

SUPREME COURT OF THE STATE OF NEW YORK  
COUNTY OF NEW YORK

-----X  
THE PEOPLE OF THE STATE OF NEW YORK,  
by LETITIA JAMES, Attorney General of the  
State of New York,

Plaintiffs,

Index No.  
Date Index No. purchased:

-against-

**SUMMONS**

ACIMA DIGITAL, LLC  
and ACIMA HOLDINGS, LLC,

Defendants.

----- X

TO THE ABOVE-NAMED DEFENDANT:


You are hereby summoned and required to serve upon Plaintiff's attorney an answer to the complaint in this action within twenty (20) days after the service of this summons, exclusive of the day of service, or within thirty (30) days after service is complete if this summons is not personally served upon you within the State of New York. In case of your failure to answer, judgment will be taken against you by default for the relief demanded in the complaint.

The basis of the venue designated is the county where the plaintiff has its business address.

Dated: August 14, 2024  
New York, New York

LETITIA JAMES  
*Attorney General of the State of New York*

By:

  
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THE PEOPLE OF THE STATE OF NEW YORK,  
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**COMPLAINT**

ACIMA DIGITAL, LLC  
and ACIMA HOLDINGS, LLC,

Defendants.

-----X

The People of the State of New York, by their attorney, Letitia James, Attorney General of the State of New York (“NYAG”), allege, upon information and belief:

**INTRODUCTION**

1. Partnering with furniture, jewelry, glasses, and auto repair shops all over New York, Respondents Acima Digital, LLC and Acima Holdings, LLC (collectively “Acima”) take advantage of New Yorkers by deceiving them into signing up for financing at rates that often leave consumers paying more than double the product or service’s sticker price.

2. Acima does not sell any goods or services on its own. Instead, Acima solicits and partners with retailers to offer Acima’s financing products to consumers at the point of sale.

3. Acima describes its finance agreements with consumers as “Retail-Purchase Agreements” (“RPAs”) or “leases.” When consumers pick out the merchandise they want from a retailer, Acima “buys” it from the retailer (without actually taking physical possession) and then “leases” or “rents” it to the consumer on a periodic basis (e.g., weekly, bi-weekly). After making “periodic payments” for 12 months, the consumer “owns” the merchandise.

4. The RPAs are confusing and up to 15 pages long, and Acima relies on the retailers to present the financing offer to the consumer. Acima does not adequately train retailers in how to explain their terms or costs to consumers. Acima knows that its retailers routinely provide “misinformation” to consumers about the RPAs, but it turns a blind eye.

5. Rent-to-own transactions of the type Acima purports to offer are subject to Personal Property Law (“PPL”) Article 11. As described below, Acima’s RPAs violate Article 11 in numerous ways, and they are not true rent-to-own (“RTO”) transactions. Because Acima fails to follow RTO law and behaves like a lender by advancing funds to consumers as described below, the purported RPAs are in fact loans under New York law. These loans have annual interest rates of up to 125%, and are routinely over 100% -- well in excess of the 16% permitted by New York’s usury laws. As a consequence, Acima’s loans are void under New York law.

6. A key defining characteristic of a legally compliant RTO transaction – and one that ordinarily differentiates an RTO from a loan – is that the consumer can return a product if they no longer wish to rent it. But Acima obstructs this right, making it effectively meaningless. As a result, its return rate, according to its own records, is between 0.11% and 0.17%.

7. In addition to obstructing the return process for all of its purported RTOs, Acima uses its RPAs to finance products where returning the product is not possible. In at least 10% of its New York transactions, Acima uses RPAs for products such as wheels and tires that cannot be returned.

8. RTO transactions under New York law are limited to merchandise, defined by statute as personal property. Yet Acima uses an RPA to cover services such as auto repairs or delivery in violation of the law. As with wheels and tires, these services cannot be returned.

9. Acima also violates Article 11’s price caps and disclosure requirements.

10. Article 11 requires that Acima provide copies of the RPAs to consumers. Acima does not do so, instead giving consumers electronic access to the RPAs. Because Acima does not properly secure consumers' consent to proceed electronically, this failure to provide hard copies violates Article 11.

11. Acima also deceives consumers by debiting their bank account after they have asked Acima not to; falsely threatening to repossess merchandise and sue consumers; and charging consumers for merchandise that has not been delivered, or was delivered damaged.

