

VIRGINIA:

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

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

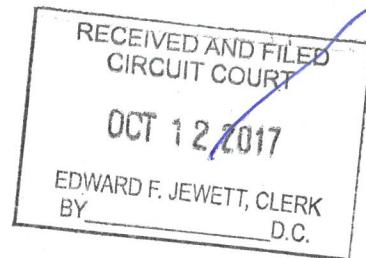
Plaintiff,

v.

INVESTMENT EVOLUTION
CORPORATION d/b/a MR. AMAZING
LOANS,

Defendant.

Civil Action No. _____



COMPLAINT

The Plaintiff, Commonwealth of Virginia, by, through, and at the relation of the Attorney General of Virginia, Mark R. Herring (the "Plaintiff" or the "Commonwealth"), petitions this Court to declare that the activities in which the Defendant, Investment Evolution Corporation d/b/a Mr. Amazing Loans ("Mr. Amazing"), has engaged constitute violations of §§ 59.1-200(A)(2), (5), and (14) of the Virginia Consumer Protection Act ("VCPA").

PRELIMINARY STATEMENT

The Commonwealth files this Complaint to provide relief for Virginia consumers deceived by Mr. Amazing in connection with its offering of closed-end installment loans over the Internet. Mr. Amazing began marketing its loans to consumers in Virginia as early as May 2014. Over the next three years, Mr. Amazing misrepresented that it was licensed by the SCC's Bureau of Financial Institutions ("BFI") to make loans to Virginians, thus imparting its loans with a false governmental imprimatur. Mr. Amazing then relied on its false licensure to claim an

exemption from Virginia's general usury cap (12% annual interest), and collected illegal interest exceeding that cap from its Virginia customers.

Accordingly, Virginia consumers affected by Mr. Amazing's willful VCPA violations and its violation of Virginia's usury laws are entitled to relief, and the Commonwealth is entitled to civil penalties to punish Mr. Amazing's misconduct and to deter future, similar misconduct by other Internet lenders. The Commonwealth therefore asks that this Court grant the relief requested in its Complaint and states the following in support thereof:

JURISDICTION AND VENUE

1. The Commonwealth brings this action pursuant to its authority in Virginia Code § 59.1-203, which provides, *inter alia*, that the Attorney General may bring an action to enjoin any violation of the VCPA.

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

3. Venue is preferred in this Court pursuant to Virginia Code § 8.01-261(15)(c), because some or all of the acts to be enjoined are, or were, being done in the City of Richmond. Venue is permissible in this Court pursuant to Virginia Code § 8.01-262(4) because portions of the Commonwealth's causes of action arose in the City of Richmond.

4. Prior to the commencement of this action, the Plaintiff gave the Defendant written notice that these proceedings were contemplated and a reasonable opportunity to appear before the Office of the Attorney General to demonstrate that it had not violated the VCPA, or, in the alternative, to execute an Assurance of Voluntary Compliance ("Assurance"), pursuant to Virginia Code § 59.1-203(B). The Defendant agreed to execute an Assurance that is acceptable to the Commonwealth.

PARTIES

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

6. The Defendant, Investment Evolution Corporation d/b/a Mr. Amazing Loans (“Mr. Amazing”), is a Delaware corporation with a principal place of business at 6160 West Tropicana, Suite E-13, Las Vegas, Nevada 89103.

7. Mr. Amazing received a certificate of authority to transact business in the Commonwealth of Virginia on March 5, 2014.

FACTS

Mr. Amazing’s Lending History in the Commonwealth

8. According to the following screenshot from an Internet archival service¹, this image depicts how Mr. Amazing’s website would have appeared to Virginia consumers in January of 2015:

About Mr. Amazing Loans

Personal loans can be expensive and slow, but Mr. Amazing Loans can get you the best personal loans online! We’re a state-licensed direct lender to residents of Arizona, Florida, Georgia, Illinois, Missouri, Nevada, New Jersey, Texas and Virginia! We’re accredited by the Better Business Bureau and we have a reputation for quality, professionalism, and an ethical personal loan practice.

9. The foregoing image indicates that, as of January 2015, Mr. Amazing represented online that it was a “state-licensed direct lender” operating in Virginia.

