North Carolina with regard to their title loan business.

22. The loan transaction(s) at issue are subject to North Carolina law.

FIRST CLAIM FOR RELIEF

(Violations of the North Carolina Consumer Finance Act, N.C.G.S. §53-165, et seq. — All Defendants)

23. Plaintiffs reallege the allegations contained above.

24. The annual interest rate that Defendants have charged each Plaintiff far exceeds the maximum annual rate of interest allowed by the North Carolina Consumer Finance Act, N.C.G.S. §53-176, on a consumer loan in the amount loaned by Defendants. N.C.G.S. §53-190 makes unenforceable any loan contracts made outside of the state of North Carolina in the amount of fifteen thousand dollars (\$15,000.00) or less for which greater consideration or charges than those authorized by N.C.G.S. §53-173 and N.C.G.S. §53-176 have been charged, contracted for or received unless all of the contractual activities, including solicitation, discussion, negotiation, offer, acceptance, signing of documents, and delivery and receipt of funds, occur entirely outside the state of North Carolina.

25. Defendants have engaged in one or more of the acts enumerated in N.C.G.S. §53-190(a) and is therefore subject to North Carolina law.

26. Defendants come into North Carolina to solicit or otherwise conduct activities in regard to its loan contracts, and is therefore subject to North Carolina law pursuant to N.C.G.S. §53-190(b).

27. The acts and conduct of Defendants in soliciting Plaintiffs for the loans alleged herein, and charging them an annual interest rate in excess of the lawful maximum on that loan are clear violations of the North Carolina Consumer Finance Act that subject Defendants to penalties under N.C.G.S. §53-166(d), including without limitation that Defendants shall not collect, receive, or retain any principal or charges whatsoever with respect to the loan.

28. Each Plaintiff has been damaged by Defendants' violations of the North Carolina Consumer Finance Act alleged herein in an amount to be proven at trial or arbitration.

SECOND CLAIM FOR RELIEF

(Violations of N.C.G.S. §24-1.1 et seq.— All Defendants) (claim in the alternative)

29. Plaintiffs reallege the allegations contained above.

30. The annual interest rate Defendants have charged each Plaintiff far exceeds the maximum annual rate of interest allowed by N.C.G.S. § 24-1.1.

31. The loans alleged herein are additionally governed by Chapter 24 of the North Carolina General Statutes pursuant to N.C. Gen. Stat. § 24-2.1. Among other reasons, Defendants engaged in solicitations and made an oral offer to lend that was received in North Carolina, Defendants received solicitations or communications from Plaintiffs that originated within North Carolina for Plaintiffs to borrow.

32. N.C. Gen. Stat. § 24-2.1 (g) provides: "It is the paramount public policy of North Carolina to protect North Carolina resident borrowers through the application of North Carolina interest laws. Any provision of this section which acts to interfere in the attainment of that public policy shall be of no effect."

33. The acts and conducts of Defendants in soliciting Plaintiffs for the loans alleged herein, discussing and negotiating such loans, offering to make Plaintiffs such loans and receiving Plaintiffs' acceptance to its loan offer, all at a time while Plaintiffs were physically in the state of North Carolina, and then charging her an annual interest rate of more than 200% on that loan are clear violations of the North Carolina Consumer Finance Act that subject Defendants to penalties under N.C.G.S. §24-1.1, et seq..

34. In addition or in alternative to the penalties set forth in Chapter 53 and Chapter 75, Defendants are subject to the penalties set forth in N.C.G.S. §24-2, including without limitation, repayment of twice the amount of interest paid on the unlawful loan, forgiveness of purported debt, and return of the title unencumbered title to Plaintiffs' vehicle.

35. Plaintiffs have been damaged by Defendants' violations of the North Carolina General Statutes Chapter 24 as alleged herein in an amount to be proven at trial or arbitration.

THIRD CLAIM FOR RELIEF

(Violations of N.C.G.S. §75-1.1)

36. Plaintiffs reallege the allegations contained above.

37. The acts and conduct of Defendants alleged herein constitute acts and conduct in and affecting commerce and Defendants' intentional, knowing, and purposeful violations of the North Carolina Consumer Finance Act, including without limitation Defendants' failure to disclose that the loan was unlawful, constitute unfair and deceptive trade practices within the meaning of both N.C.G.S. § 53-180(g) and N.C.G.S. § 75-1.1 that are substantially injurious to consumers, including Plaintiffs.

38. Each Plaintiff has been damaged by the Defendants' violations of the North Carolina Consumer Finance Act and Chapter 75 in an amount to be proven at trial or arbitration.

39. The acts and omissions of Defendants alleged herein are part of a pattern and practice of Defendants violating North Carolina interest laws and the North Carolina Consumer Finance Act, and Chapter 75.

40. Each Plaintiff is entitled to an award of treble damages pursuant to N.C.G.S. § 75-1.1.

41. Each Plaintiff is entitled to recover his or her reasonable attorneys' fees pursuant to N.C.G.S. § 75-16.

FOURTH CLAIM FOR RELIEF

(Punitive Damages — All Defendants)

42. Plaintiffs reallege the allegations contained above.

43. The acts of Defendants alleged herein constitute willful, wanton, and malicious conduct and cause intentional, purposeful, and unlawful detriment to Plaintiffs.