12. Because of these practices, Acima has engaged in fraudulent, deceptive, and illegal conduct in violation of Executive Law § 63(12), General Business Law §§ 349-350 and 601, and PPL Article 11. In addition, because Acima's RPAs fail to meet the core provisions of the New York RTO requirements, they are not RTOs and are instead loans under New York law – loans with interest rates that greatly exceed New York's usury cap set by General Obligations § Law 5-501 and Penal Law § 190.40.

13. The NYAG brings this proceeding to permanently enjoin Acima from engaging in its repeated and persistent fraudulent and illegal conduct in connection with the promotion and servicing of its RPAs. The NYAG seeks an order and judgment granting a permanent injunction, restitution, damages, disgorgement, voiding of all Acima's New York RPAs, civil penalties and costs.

### **PARTIES AND JURISDICTION**

14. Plaintiffs are the People of the State of New York by their attorney, Letitia James, Attorney General of the State of New York.

15. Defendant Acima Digital, LLC ("Acima Digital") is a limited liability corporation with its principal place of business at 5501 Headquarters Drive, Plano TX 75024. This company

has been listed as the “lessor” on Acima’s RPAs since 2021. It was named Acima Credit, LLC, from 2017 until 2021, and Simple RTO, LLC, before that.

16. Nonparty Acima Solutions, LLC (“Acima Solutions”) was a subsidiary of Acima Digital, LLC that held its e-commerce leases (i.e., RPAs that consumers executed with online retailers). It was merged into Acima Digital in December 2023.

17. Defendant Acima Holdings, LLC (“Acima Holdings”), is the parent company of Acima Digital. Acima Holdings is a limited liability corporation with its principal place of business as 5501 Headquarters Drive, Plano TX 75024. It is a holding company that has “essentially no activity.”

18. Acima Holdings and Acima Digital share a headquarters, as noted, and have corporate officers in common including Mitchell E. Fadel, Bryan Pechersky, and Fahmi Karam.

19. In 2021, Rent-A-Center East, Inc. (“RAC”) acquired Acima Holdings. Acima Holdings is now a wholly-owned subsidiary of RAC. Acima Digital continues to be a subsidiary of Acima Holdings. Acima Holdings, Acima Digital and Acima Solutions are referred to collectively as Acima.

20. Acima recently has started doing business as “Acima Leasing.” Acima Leasing is not a legal entity.

21. Acima has offered RPAs to New York consumers since 2015, entering into over 160,000 transactions between 2015 and 2021.

22. The NYAG brings this proceeding pursuant to (a) Executive Law § 63(12) which empowers the Attorney General to seek injunctive relief, restitution, disgorgement, damages and costs against any person or business entity that has engaged in repeated fraudulent or illegal acts or otherwise engaged in persistent fraud or illegality in the conduct of business; (b) General

Business Law (“GBL”) Article 22-A empowers the Attorney General to seek injunctive relief, restitution, disgorgement and civil penalties against any person or business entity that has engaged in deceptive acts or practices and/or false advertising in the conduct of business; and (c) Personal Property Law § 507(4) which empowers the Attorney General to seek injunctive relief, restitution and costs for violations of Article 11 of the Personal Property Law governing rental purchase agreements.

23. The facts alleged herein are based on Defendants’ advertisements and business records, undercover visits conducted by NYAG investigators, business records from third party retailers and collections agencies, as well as consumer complaints and affidavits.

24. Plaintiff provided the Defendants with the pre-litigation notice required by GBL §§ 349(c) and 350-c.

## FACTS

### **I. How Acima Targets Consumers**

25. Acima refers to itself as a “virtual lease-to-own” company, meaning that it does not carry an inventory of goods. Rather, it is a third party to consumers’ transactions with retailers. Acima contracts with over a thousand retailers in New York.

26. Acima never possesses the merchandise that is subject to its transactions. Retailers transfer it directly to consumers. This is confirmed by the agreements between Acima and retailers which do not state that Acima is purchasing the merchandise from the retailer.

27. In 2015, Acima began offering its financing services to New Yorkers by contracting with retailers that owned brick-and-mortar storefronts. Later Acima began contracting as well with e-commerce retailers. After being acquired by RAC in 2021, Acima has continued to provide substantially the same services to New Yorkers as a subsidiary of RAC.

