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## THE IMPORTANCE OF PRIVATE ENFORCEMENT

### EXAMPLES OF CIVIL RIGHTS CONSUMER CLASS ACTIONS

***Mary Morgan et al., v. Richmond School of Health and Technology, Inc; Case No 3:12-cv-00373-JAG (July 25, 2013)***

On June 8, 2011, eight named plaintiffs brought a class action against Richmond School of Health and Technology, alleging that the for-profit college targeted African American and low-income students for enrollment, using “deceptive practices to encourage students to take out large federal student loans” for what they knew was an inadequate education. They alleged violations of the Virginia Consumer Protection Act, the Equal Credit Opportunity Act, Title VI of the Civil Rights Act of 1964, and other state law claims. Certain students, like Mary Morgan, were told they would become eligible for a community home health license, only to learn that there’s no such license in Virginia. The for-profit college agreed to a \$5 million settlement on July 25, 2013.<sup>1</sup>

***Ramirez v. Greenpoint Mortgage Funding, Inc; No. 3:08-cv-369 (April 12, 2011)***

Three minority consumers in California who obtained mortgage loans in 2005 and 2006 from GreenPoint Mortgage Funding, brought a class action on June 28, 2010, on behalf of minority borrowers. They alleged that GreenPoint violated the Federal Fair Housing Act and Equal Credit Opportunity Act by charging minority borrowers disproportionately high rates compared to non-minority borrowers who had the same credit risks. GreenPoint settled for \$14,750,000 on April 12, 2011.<sup>2</sup>

***Opal Jones, et. al v. Wells Fargo Bank, N.A., Wells Fargo Home Mortgage, et. al; Los Angeles Superior Court, Case No. BC337821 (March 23, 2011)***

On August 5, 2005, borrowers in minority neighborhoods in Los Angeles brought a class action alleging that Wells Fargo violated the California Civil Rights Act by discriminating against minority borrowers, charging them more for their loans than borrowers in non-minority areas. A computer program “Loan Economics,” introduced in 2002, allowed loan officers to offer discounts to loan applicants in primarily white communities but Wells Fargo management allegedly prevented its use in minority communities. After a three-month jury trial, the jury agreed, returning a \$3,520,000 verdict for the class on March 23, 2011.<sup>3</sup>

Following this case and because of the information developed, the U.S. Department of Justice brought a lending discrimination suit against Wells Fargo that resulted in a \$125,000,000 settlement in July 2012.<sup>4</sup>

***In re First Franklin Financial Corp. Litigation*; Case No 5:08-cv-01515-JW; 08-02735 RS (August 17, 2010)**

The plaintiffs filed a class action in California on March 19, 2008, against First Franklin Financial Corp, Merrill Lynch Mortgage Services Corp and other lenders alleging violations of the Federal Fair Housing Act and the Equal Credit Opportunity Act. They claimed that First Financial's discretionary pricing policy had minority borrowers paying higher rates of subjective fees than other similarly situated non-minority borrowers. First Financial settled for \$3,900,000 on August 17, 2010.<sup>5</sup>

***Suyapa Allen, et al. v. Decision One Mortgage, et al*; Case No 1:07-CV-11669-GAO (May 13, 2010)**

On November 27, 2009, Black and Hispanic homeowners in Massachusetts brought a class action alleging that Decision One Mortgage Company, HSBC Finance, and other HSBC companies violated the Federal Fair Housing Act, the Civil Rights Act, and the Equal Credit Opportunity Act by discriminating in their home financing policies and practices. They alleged that HSBC authorized discretionary financing charges and interest mark-ups that had a discriminatory impact on black and Hispanic mortgage loan applicants. Decision One agreed to a multi-million dollar settlement on May 13, 2010.<sup>6</sup>

***Norflet v. John Hancock Life Ins. Co.*, 658 F. Supp. 2d 350, (D. Conn. 2009) (August 21, 2009)**

In July 2004, African American customers who purchased, owned, or were beneficiaries of industrial weekly life insurance policies or monthly debit policies from John Hancock Life Insurance brought a class action on behalf of African Americans, who were issued these policies before or during 1958. The lawsuit alleged that John Hancock offered African-Americans inferior life insurance products in the early to mid 20<sup>th</sup> century when it wasn't denying them insurance at all. They alleged the policies they received had little value. John Hancock settled "after several years of intensive litigation" for \$24.4 million. The settlement was approved on August 21, 2009.<sup>7</sup>