10. Based on documents received during the course of the Attorney General’s investigation of Mr. Amazing’s VCPA violations, the first loan Mr. Amazing made to a Virginia

¹ <https://web.archive.org/web/20141221123124/http://www.mramazingloans.com/> (last accessed August 11, 2017).

consumer was executed on May 22, 2014 and included the following terms significant to this Complaint:

- a. An interest rate of 29.9%;
- b. A “Governing Law” provision calling for the application of Virginia law to the loan; and
- c. A “Late Charge” provision indicating that, if the borrower made a payment 10 or more days late, the borrower would be charged a late fee of “5.000% of the regularly scheduled payment or \$10.00, whichever is greater.”²

11. Based on information provided by Mr. Amazing during the course of the Attorney General’s investigation of its VCPA violations, Mr. Amazing appears to have made “more than 200” similar loans to Virginia consumers, with the exact number to be proven at trial.

12. As an unlicensed consumer lender, Mr. Amazing could not legally charge 29.9% annual interest on loans it made to Virginians. It could only collect the 12% annual interest allowable under Virginia’s general usury statute, Virginia Code § 6.2-303(A).

13. Further, despite its representation to the contrary, Mr. Amazing could not legally collect a late charge exceeding 5% of the regularly scheduled payment because Virginia Code § 6.2-400(B) caps such charges at 5% of the installment payment.

BFI Advises Mr. Amazing to Remove its Licensure Misrepresentation

14. Mr. Amazing is not, and has never been, licensed by BFI to make consumer loans in Virginia.

15. On January 9, 2015, an Examinations Manager with BFI, Mr. Russell M. Spain, III, sent an e-mail to Ms. Carla Cholewinski of Mr. Amazing in which he wrote, “Our records do not indicate that [Mr. Amazing] is licensed in Virginia to operate as a consumer finance company under Chapter 15 of Title 6.2 of the Code of Virginia. Please inform [BFI] of the type

² A true and accurate copy of the May 22, 2014 “promissory note” is attached as Exhibit A.

of license [Mr. Amazing] maintains in Virginia as disclosed on the website.”³ Mr. Amazing could not disclose to BFI the maintenance of any type of consumer lending license because it had no such license.

16. Despite receiving a warning in January 2015 from BFI that it could not continue to misrepresent its licensure status with BFI online, Mr. Amazing’s website contained this information under its “State Regulator Contact Information” until May 2017—two years and four months *after* it knew this information was false:

STATE OF VIRGINIA Virginia Bureau of Financial Institutions State Corporation Commission, Office of the Clerk P.O. Box 1197 Richmond, Virginia 23218	Certificate of Authority License F195537-8 Original Issue 3/2014
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17. Mr. Amazing did not remove the information depicted in ¶ 16 until BFI contacted it again, this time via e-mail from Melissa McCollum, the Principal Financial Analyst with BFI, on May 8, 2017.⁴ In her e-mail, Ms. McCollum told Mr. Amazing once more that it was not regulated by BFI and possessed no such license from BFI.

CAUSES OF ACTION

Virginia Consumer Protection Act

18. The Commonwealth re-alleges and incorporates by reference the allegations of Paragraphs 1 through 17 of this Complaint.

19. Pursuant to Virginia Code § 59.1-197, the VCPA is to be applied as remedial legislation to promote fair and ethical standards of dealing between suppliers and the consuming public.

³ A true and accurate copy of Mr. Spain’s e-mail is attached as Exhibit B.

⁴ A true and accurate copy of Ms. McCollum’s e-mail is attached as Exhibit C.

20. In connection with consumer transactions, the VCPA prohibits suppliers from, among other things:

- a. Misrepresenting the source, sponsorship, approval, or certification of goods or services pursuant to Virginia Code § 59.1-200(A)(2);
- b. Misrepresenting that goods or services have certain quantities, characteristics, ingredients, uses, or benefits pursuant to Virginia Code § 59.1-200(A)(5); and
- c. Using any other deception, fraud, false pretense, false promise, or misrepresentation in connection with a consumer transaction pursuant to Virginia Code § 59.1-200(A)(14).

21. During all relevant times, Mr. Amazing was a “supplier” of “goods” or “services” in connection with “consumer transactions” as those terms are defined in Virginia Code § 59.1-198, by advertising, offering, and making closed-end, installment loans over the Internet to Virginia consumers.