28. These retailers range from small, one-storefront operations to national chains such as Best Buy and the online mattress retailer Nectar. In 2021, Acima reported that 1,456 storefronts throughout New York state had offered its services since it was founded.

29. Small businesses are a key driver of Acima's revenues, providing half its lease volume. One Acima executive claimed Acima was "built on mom and pops" while another called Acima "experts" in signing up "mom and pop stores" compared to its competitors offering lower-priced financing.

30. While Acima portrays itself to consumers and retailers as serving consumers who "are unable to qualify for traditional financing," its customer base includes many consumers who would qualify for more affordable credit options with better terms. In fact, Acima represented to investors in 2020 that it weeded out poor credit risks and its average consumer's income was \$4,000 per month – higher than the median American's income at the time. Referring to consumers' credit scores, Acima told investors: "Acima is so fast and easy that [retailers] recommend it to prime, near-prime, and non-prime customers."

31. Acima provides marketing materials about its RPAs to retailers "for the promotion of [Acima's] Services." These materials do not disclose the price of Acima's financing or that Acima considers its product to be a "lease." A redacted copy of a typical RPA, executed in 2022, is attached as Exhibit A.

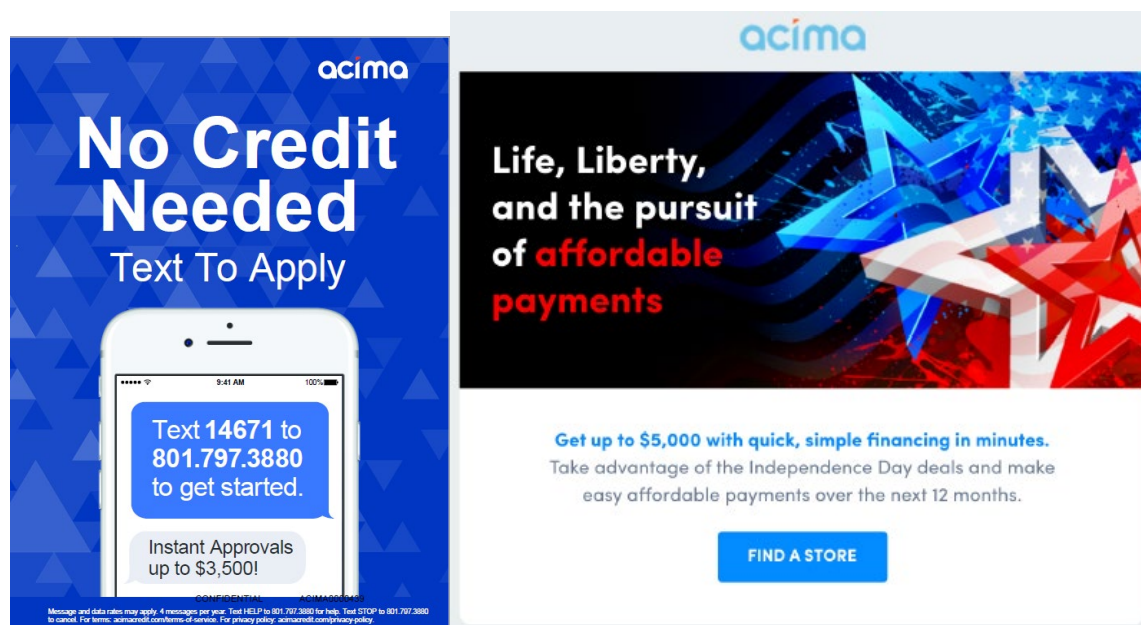
32. From 2015 to at least 2020, Acima's consumer-facing marketing materials, including both physical advertisements in retail stores and digital advertisements, hid the fact that its RPAs were fashioned as RTO transactions. The term "credit" was prominently displayed *in the product's name* ("Acima Credit"). Acima referred to itself as "financing" in its marketing campaign during this period. Rather than describe periodic payments as "renewal payments" or



“rent,” as its RPAs did, Acima referred to them in ads as “affordable payments.” Acima never used any terms generally associated with renting or leasing in consumer-facing marketing during this period.

33. Acima advertised to consumers that they would be *purchasing* merchandise through Acima, even going so far as to say the purchase would be immediate. For example, in a 2018 4th of July campaign, Acima appealed to consumers: “With Acima Credit, celebrate freedom by *purchasing yourself something today* and making affordable payments over the next 12 months.” (*emphasis added*) This mischaracterizes the nature of Acima’s purported RPAs, because a true RPA provides for the rental of merchandise to consumers with ownership becoming an option *over time*.