***DeHoyos v. Allstate Corp.*, 240 F.R.D. 269, (W.D. Tex. 2007) (February 21, 2007)**

African American and Hispanic customers in Texas and Florida brought a class action on behalf of nearly five million minorities, against Allstate Insurance Company. They claimed that Allstate violated the Federal Civil Rights Act and Fair Housing Act by engaging in racially discriminatory business practices. They alleged that Allstate used credit scoring to unfairly charge minorities higher automobile and homeowner insurance rates than similarly situated whites. The case survived a motion to dismiss in 2002. Allstate agreed to settle the case, paying monetary relief of \$50 to \$150 to all African American or Hispanic customers who did not receive the lowest available premium or who were denied lower rates because of credit information. They also agreed to change their business practices. The settlement was approved on February 21, 2007.<sup>8</sup>

***Williams v. Nat'l Sec. Ins. Co.*, 237 F.R.D. 685 (M.D. Ala. 2006) (August 30, 2006)**

In September 2000, three named plaintiffs brought a class action against National Security Insurance, on behalf of African-American policyholders, alleging violations of 42 USCS 1981 and 1982. They alleged that from 1947 through 1980, National Security Insurance racially discriminated in their pricing structure by charging African Americans, on average, 27% more than others. NSIC settled in August 2006, agreeing to pay relief of over \$3 million to the class members.<sup>9</sup>

***Ellen Gayle Moore, et al. v. Liberty National Life Insurance Company; Case No 2:99cv3262* (March 31, 2006)**

African-Americans in Alabama filed a class action on December 8, 1999, against Liberty National Life Insurance Company, on behalf of all African Americans who had a burial policy or industrial life insurance with Liberty National or one of its subsidiaries, alleging that Liberty National racially discriminated and violated 42 U.S.C. 1981 and 1982. They also claimed breach of contract. They alleged that Liberty National charged higher premiums to African-Americans than similarly situated whites. Liberty National ultimately settled for \$9,360,000.<sup>10</sup>

***Willis, et al. v. AHFC, U.S.D.C.M.C. Tenn. Civil Action No 3-02-0490 and Pakeman, et al v. AHFC, Ca. Sup. Court, No. RGO3088920* (January 21, 2005)**

African-American and Hispanic customers, on behalf of themselves and others who received financing from American Honda Finance Corporation starting in 1990, brought two class actions over what they alleged were discriminatory mark-ups on new and used car loans and leases. In the first class action, the customers claimed violations of the Equal Credit Opportunity Act and in the second, filed in 2003, they claimed violations the California Civil Rights Act, the Unfair Competition Law, and other California state laws. The cases were settled together on January 21, 2005. In the settlement, Honda agreed to cap mark-ups to make loans more affordable, change contract terms, contribute towards improving the education of customers with respect to credit financing, start a loan refinance program for class members to obtain lower interest rates, reduce interest rates on minority borrowers, offer no mark-up loans to 625,000 minority borrowers for five years – priority being given to class members who paid off their loans prior to the settlement – and provide cash payments up to \$400 per class member.<sup>11</sup>

## NOTES

<sup>1</sup> <http://www.relmanlaw.com/civil-rights-litigation/cases/RSHTsettlement.php> and

[http://www.relmanlaw.com/docs/RSHT\\_Settlement\\_Agreement.pdf](http://www.relmanlaw.com/docs/RSHT_Settlement_Agreement.pdf) and

[http://www.gpo.gov/fdsys/pkg/USCOURTS-dcd-1\\_11-cv-01066/pdf/USCOURTS-dcd-1\\_11-cv-01066-0.pdf](http://www.gpo.gov/fdsys/pkg/USCOURTS-dcd-1_11-cv-01066/pdf/USCOURTS-dcd-1_11-cv-01066-0.pdf)

<sup>2</sup> <http://www.leagle.com/decision/In%20FDCO%2020091123388.xml/RAMIREZ%20v.%20GREENPOINT%20MORTGAGE%20FUNDING,%20INC> and

<http://docs.justia.com/cases/federal/district-courts/california/candce/3:2008cv00369/199525/247/0.pdf?1303170363>

<sup>3</sup> <http://globenewswire.com/news-release/2005/08/08/331320/83477/en/Borrowers-Sue-Wells-Fargo-Bank-Charging-Discriminatory-Loan-Practices-Says-Cappello-Noel-LLP.html> <http://cappellonoel.com/jury-hits-wells-fargo-bank-with-a-3-5-million-lending-discrimination-class-action-verdict/>