22. Mr. Amazing violated the VCPA through the acts and practices described in this Complaint, including without limitation:

- a. Misrepresenting that it was a licensed consumer lender regulated by BFI in violation of Virginia Code §§ 59.1-200(A)(2), (3) and (14);
- b. Misrepresenting the legality of it collecting more than 12% annual interest on its loans in the Commonwealth of Virginia in violation of Virginia Code §§ 59.1-200(A)(5) and (14); and
- c. Misrepresenting the legality of it charging a late charge of more than 5% of a regularly scheduled installment payment in the Commonwealth of Virginia in violation of Virginia Code §§ 59.1-200(A)(5) and (14).

23. Mr. Amazing willfully engaged in the acts and practices described in this Complaint in violation of the VCPA.

24. Individual consumers have suffered losses as a result of the aforesaid violations of the VCPA by Mr. Amazing.

PRAYER FOR RELIEF

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

- A. Permanently enjoin Mr. Amazing and its officers, directors, employees, agents, successors, and assigns from violating § 59.1-200 of the VCPA pursuant to Virginia Code § 59.1-203;
- B. Grant judgment against Mr. Amazing and award to the Commonwealth all sums necessary to restore to any consumers the money or property acquired from them by Mr. Amazing in connection with its violations of § 59.1-200 of the VCPA pursuant to Virginia Code § 59.1-205;
- C. Enter any additional orders or decrees as may be necessary to restore to any consumers the money or property acquired from them by Mr. Amazing in connection with its violations of § 59.1-200 of the VCPA pursuant to Virginia Code § 59.1-205;
- D. Grant judgment against Mr. Amazing and award to the Commonwealth civil penalties of \$2,500.00 per violation for each willful violation of § 59.1-200 of the VCPA pursuant to Virginia Code § 59.1-206(A), with the exact number of violations to be proven at trial;
- E. Grant judgment against Mr. Amazing and award to the Commonwealth its costs, reasonable expenses incurred in investigating and preparing the case up to \$1,000.00 per violation of § 59.1-200 of the VCPA, and attorneys' fees pursuant to Virginia Code § 59.1-206(C); and
- F. Grant such other and further relief as this Court deems equitable and proper.

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

By:



James E. Scott (VSB No. 88882)
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Predatory Lending Unit
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PROMISSORY NOTE

Principal	Loan Date	Maturity	Loan No.	Call / Coll	Account	Officer	Initials
\$10,000.00	05-22-2014	05-16-2019	VA-[REDACTED]3901				
References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "****" has been omitted due to text length limitations.							

Borrower: [REDACTED]

Lender:

Mr. Amazing Loans
6160 W. Tropicana Ave, Ste E13
Las Vegas, NV 89103
(702) 227-5626

Principal Amount: \$10,000.00

Interest Rate: 29.900%

Date of Note: May 22, 2014

PROMISE TO PAY. I ("Borrower") promise to pay to Mr. Amazing Loans ("Lender"), or order, in lawful money of the United States of America, the principal amount of Ten Thousand & 00/100 Dollars (\$10,000.00), together with interest on the unpaid principal balance from May 22, 2014, calculated as described in the "INTEREST CALCULATION METHOD" paragraph using an interest rate of 29.900% per annum, until paid in full. The interest rate may change under the terms and conditions of the "INTEREST AFTER DEFAULT" section.

PAYMENT. I will pay this loan in 259 payments of \$74.08 each payment and an irregular last payment estimated at \$70.72. My first payment is due May 29, 2014, and all subsequent payments are due on the same day of each week after that. My final payment will be due on May 16, 2019, and will be for all principal, accrued interest, and all other applicable fees, costs and charges, if any, not yet paid. Payments include principal and interest. Unless otherwise agreed or required by applicable law, payments will be applied first to any accrued unpaid interest; then to principal; and then to any late charges.

PAYMENT AND MATURITY DATE. Note payment date and maturity date may change based on actual funding date.

INTEREST CALCULATION METHOD. Interest on this Note is computed on a 365/365 simple interest basis; that is, by applying the ratio of the interest rate over the number of days in a year (366 during leap years), multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. All interest payable under this Note is computed using this method.