34. In 2019 Acima began promising consumers “approvals,” and representing they could “get up to \$5,000” or other certain sums of money. This gave the misleading impression that consumers would be borrowing money from Acima, rather than renting merchandise from it:



35. By omitting terms related to RTO and instead referring to “credit,” approvals, getting money, “financing,” and “payments,” Acima leads consumers to believe that its RPAs are a familiar form of loan, like a credit card. Few consumers would understand based on Acima’s ads that it is offering to rent merchandise to them, or would have any idea of how much the service costs. Indeed, consumers – based on their understanding from representations made by Acima and its retailers – often refer to the Acima RPAs as “loans” on calls with Acima.

36. When consumers choose merchandise that costs less than their “approval” amount, Acima refers to the difference as consumers’ “remaining balance.” Using that figure to fill in a blank, Acima asks, “What would you do with an extra \$ \_\_\_?” This creates the impression for consumers that Acima is lending them money, not merchandise.

37. Acima’s wall advertisements at retailers continue to advertise “No Credit Needed” and “90 Day Purchase Option” while omitting basic information about the transaction. For example, in 2023 a Syracuse retailer displayed this advertisement:



38. While some of Acima’s marketing material since 2021 uses the term “lease,” Acima has not required retailers to place those materials somewhere visible to consumers. Further, Acima does not include rental prices in its advertising, and, as discussed below, Acima does not require retailers to place the cost of leasing on merchandise even though the law mandates such disclosure tags.

39. By omitting material terms, Acima’s in-store marketing gives the impression that consumers are borrowing funds to purchase merchandise. This is especially the case since financing with credit cards (a form of borrowing covered by lending laws) is typical and familiar to consumers, while “rent-to-own” is less common.

40. Until at least 2020, Acima advertised an early payoff payment plan by claiming it was “90 day same as cash,” a “90 day cash option,” or carried a fee of “only \$10” (or similar figure). Not only did this language give consumers the impression they were taking out a loan to make a purchase, consumers who exercised this option did not pay “same as cash” or “only \$10”; they paid a markup of \$40-\$75, in addition to a \$10 payoff charge.

41. Consumers who try to understand the RPAs by speaking to retailers often cannot get clear answers. “Misinformation/miscommunications happen ALL the time,” according to one Acima customer service supervisor. The information provided often hides the true cost of leasing; this particular supervisor was responding to a colleague who described a retailer as falsely promising the consumer that their initial payment would be refunded. Acima foments this problem by omitting material terms from its marketing and, as discussed below, it largely ignores the misinformation provided by retailers.

## **II. How Acima Enrolls Consumers**

42. Acima requires two documents before Acima issues an RPA: first, an application, and then later, a signed RPA. Typically both those documents are filled out, signed, and submitted electronically within the course of the retailer interaction. They are not necessarily filled out, signed, or submitted by the consumer.

### *a. The Application*

43. The application solicits the consumer’s identifying information (e.g., social security number) and information about their checking account and income. Acima uses this for underwriting purposes. It also holds onto the checking account information for later, as a source of payments if the consumer ultimately signs an RPA.

44. Acima trains retailers to fill out and submit the application on the consumer's behalf, using a "Merchant Portal" on the retailer's device. This training does not direct the retailer to show the consumer the screen or explain how the banking information might later be used. Id.

45. The consumer may also apply on their own devices. Fewer than half of the applications Acima has received are through that method. (In the last few years the figure has hovered around 40%; until 2020, fewer than 30% applied this way.)

46. The application contains a hyperlink to an "ESIGN disclosure," which Acima is required to show consumers before proceeding electronically, as discussed below.

47. This is how the ESIGN disclosure hyperlink appears if the consumer is completing the application on the retailer's "dashboard" (near the bottom):

Applicant Primary Income

Income Source	How are you paid?	Monthly Income
		\$ <input style="width: 60px;" type="text"/> .00

Tell us about this income

How often are you paid?

Weekly

Every Other Week

Twice a Month

Day of the Month

Weekday of the Month

You are typically paid: ...

