

VIRGINIA:

IN THE CIRCUIT COURT OF THE CITY OF RICHMOND
John Marshall Courts Building

COMMONWEALTH OF VIRGINIA,)
EX REL. MARK R. HERRING,)
ATTORNEY GENERAL,)

Plaintiff,)

v.)

5STARNETWORKMOVING, INC.,)
a Virginia corporation,)

SERVE: Abubakar Sunnil Kamarr)
a/k/a Abubakar Sunnil Kamara)
Registered Agent)
8552 Dalton Grove Way)
Bristow, Virginia 20136)

CIVIL ACTION NO. _____

and)

FIVESTARNETWORKS&MOVING, INC.)
a Virginia corporation,)

SERVE: Abubakar Sunnil Kamarr)
a/k/a Abubakar Sunnil Kamara)
Registered Agent)
5402 Lighthouse Lane)
Burke, Virginia 22015)

Defendants.)

COMPLAINT

Plaintiff, the Commonwealth of Virginia, by, through, and at the relation of the Attorney General of Virginia, Mark R. Herring (the "Plaintiff" or the "Commonwealth") respectfully petitions this Court to declare that the activities in which the Defendants, "5StarNetworkMoving, Inc." and "FiveStarNetworks&Moving, Inc."—both of which may be operating under the

tradename “5 Star General Networks/Moving, Inc.”—have engaged in activities that violate §§ 6.2-1501, 6.2-2201, and 59.1-200(A)(51) of the Virginia Code. The Defendants will be hereafter collectively referred to as “5 Star” or “Defendant” for clarity. The Plaintiff prays that this Court grant the relief requested in this Complaint and states the following in support thereof:

JURISDICTION AND VENUE

1. The Commonwealth brings this action pursuant to Virginia Code § 6.2-1537, which provides, *inter alia*, that the Attorney General may bring an action to enjoin any violation of the consumer finance statutes; § 6.2-2226, which provides, *inter alia*, that the Attorney General may bring an action to enjoin any violation of the motor vehicle title loan statutes; and § 59.1-203 of the Virginia Consumer Protection Act (“VCPA”), which provides, *inter alia*, that the Attorney General may bring an action to enjoin any violation of the VCPA, which includes any violation of the statutes applicable to motor vehicle title lenders, pursuant to §§ 6.2-2227 and 59.1-200(A)(51).

2. The Circuit Court of the City of Richmond has authority to entertain this action and to grant the relief requested herein pursuant to Virginia Code §§ 6.2-1537, 6.2-2226, 59.1-203, 59.1-205, 59.1-206, 8.01-620, and 17.1-513.

3. Venue is proper in this Court pursuant to the mandatory venue provision set forth in Virginia Code § 6.2-1537(A).

4. Pursuant to Virginia Code § 6.2-2226(A), the Attorney General has authority to seek to enjoin violations of motor vehicle title lender statutes after receiving a referral from the State Corporation Commission (“the Commission”). On March 15, 2016, the Attorney General received a referral from the Commission outlining 5 Star’s conduct described in this Complaint.

5. Prior to the commencement of this action, the Plaintiff gave the Defendant written notices that these proceedings were contemplated. The notices also afforded the Defendant a reasonable opportunity to appear before the Office of the Attorney General to demonstrate that

no violations of the statutes referenced above had occurred, or, alternatively, to execute an Assurance of Voluntary Compliance, pursuant to Virginia Code § 59.1-203(B).

6. The Defendant has neither met with the Office of the Attorney General nor agreed to execute an Assurance of Voluntary Compliance that is acceptable to the Commonwealth.

PARTIES

7. The Plaintiff is the Commonwealth of Virginia, by, through and at the relation of Mark R. Herring, Attorney General of Virginia.

8. The Defendant, 5StarNetworkMoving, Inc., is a Virginia corporation whose principal place of business is 8552 Dalton Grove Way, Bristow, Virginia 20136.

9. The Defendant, FiveStarNetworks&Moving, Inc., is a Virginia corporation whose principal place of business is 5402 Lighthouse Lane, Burke, Virginia 22015.

FACTS

10. 5 Star operates as an unlicensed motor vehicle title loan company.

11. 5 Star operates its business under two names and in two locations. One name is 5StarNetworkMoving, Inc., which operates from 8552 Dalton Grove Way, Bristow, Virginia 20136. The other name is FiveStarNetworks&Moving, Inc., which operates from 5402 Lighthouse Lane, Burke, Virginia 22015.