RECEIPT OF PAYMENTS. All payments must be made in U.S. dollars and must be received by Lender at:

Mr. Amazing Loans
PO Box 30698
Las Vegas, NV 89173

All payments must be received by Lender consistent with any written payment instructions provided by Lender.

PREPAYMENT. I may pay without penalty all or a portion of the amount owed earlier than it is due. Early payments will not, unless agreed to by Lender in writing, relieve me of my obligation to continue to make payments under the payment schedule. Rather, early payments will reduce the principal balance due and may result in my making fewer payments. I agree not to send Lender payments marked "paid in full", "without recourse", or similar language. If I send such a payment, Lender may accept it without losing any of Lender's rights under this Note, and I will remain obligated to pay any further amount owed to Lender. All written communications concerning disputed amounts, including any check or other payment instrument that indicates that the payment constitutes "payment in full" of the amount owed or that is tendered with other conditions or limitations or as full satisfaction of a disputed amount must be mailed or delivered to: Mr. Amazing Loans, PO Box 30698 Las Vegas, NV 89173.

LATE CHARGE. If a payment is 10 days or more late, I will be charged 5.000% of the regularly scheduled payment or \$10.00, whichever is greater.

INTEREST AFTER DEFAULT. Upon maturity, whether scheduled or accelerated by Lender because of my default, the total sum due under this Note will continue to accrue interest at the interest rate under this Note.

DEFAULT. I will be in default under this Note if any of the following happen:

Payment Default. I fail to make any payment when due under this Note.

Break Other Promises. I break any promise made to Lender or fail to perform promptly at the time and strictly in the manner provided in this Note or in any agreement related to this Note, or in any other agreement or loan I have with Lender.

False Statements. Any representation or statement made or furnished to Lender by me or on my behalf under this Note or the related documents is false or misleading in any material respect, either now or at the time made or furnished.

Death or Insolvency. Any Borrower dies or becomes insolvent; a receiver is appointed for any part of my property; I make an assignment for the benefit of creditors; or any proceeding is commenced either by me or against me under any bankruptcy or insolvency laws.

Taking of the Property. Any creditor or governmental agency tries to take any of the property or any other of my property in which Lender has a lien. This includes taking of, garnishing of or levying on my accounts with Lender. However, if I dispute in good faith whether the claim on which the taking of the property is based is valid or reasonable, and if I give Lender written notice of the claim and furnish Lender with monies or a surety bond satisfactory to Lender to satisfy the claim, then this default provision will not apply.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any guarantor, endorser, surety, or accommodation party of any of the indebtedness or any guarantor, endorser, surety, or accommodation party dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any guarantee of the indebtedness evidenced by this Note.

LENDER'S RIGHTS. Upon default, Lender may declare the entire unpaid principal balance under this Note and all accrued unpaid interest together with all other applicable fees, costs and charges, if any, immediately due and payable, and then I will pay that amount.

ATTORNEYS' FEES; EXPENSES. Subject to any limits under applicable law, upon default, I agree to pay Lender's attorneys' fees and all of Lender's other collection expenses, whether or not there is a lawsuit, including legal expenses for bankruptcy proceedings.

GOVERNING LAW. This Note will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the Commonwealth of Virginia without regard to its conflicts of law provisions. This Note has been accepted by Lender in the Commonwealth of Virginia.

DISHONORED ITEM FEE. I will pay a fee to Lender of \$25.00 if I make a payment on my loan and the check or preauthorized charge with which I pay is later dishonored.

COLLATERAL. This loan is unsecured.



Loan No: VA- [REDACTED] 3901

**PROMISSORY NOTE
(Continued)**

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SUCCESSOR INTERESTS. The terms of this Note shall be binding upon me, and upon my heirs, personal representatives, successors and assigns, and shall inure to the benefit of Lender and its successors and assigns.

NOTIFY US OF INACCURATE INFORMATION WE REPORT TO CONSUMER REPORTING AGENCIES. I may notify Lender if Lender reports any inaccurate information about my account(s) to a consumer reporting agency. My written notice describing the specific inaccuracy(ies) should be sent to Lender at the following address: Mr. Amazing Loans PO Box 30698 Las Vegas, NV 89173.