44. Defendants are therefore liable to each Plaintiff for punitive damages in an amount to be proven at trial but which amount is at least the sum of \$10,000.00.

FIFTH CLAIM FOR RELIEF

(Piercing the Corporate Veil — Against Defendants Select Management Resources, LLC)

45. Plaintiffs reincorporate the allegations above.

46. Select Management Resources, LLC exercises complete dominion and control over the other entity defendants, Anderson Financial Services, LLC, LoanMax, LLC, LoanSmart, LLC, Kipling Financial Services, LLC, North American Title Loans, LLC.

47. Despite the fact that each Plaintiff has entered into one or more loan transactions with one or more of the other Defendants, upon information and belief, some or all of the loan payments go directly to Select Management Resources, LLC.

48. Select Management Resources, LLC, totally control the finances, policy and business practice so that the corporate entities had no mind, will or existence of their own.

49. For example, during the course of discussions about these disputes, the other entity Defendants claimed to need to get settlement authority from "the shareholder". Upon information and belief, "the shareholder" is Defendant Select Management Resources, LLC.

50. Anderson Financial Services, LLC, LoanMax, LLC, Loansmart, LLC, North American Title Loans, LLC, and Kipling Financial Services, LLC are inadequately capitalized. These defendants to not have adequate capital to carry on their business and pay their debts as they become due.

51. Defendants have excessively fragmented their title loan business in to numerous entities. For example, there are at least three entities — Anderson Financial Services, LLC, LoanMax, LLC, and North American Title Loans, LLC—that all do business as "LoanMax."

52. The business is fragmented further by Select Management Resources, LLC performing some of the functions of one or more of the defendants, including accepting loan payments from customers, and/or making payments from one or more of the other Defendants to customers. Defendants have exhausted the assets of one or more of the entities by making additional unlawful loans.

53. The finances of Select Management Resources, LLC, Anderson Financial Services, LLC, LoanMax, LLC, Loansmart, LLC, North American Title Loans, LLC, and Kipling Financial Services, LLC are commingled.

54. On prior occasions Select Management Resources, LLC has paid the legal obligations of the other corporate defendants.

55. Select Management Resources, LLC is the payee on bank transfer and other payments that Plaintiffs and others have made on their loan transactions with the other corporate defendants.

56. Upon information and belief, Anderson Financial Services, LLC, LoanMax, LLC, Loansmart, LLC, North American Title Loans, LLC, and Kipling Financial Services, LLC's revenues are paid to Select Management Resources, LLC and/or Aycox, leaving those entities with insufficient funds to meet their obligations.

57. When a legal entity is used to defeat public convenience, justify wrong, protect fraud, or defend crime, the law should disregard the corporate formation.

58. Based upon the foregoing, Select Management Resources, LLC owned, operated, managed and controlled Anderson Financial Services, LLC, LoanMax, LLC, Loansmart, LLC, North American Title Loans, LLC, and Kipling Financial Services, LLC as a mere instrumentality, and Plaintiffs are entitled to cover all damages alleged in this action from Select Management Resources, LLC.

SIXTH CLAIM FOR RELIEF

(Motion to Compel Arbitration — All Defendants)

59. Plaintiffs reallege the allegations contained above.

60. The loan agreements contain at issue an arbitration provision which cover all of the claims asserted herein.

61. Each Plaintiff prays unto the Court for any order staying this matter and referring their matter to arbitration pursuant to the American Arbitration Association rules.

WHEREFORE, Plaintiffs prays the Court for the following relief:

1. That each Plaintiff shall have and recover compensatory damages for Defendants breach of the settlement agreements;

2. That each Plaintiff shall have and recover of Defendants all statutory damages incurred and recoverable pursuant to N.C.G.S. § 53-166(d) and other damages as provided by law;

3. That, in the alternative, each Plaintiff shall have and recover of Defendants all statutory damages incurred and recoverable pursuant to N.C.G.S. Chapter 24 and other damages as provided by law;

4. That each Plaintiff have and recover of Defendants treble damages pursuant to N.C.G.S. § 75-1.1;

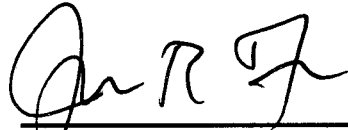
5. That each Plaintiff have and recover of Defendants punitive damages in an amount to be determined, but which amount is at least the sum of \$10,000.00;

6. That each Plaintiff have and recover of Defendants interest and attorneys fees as by law provided;

7. That the Court grant each Plaintiff's motion to stay and refer this matter to individual arbitrations for each Plaintiff pursuant to the terms of the Agreement and the American Arbitration Association.; and

8. For such other and further relief as the Court may deem just and proper.

This the 8th day of March, 2019.



James R. Faucher
N.C. State Bar No. 31514
Drew Brown
N.C. State Bar No. 28450
Greensboro Law Center
Brown, Faucher, Peraldo & Benson, PLLC
822 N. Elm St., Suite 200
Greensboro, NC 27401
P: (336) 478-6000
F: (336) 273-5597
E: james@greensborolawcenter.com
drew@greensborolawcenter.com

Attorneys for Plaintiffs