12. 5 Star General Networks/Moving, Inc. appears to be the trade name of these two business entities.

13. 5 Star provides motor vehicle title loans to Virginia consumers for personal, family, household or other nonbusiness purposes. These loans, at least on one occasion, and, on information and belief, on other occasions, are secured by the borrower's motor vehicle title, registration, and keys.

14. On information and belief, from January 1, 2013, to the present (“the Relevant Period”), 5 Star has provided as many as thirty (30) motor vehicle title loans secured this way.

15. On information and belief, each borrower was charged an interest rate well in excess of 12% APR.

16. One such loan was provided on September 1, 2015, to Ms. Grace Fungbahun.

17. Per the agreement, Ms. Fungbahun received \$500 and was charged a loan “fee” of \$150.

18. She was required to repay the principal amount and fee within two weeks—by September 15, 2015. Based on a loan term of two weeks, the fee imposed equates to an APR of 720%. As security for the loan agreement, Ms. Fungbahun provided 5 Star with her car keys, and a copy of her motor vehicle title and registration.

19. If Ms. Fungbahun’s full payment was not received by September 15, she would incur a “late fee equal to the amount of the original loan fee[,]” and, if payments were not received within five days after the due date, her vehicle would “be towed to an alternate location.” A true and accurate copy of this loan agreement is attached hereto as Exhibit A.¹

20. On December 9, 2015, Mr. Robert Bainum, president of Fairfax Nursing Center—Mr. Kamara’s former employer and the employer of Ms. Fungbahun at the time she received the loan—sent a letter to the Commission regarding 5 Star’s loan practices.

21. In the letter, Mr. Bainum asserted that 5 Star has provided over thirty (30) loans to Mr. Kamara’s former co-workers. For each loan, 5 Star charged exorbitant interest rates, which, on information and belief, are consistent with the rates charged to Ms. Fungbahun.

22. At a later date, a representative of the Fairfax Nursing Center forwarded the Commission a copy of a loan agreement between 5 Star and Ms. Fungbahun.

¹ Please note that the agreement refers to the lender as “5 Star General Networks / Moving, Inc.” No Commission records reflect the existence of any such entity, and it appears to be a tradename.

23. The Commission issued a Cease and Desist Order to 5 Star on March 9, 2016. On March 15, 2016, the Commission referred this matter to the Office of the Attorney General.

24. At all relevant times, 5 Star was not licensed by the Commission to make motor vehicle title loans as required by Virginia Code § 6.2-2201.

CAUSES OF ACTION

COUNT I – VIRGINIA CODE § 6.2-1501

25. The Commonwealth re-alleges and incorporates by reference the allegations of Paragraphs 1 through 24 above.

26. Virginia Code § 6.2-1501 states:

No person² shall engage in the business of making loans to individuals for personal, family, household, or other nonbusiness purposes, and charge, contract for, or receive, any interest, charges, compensation, consideration or expense which in the aggregate is greater than the interest permitted by § 6.2-303, except as provided in this chapter and without first having obtained a license from the [State Corporation] Commission.

27. Pursuant to Virginia Code § 6.2-303, the contract rate of interest permitted on loans is 12% per year unless a higher rate of interest is authorized by some other section of the Code of Virginia.

28. Since 5 Star was not licensed as a motor vehicle title lender by the Commission during the Relevant Period, it does not qualify for any of the statutory exceptions to § 6.2-303, including the exception for licensed motor vehicle title lenders (§ 6.2-2200 et seq.). Nor can 5 Star claim an exception under Virginia Code § 6.2-312, because its contracts were for closed-end loans secured by motor vehicle titles rather than for open-end credit loans, or under the exception for pawnbrokers (§ 54.1-4000 et seq.) because its loans were not *bona fide* pawnbroking business transactions. See Virginia Code Ann. §§ 6.2-1503 and 54.1-4000.

² “Person” is defined as “any individual, corporation, partnership, association, cooperative, limited liability company, trust, joint venture, government, political subdivision, or other legal or commercial entity.” VA. CODE ANN. § 6.2-100.

29. Consequently, 5 Star violated Virginia Code §§ 6.2-303 and 6.2-1501 by providing secured motor vehicle title loans with an APR in excess of 12% APR since those loans were extended for personal, family, household or other non-business purposes.

30. Since 5 Star was unlicensed by the Commission to provide motor vehicle title loans, it violated § 6.2-1501 by providing such loans.