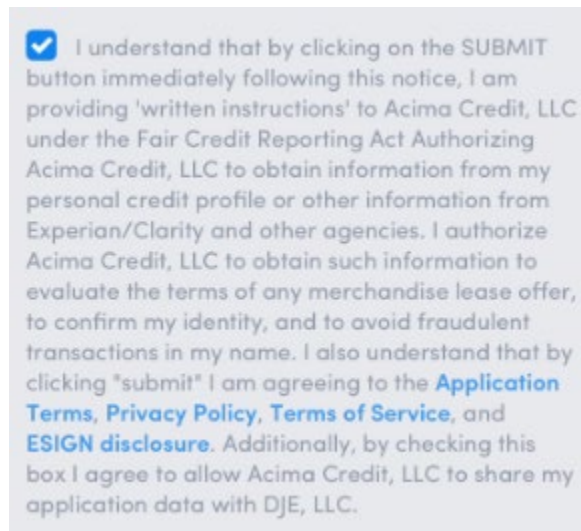
Approximate next three payday: ...

I have read and agree to the [Application Terms](#), [Privacy Policy](#), [Terms of Service](#), and [ESIGN disclosure](#). By checking this box I agree to allow Acima Credit, LLC to share my application data with Denny Lee's Tire Co. LLC.

Cancel

Submit

48. This is how the “ESIGN disclosure” hyperlink appears if the consumer applies on their smartphone (blue text):



49. Because so many applications are submitted by the retailer, and even those submitted on consumer devices are unclear because the disclosures are hidden behind hyperlinks that are nested in dense text, upon information and belief, most consumers do not know that the application states that they have agreed to the terms of the ESIGN disclosure, which include receiving important documents electronically.

50. Acima decides whether to approve a consumer for an RPA, and the amount of the approval, based on factors such as the consumer’s income and banking history.

*b. The RPA*

51. After Acima approves an application, the retailer enters information about the merchandise into the Merchant Portal. Acima then generates an RPA that incorporates it.

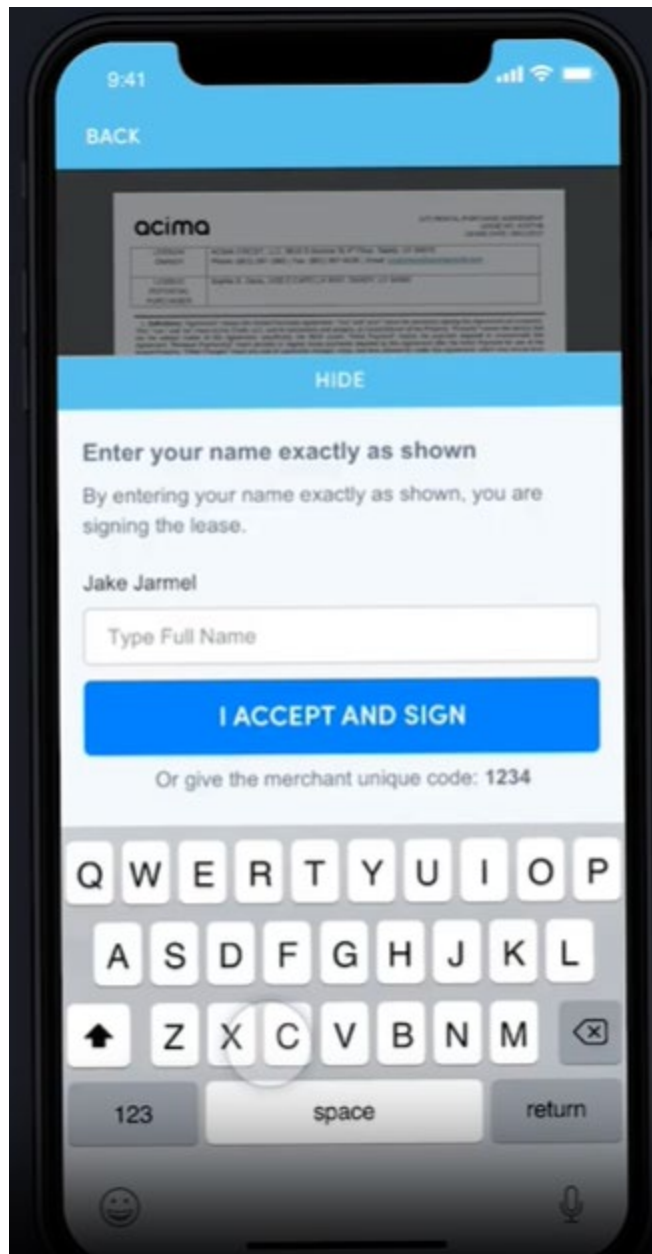
52. Unlike the application, which Acima encourages retailers to fill out on the consumer's behalf, Acima routinely sends the RPA by text to the consumer on the consumer's smartphone for their e-signature:





