

10/17/2017

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IN THE UNITED STATES DISTRICT COURT FOR THE  
WESTERN DISTRICT OF VIRGINIA  
Charlottesville Division

Consumer Financial Protection Bureau,

Plaintiff,

v.

Tempo Venture, Inc., d/b/a Culpeper  
Pawnbroker,

Defendant.

CIVIL ACTION NO. 3:17-cv-00075

**COMPLAINT**

The Consumer Financial Protection Bureau (Bureau) alleges the following against Tempo Venture, Inc., d/b/a Culpeper Pawnbroker (Culpeper).

**Introduction**

1. The Bureau brings this action under § 1054 of the Consumer Financial Protection Act of 2010 (CFPA), 12 U.S.C. § 5564, and § 108 of the Truth in Lending Act (TILA), 15 U.S.C. § 1607(a)(6), based on Culpeper's failure to disclose an accurate annual-percentage rate on closed-end pawn contracts, in violation of TILA, 15 U.S.C. § 1601, *et seq.*, and its implementing regulation, Regulation Z, 12 C.F.R. part 1026, and § 1036(a)(1)(A) of the CFPA, 12 U.S.C. § 5536(a)(1)(A).

**Jurisdiction and Venue**

2. This Court has subject-matter jurisdiction over this action because it is brought under "Federal consumer financial law," 12 U.S.C. § 5565(a)(1), presents a federal question, 28 U.S.C. § 1331, and is brought by an agency of the United States, 28 U.S.C. § 1345.

3. Venue is proper in this district because Culpeper is located, resides, and does business here. 12 U.S.C. § 5564(f).

### **Parties**

4. The Bureau is an agency of the United States created by the CFPA and charged with regulating the offering and providing of consumer-financial products and services under federal consumer-financial laws. 12 U.S.C. § 5491(a). It has independent litigating authority, including the authority to enforce the regulations promulgated under TILA. 15 U.S.C. § 1607. *See* 12 U.S.C. § 5564(a)-(b); *see also* 12 U.S.C. § 5481(12)(O), (14) (defining “Federal consumer financial law” to include TILA).

5. Tempo Venture, Inc., d/b/a Culpeper Pawnbroker, is a Virginia business with its principal place of business in Virginia. Culpeper operates as a pawnbroker, issuing closed-end loans for consumers’ personal, family, or household purposes that are secured by personal property. Culpeper offers or provides a consumer-financial product or service under the CFPA, 12 U.S.C. §§ 5481(5)(A), (15)(A)(i), and is thus a “covered person” under the CFPA, 12 U.S.C. § 5481(6)(A).

### **Facts**

6. From about 1999 through the present, Culpeper has operated as a pawnbroker out of its store located at 255 Southgate Shopping Center, Culpeper, Virginia, 22701.

7. In connection with each loan, Culpeper charges a finance charge of an amount that varies with the size of the loan. Fees for “interest,” “service,” and “Misc” make up the total finance charge. Each fee is charged as a condition of the extension of credit.

8. Culpeper's loan contracts disclose the following terms with associated values in prominent boxes under the heading "Truth in Lending": "maturity date," "amount financed," "finance charge," "total of payments," "annual percentage rate," and "payment schedule."

9. From at least September 2015 through at least April 2017, Culpeper disclosed an incorrect "annual percentage rate," or APR, on its contracts, understating the APRs by as much as half of the accurate rate.

10. The inaccurate APRs on Culpeper's contracts underrepresented the true cost of the loans made to thousands of consumers.

**Count One  
Violations of TILA**

11. The Bureau realleges and incorporates by reference paragraphs 1-10.

12. TILA and Regulation Z require that certain disclosures be provided to a consumer before consummation of a consumer credit transaction. 15 U.S.C. § 1638(a)-(b); 12 C.F.R. § 1026.17(a)-(b), 1026.18.

13. Among the required disclosures in a closed-end credit transaction are the finance charge and APR. 15 U.S.C. §§ 1638(a)(3)-(4); 12 C.F.R. § 1026.18(d)-(e).

14. The finance charge is generally "the cost of consumer credit as a dollar amount" and "includes any charge payable directly or indirectly by the consumer and imposed directly or indirectly by the creditor as an incident to or a condition of the extension of credit." 12 C.F.R. § 1026.4(a).

15. Regulation Z requires that a contract for closed-end credit disclose the finance charge, "using that term, with a brief description such as 'the dollar amount the credit will cost you.'" 12 C.F.R. § 1026.18(d).

16. The APR is “a measure of the cost of credit, expressed as a yearly rate.” 12 C.F.R. § 1026.22(a)(1); *see also* 15 U.S.C. § 1606(a).

17. Regulation Z requires the creditor in each closed-end credit transaction to disclose the APR, “using that term, and a brief description such as ‘the cost of your credit as a yearly rate.’” 12 C.F.R. § 1026.18(e).

18. The “interest,” “service,” and “Misc” fees charged by Culpeper are all incident to or a condition of the extension of credit and part of the finance charge required to be disclosed to consumers and included in calculation of the APR disclosed to consumers. 15 U.S.C. §§ 1605(a), 1606(a), 1638(a)-(b); 12 C.F.R. §§ 1026.4(a), 1026.18, 1026.22; 12 C.F.R. Pt. 1026, Supp. I (Comment 17(c)(1)-18).

19. In the course of extending closed-end credit, Culpeper used credit agreements that inaccurately disclosed the APR required by TILA and Regulation Z. 15 U.S.C. §§ 1605(a), 1606(a), 1638(a)-(b); 12 C.F.R. § 1026.18(d)-(e); 12 C.F.R. § 1026.22.

20. Culpeper therefore violated TILA and Regulation Z. 15 U.S.C. §§ 1605(a), 1606(a), 1638(a)-(b); 12 C.F.R. § 1026.18(d)-(e); 12 C.F.R. § 1026.22.

**Count Two  
Violations of the CFPA**

21. The Bureau realleges and incorporates by reference paragraphs 1-10.

22. Culpeper’s violations of TILA and Regulation Z, alleged in Count One, constitute violations of the CFPA. 12 U.S.C. § 5536(a)(1)(A).

**Demand for Relief**

Wherefore, the Bureau requests that the Court:

1. enjoin Culpeper from committing future violations of TILA and the CFPA;
2. award restitution;

3. award damages or other monetary relief;
4. order disgorgement of ill-gotten gains;
5. award a civil-money penalty;
6. award costs; and
7. award additional relief as the Court may determine to be just and proper.

Dated: October 17, 2017

Respectfully submitted,

ANTHONY M. ALEXIS  
Enforcement Director

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Deputy Enforcement Director

**s/ Kara K. Miller**

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