31. Furthermore, pursuant to Virginia Code § 6.2-1541, any loan contract was and is void if any act was done in the making or collection thereof that violates § 6.2-1501, and the lender cannot collect, receive or retain any principal, interest or charges whatsoever on said loan. Every such loan is subject to the enforcement and remedy provisions of § 6.2-1537.

32. Accordingly, any and all of the motor vehicle title loans made by 5 Star during the Relevant Period for which 5 Star charged, contracted for or received interest or other compensation in excess of 12% per year are void. 5 Star may not collect, receive or retain any principal, interest or other charges whatsoever on any such loans.

COUNT II – VIRGINIA CODE § 6.2-2201

33. The Commonwealth re-alleges and incorporates by reference the allegations of Paragraphs 1 through 32 above.

34. Section 6.2-2200 defines a “motor vehicle title loan” as “a loan secured by a non-purchase money security interest in a motor vehicle.”

35. Section 6.2-2201 states:

No person³ shall engage in the business of making motor vehicle title loans to any individual residing in the Commonwealth, whether or not the person has a location in the Commonwealth, except in accordance with the provisions of this chapter and without having first obtained a license under this chapter from the [State Corporation] Commission.

³ “Person” is defined as any “individual, corporation, partnership, association, cooperative, limited liability company, trust, joint venture, or other legal or commercial entity.” VA. CODE § 6.2-2200.

36. During the Relevant Period, 5 Star made “motor vehicle title loans” because it provided non-purchase-money loans to consumers on the security of the consumers’ motor vehicles.

37. During the Relevant Period, 5 Star was not a licensed motor vehicle title lender as required by law, pursuant to § 6.2-2201.

38. Statutory exemptions to this provision are codified in § 6.2-2202. Exempted entities include banks, savings institutions, credit unions, and licensed consumer finance companies.

39. During the Relevant Period, 5 Star was not exempt pursuant to § 6.2-2202 because it was not a bank, savings institution, credit union, or a licensed consumer finance company.

40. Accordingly, 5 Star was subject to the licensing requirement of § 6.2-2201 since it was providing motor vehicle title loans to consumers. Therefore, 5 Star violated § 6.2-2201 every time it provided a motor vehicle title loan to a Virginia consumer during the Relevant Period because it was an unlicensed motor vehicle title lender not subject to any exemption from its licensing requirement.

41. Pursuant to Virginia Code § 6.2-2227, any violation of the Virginia statutes applicable to motor vehicle title loans (including § 6.2-2201) constitutes a prohibited practice in accordance with § 59.1-200 of the VCPA and is subject to the enforcement and remedy provisions of the VCPA.

COUNT III – VIRGINIA CODE § 59.1-200(A)(51)

42. The Commonwealth re-alleges and incorporates by reference the allegations of Paragraphs 1 through 41 above.

43. 5 Star is now, and was during the Relevant Period, a “supplier” of “goods” or “services,” and engaged in “consumer transactions,” as each of those terms is defined in § 59.1-198 of the VCPA, by advertising, offering, and providing motor vehicle title loans to consumers.

44. Because each of the motor vehicle title loans 5 Star provided during the Relevant Period violated § 6.2-2201, each of those loans also violated § 59.1-200(A)(51) of the VCPA.

45. 5 Star willfully violated §§ 6.2-2201 and 59.1-200(A)(51).

46. Individual consumers have suffered monetary damages due to 5 Star's violations of §§ 6.2-2201 and 59.1-200(A)(51).

47. The VCPA authorizes the Attorney General to seek, among other relief, restitution for any amounts that might have been acquired from persons by means of a violation of § 59.1-200, pursuant to § 59.1-205; civil penalties of not more than \$2,500 per willful violation, pursuant to § 59.1-206; and investigative costs and reasonable expenses, not to exceed \$1,000 per violation, as well as attorney's fees, pursuant to § 59.1-206.