<sup>4</sup> Mike Holter, Wells Fargo to Pay \$125 Million Lending Discrimination Settlement, [www.topclassactions.com](http://www.topclassactions.com), July 18<sup>th</sup>, 2012. <http://www.topclassactions.com/lawsuit-settlements/lawsuit-news/2129-wells-fargo-to-pay-125-million->

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lending-discrimination-settlement/ and Final Court Orders Push Wells Fargo Borrower Discrimination Award to \$9.8 million, Cappello & Noel Trial Lawyers, July 12, 2012. <http://www.prlog.org/11923266-final-court-orders-push-wells-fargo-borrower-discrimination-award-to-98-million.html>

<sup>5</sup> <https://advance.lexis.com/GoToContentView?requestid=1806edeb-59bd-adf3-6718-e8986656e170&crd=48f59e27-d21e-1b76-5c4c-147405b0fd64>

<sup>6</sup> <https://advance.lexis.com/GoToContentView?requestid=17ce4e6e-4051-eb8f-fc1d-d3aa9fb5f199&crd=4d3f02cc-b8d6-63dd-5546-d55e0264df62>

<sup>7</sup> [http://www.lexis.com/research/retrieve?cc=&pushme=1&tmpFBSEL=all&totaldocs=&taggedDocs=&toggleValue=&numDocsChked=0&prefFBSEL=0&delformat=XCITE&fpDocs=&fpNodeId=&fpCiteReq=&expNewLead=id%3D%22expandedNewLead%22&fpSetup=0&brand=ldc&\\_m=464627b139c76ea978baadc8eaa12157&docnum=1&\\_fmtstr=FULL&\\_startdoc=1&wchp=dGLzVzk-zSkAz&\\_md5=11b0b41814b6d841e7d2c08619c31109&focBudTerms=&focBudSel=all](http://www.lexis.com/research/retrieve?cc=&pushme=1&tmpFBSEL=all&totaldocs=&taggedDocs=&toggleValue=&numDocsChked=0&prefFBSEL=0&delformat=XCITE&fpDocs=&fpNodeId=&fpCiteReq=&expNewLead=id%3D%22expandedNewLead%22&fpSetup=0&brand=ldc&_m=464627b139c76ea978baadc8eaa12157&docnum=1&_fmtstr=FULL&_startdoc=1&wchp=dGLzVzk-zSkAz&_md5=11b0b41814b6d841e7d2c08619c31109&focBudTerms=&focBudSel=all)

<http://www.findjustice.com/#!john-hancock-insurance-company/c1bco>

<sup>8</sup> [http://www.lexis.com/research/retrieve?\\_m=66f26a59b005e06cfc36be3f547e3e27&csvc=le&cform=byCitation&\\_fmtstr=FULL&docnum=1&\\_startdoc=1&wchp=dGLzVzk-zSkAz&\\_md5=56ea5af545ebd9e4028daffb11274819](http://www.lexis.com/research/retrieve?_m=66f26a59b005e06cfc36be3f547e3e27&csvc=le&cform=byCitation&_fmtstr=FULL&docnum=1&_startdoc=1&wchp=dGLzVzk-zSkAz&_md5=56ea5af545ebd9e4028daffb11274819)

<sup>9</sup> [http://www.lexis.com/research/retrieve?\\_m=3b9b0163a199499910e290561408298c&csvc=le&cform=byCitation&\\_fmtstr=FULL&docnum=1&\\_startdoc=1&wchp=dGLzVzk-zSkAz&\\_md5=da0b842e14297ab5b44cb8f844124aeb](http://www.lexis.com/research/retrieve?_m=3b9b0163a199499910e290561408298c&csvc=le&cform=byCitation&_fmtstr=FULL&docnum=1&_startdoc=1&wchp=dGLzVzk-zSkAz&_md5=da0b842e14297ab5b44cb8f844124aeb)

<sup>10</sup> <https://advance.lexis.com/GoToContentView?requestid=f450d4a1-7c1f-dc08-b9a3-c91c2b5eb8b1&crd=ed20dc40-765d-e1a6-aae6-ca102fb6c64d>

<sup>11</sup> [http://www.nclc.org/images/pdf/litigation/closed/ahfc\\_settlement-agreement.pdf](http://www.nclc.org/images/pdf/litigation/closed/ahfc_settlement-agreement.pdf)

<http://gbdhlegal.com/cases/pakeman-v-american-honda-finance/>