GENERAL PROVISIONS. If any part of this Note cannot be enforced, this fact will not affect the rest of the Note. Lender may delay or forgo enforcing any of its rights or remedies under this Note without losing them. I and any other person who signs, guarantees or endorses this Note, to the extent allowed by law, waive presentment, demand for payment, and notice of dishonor. Upon any change in the terms of this Note, and unless otherwise expressly stated in writing, no party who signs this Note, whether as maker, guarantor, accommodation maker or endorser, shall be released from liability. All such parties agree that Lender may renew or extend (repeatedly and for any length of time) this loan or release any party or guarantor or collateral; or impair, fail to realize upon or perfect Lender's security interest in the collateral. All such parties also agree that Lender may modify this loan without the consent of or notice to anyone other than the party with whom the modification is made.

**PRIOR TO SIGNING THIS NOTE, I READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS NOTE. I AGREE TO THE TERMS OF THE NOTE.
I ACKNOWLEDGE RECEIPT OF A COMPLETED COPY OF THIS PROMISSORY NOTE.**

**THIS NOTE IS GIVEN UNDER SEAL AND IT IS INTENDED THAT THIS NOTE IS AND SHALL CONSTITUTE AND HAVE THE EFFECT OF A
SEALED INSTRUMENT ACCORDING TO LAW.**

BORROWER:

[REDACTED] (Seal)

Russell Spain

From: Russell Spain
Sent: Friday, January 09, 2015 1:02 PM
To: Carla@investmentevolution.com
Subject: License to lend in Virginia

Ms. Cholewinski,

The Virginia Bureau of Financial Institutions received information pertaining to Investment Evolution Corporation d/b/a Mr. Amazing Loans' website located at www.investmentevolution.com. On the website, Investment Evolution Corporation discloses that it "originates direct consumer installment loans online to Nevada, Arizona, Illinois, Florida, Missouri, Georgia, New Jersey and Virginia" and that "Investment Evolution Corporation is a fully licensed installment lender in these eight states..." Our records do not indicate that Investment Evolution Corporation is licensed in Virginia to operate as a consumer finance company under Chapter 15 of Title 6.2 of the Code of Virginia. Please inform the Bureau of the type of license Investment Evolution Corporation maintains in Virginia as disclosed on the website.

Sincerely,
Russell M. Spain III
Manager of Examinations
Virginia State Corporation Commission
Bureau of Financial Institutions
[REDACTED]
[REDACTED]

<http://www.scc.virginia.gov/bfi/index.aspx>

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From: Melissa McCollum
Sent: Monday, May 08, 2017 11:56 AM
To: 'info@mramazingloans.com'
Subject: Request to remove Virginia Bureau of Financial Institutions from your "state regulators contact information"

Dear Sir or Madam,

It has come to our attention that your company's website (www.mramazingloans.com) has a link for "State Regulators Contact Information" and under Virginia the following statement appears: "Virginia Bureau of Financial Institutions, State Corporation Commission, Office of the Clerk, P.O. Box 1197, Richmond, VA 23218, Certificate of Authority License F195537-8, Phone 804-371-9657". Please be aware that this statement is misleading for the reasons noted below.

First, the Virginia Bureau of Financial Institutions, Phone 804-371-9657 has not issued a license to Mr. Amazing Loans / Investment Evolution Corporation. As the state regulatory agency over financial institutions we request that you remove our contact information for public inquiries and complaints as we do not currently appear to have any regulatory authority over your company.

Second, the website indicates your company is "state licensed" which is inaccurate. Please note that the "Certificate of Authority to Transact Business" issued by the State Corporation Commission, Office of the Clerk, is not a "license". Further, the Office of the Clerk is not a regulator. The following statement can be found on their webpage: The Clerk of the Commission is the official custodian of the judicial and administrative records of the Virginia State Corporation Commission (SCC).

Thank you for your prompt attention and correction to the items listed above.

Melissa McCollum
Principal Financial Analyst
Virginia Bureau of Financial Institutions
Virginia State Corporation Commission



CERTIFICATE OF SERVICE

I hereby certify that, on this 12th day of October, 2017, a true copy of the foregoing Complaint was sent by first-class mail, postage prepaid, to Stephen D. Rosenthal, Esq., Troutman Sanders LLP, Troutman Sanders Building, 1001 Haxall Point, Richmond, Virginia 23219, counsel for Investment Evolution Corporation.



James E. Scott