53. Consumers may sign either by typing their name into the signature field on their phone, or by giving to the retailer a 4-digit code that appears below the signature line:





54. As discussed below, consumers are only given the opportunity to review the densely worded, difficult-to-read and long RPA before “e-signing” and making their first payment to Acima. Moreover, the RPA, which is up to 15 pages of densely worded text, is difficult, if not impossible to read on one’s smart phone.

55. Sometimes Acima has obscured the RPA with pop-ups. From around 2017 to 2021, the signature screen popped up over the lease. The consumer had to “hide” it or click another link in order to read the full terms.

56. After a consumer e-signs an RPA, Acima generally does not provide them with a hard copy or require retailers to provide one. Instead, Acima emails the consumer a link to the executed RPA.

57. After the consumer signs the RPA, Acima prompts them on their phone to make an “initial payment” by entering their credit or debit card information onto the screen or giving it to the retailer. This payment is the amount of Acima’s “markup.” See below at ¶ 82.

58. Acima then pays a lump sum to the retailer, and the consumer pays Acima back over time under the terms set by the RPA. The RPA authorizes Acima to auto-debit consumers’ bank accounts and/or credit cards. It does not provide for any payment method other than electronic transfers.

59. Acima does not tell consumers that their bank accounts will be auto-debited except in fine print on the RPA.

### **III. Acima Fails to Comply with E-Signature Law, Rendering Their RPAs Invalid**

60. Acima tucks mandatory disclosures related to e-signatures into its application (the first of the two documents that consumers submit) in violation of federal law that requires that these disclosures be “clear and conspicuous.” This law is violated whether the retailer’s device or the consumer’s device is used to complete the application. Acima also encourages retailers to fill out and complete the application for consumers, which violates the requirement that consumers “affirmatively consent” to the disclosures. Where either of these requirements is violated, Acima

is not entitled to proceed electronically, and its failure to provide hard copies of documents violates Article 11.

61. Acima also violates this federal law when it has consumers complete applications on retailers' devices rather than their own.

*a. E-Sign Requirements*

62. Federal law imposes requirements on consumer transactions in interstate commerce that proceed electronically, rather than through paper signatures and records. *See* 15 U.S.C. § 7001(a) (E-Sign). In particular, E-Sign prescribes when a business may provide executed contracts to consumers in electronic form, rather than hard copies, in situations where an applicable law requires that a copy be provided. *See* U.S.C. § 7001(c)(1).

63. For a business to satisfy legal requirements by providing an electronic record, it must disclose to consumers information about their right to receive the RPA on paper and how to withdraw their consent to receive communications electronically. *See* 15 USC § 7001(c)(1)(B).

64. These disclosures must be made in “a clear and conspicuous statement.” *Id.*

65. The consumer must “affirmatively consent[.]” to receive information electronically. *See* 15 USC § 7001(c)(1)(A).

66. The consumer must also receive, prior to consenting, “a statement of the hardware and software requirements for access to and retention of the electronic records[.]” *See* 15 USC § 7001(c)(1)(C)(i).

67. Finally, the consumer must “consent[.] electronically, or confirm[.] his or her consent electronically, in a manner that reasonably demonstrates that the consumer can access information in the electronic form that will be used[.]” *See* 15 USC § 7001(c)(1)(C)(ii).

68. The consumer’s consent is manifested by an electronic signature, which that statute defines as “an electronic sound, symbol, or process, attached to or logically associated with a contract or other record and executed or adopted by a person with the intent to sign the record.” 15 USC § 7006(5).

69. Article 11 requires that RPAs be in writing (PPL § 501(7)(a)), and that the writing be given to the consumer at the time it is signed (PPL § 502). The RPA is not enforceable if the consumer does not receive a signed copy. PPL § 502.