PRAYER FOR RELIEF

WHEREFORE, the Plaintiff, Commonwealth of Virginia, prays that this Court:

A. Declare that all loans the Defendant made during the Relevant Period violate § 6.2-1501 of the Code of Virginia and are void pursuant to § 6.2-1541;

B. Preliminarily and permanently enjoin the Defendant and its officers, directors, managers, members, employees, agents, successors, and assigns from violating §§ 6.2-1501, 6.2-2201, and 59.1-200(A)(51);

C. Preliminarily and permanently enjoin the Defendant and its officers, directors, managers, members, employees, agents, successors, and assigns from any attempt to collect any moneys from borrowers to whom loans were made or contracted to be made in violation of §§ 6.2-1501, 6.2-2201, and 59.1-200(A)(51) of the Code of Virginia;

D. Grant judgment against the Defendant, and award to the Commonwealth, as trustee, for the use and benefit of all borrowers of the Defendant during the Relevant Period, an amount equal to the aggregate of their repayments of principal, interest and other charges, pursuant to §§ 6.2-1537(C) and 6.2-1541(B);

E. Grant judgment against the Defendant, and award to the Commonwealth, as trustee, for the use and benefit of all borrowers of the Defendant during the Relevant Period, all sums necessary to restore to any consumers the money or property acquired from them by the Defendant in connection with its violations of §§ 6.2-2201 and 59.1-200(A)(51) of the Code of Virginia;

F. Grant judgment against the Defendant, and award to the Commonwealth civil penalties of up to \$2,500 per willful violation of § 59.1-200(A)(51), pursuant to § 59.1-206(A), with the exact number to be proven at trial;

G. Grant judgment against the Defendant, and award to the Commonwealth its costs, reasonable expenses incurred in investigating and preparing the case up to \$1,000 per violation of § 59.1-200(A)(51), and its attorney's fees, pursuant to §§ 6.2-1537(D) and 59.1-206(C); and

H. Order such other and further relief as may be deemed proper and just.

COMMONWEALTH OF VIRGINIA,
EX. REL. MARK R. HERRING,
ATTORNEY GENERAL

By: _____


James E. Scott

Mark R. Herring
Attorney General

Cynthia E. Hudson
Chief Deputy Attorney General

Rhodes B. Ritenour
Deputy Attorney General
Civil Litigation Division

Richard S. Schweiker, Jr.
Chief and Senior Assistant Attorney General
Consumer Protection Section

David B. Irvin (VSB No. 23927)
Senior Assistant Attorney General
James E. Scott (VSB No. 88882)
Assistant Attorney General
Consumer Protection Section
202 North 9th Street
Richmond, Virginia 23219
Phone: (804) 225-4778
Fax: (804) 786-0122



5 Star General Networks/Moving Inc.
1800-852-3654/1800-852-369

Office hours: 8:00am-5:00pm

Loan Agreement/Contract

I, Grace Fungbahun on the 1 of September 2015,
am entering into this loan agreement with 5 Star General Networks/Moving Inc. I am
borrowing the sum of \$ 500.00 US dollars, in which I agree to pay back 14 days from
today, with fee. The Fee for this loan is, \$ 150.00, bringing my total payback amount to
the sum of \$ 650.00 US dollars, due 15 of September 2015.

In addition to the fee included in this loan, I will also be leaving: CAR KEYS, AND
COPIES OF CAR TITLE AND REGISTRATION as collateral.

Borrower (print): Grace Fungbahun Phone #: 571 282 55488

Borrower Signature: [Signature] Date 08/28/15

Lender (print) Abubakar Sunnil Kamarr # [4350-2727-4633]

Lender Signature: ABUBAKAR SUNNIL KAMARR Date _____

By Leaving your car Keys. The Lender is not responsible for any loss in your
vehicle. Please print/sign: X Grace Fungbahun Date _____

VOLUNTARY PAYMENT:			
2 nd <u>12/29/2015</u>	\$ <u>150</u>	3 rd <u>10/20/2015</u>	\$ <u>150</u>
4 th <u>NOV 10/2015</u>	\$ <u>150</u>	5 th <u>DEC 10/2015</u>	\$ <u>150</u>
6 th <u>DEC 12/2015</u>	\$ <u>150</u>	7 th <u>1/2015</u>	
8 th <u>1/2015</u>			

Witness print

Witness Signature: _____ Phone# _____ Date _____

Failure to pay/Delinquent Loan

Delinquent payments are defined as any payment 5 days late. Once loan is placed in
delinquent status, the car placed as collateral will be towed to an alternate location and
steering wheel will be locked. Print&sign: X Grace Fungbahun

In addition to surrendering collateral, any loan more than 1 day late will be subject to a
late fee equal to the amount of the original loan fee. Print&sign: X Grace Fungbahun

I authorize 5 Star General Networks/Moving Inc (Abu Kamara) to drive the
vehicle and to place steering wheel lock on vehicle should payments become
delinquent.:Print&Sign: X Grace Fungbahun

Any day added after your due date (5:00pm) is \$15 a DAY Thank you

Signature (print) & sign: X Grace Fungbahun