*b. E-Sign Violations*

70. Acima’s process fails to comply with E-Sign for several reasons.

71. Whether the application is completed on the retailer’s device or the consumer’s, the E-Sign disclosures are not provided in a “clear and conspicuous statement” as required. Rather, they are hidden behind a hyperlink on the application alongside hyperlinks to three other documents. Acima simply requires the consumer (or retailer) to check a box indicating they have read and agreed to Acima’s “ESIGN disclosure.”

72. The E-Sign disclosure is also not a “clear and conspicuous statement” because Acima provides it as part of an application process that often bypasses consumers. While Acima allows the application to be filled out on a consumer’s smartphone, it trains retailers to fill it out *for* consumers on their own (the retailer’s) device. The training does not instruct the retailer to show the consumer the screen at any point. It also does not mention the E-Sign disclosure. (By law the E-Sign disclosure must be provided, and the consumer must check off confirming that they consent to its terms.) Finally, the virtual training skips past the E-Sign disclosure and check box to the end of the application, saying to the retailer, “simply click submit!” Many consumers have reported that the retailers did not in fact show them the screen.

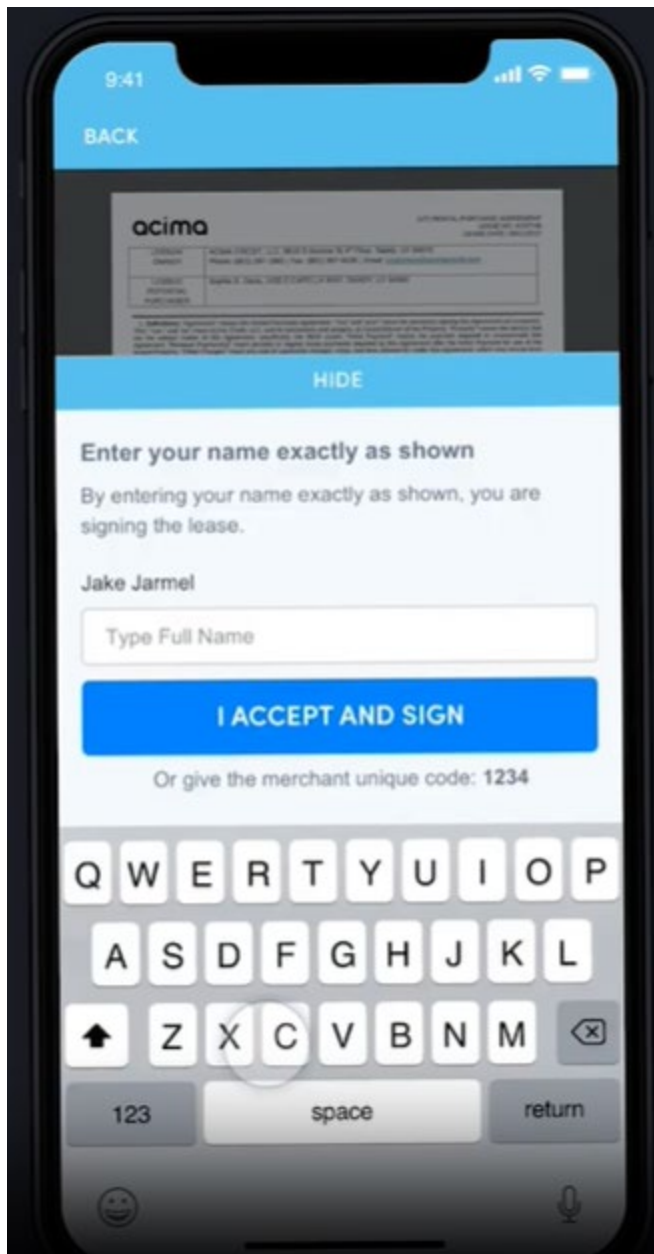
73. For about 40% of consumers, the application is submitted using the “merchant portal” on the retailer’s device. This figure was above 72% every year until 2020. Consumers who do not actually fill out, sign, or submit the application themselves have not “affirmatively consented” to proceed electronically as required by 15 USC § 7001(c)(1)(C)(ii).

74. Finally, when consumers use the retailer’s device to “consent” and not their own, they are not consenting “in a manner that reasonably demonstrates that [they] can access information in the electronic form that will be used.” *See* 15 USC § 7001(c)(1)(C)(ii). This also violates E-Sign. *See id.* Acima actually acknowledges the possibility that its consumers lack the equipment or skills to transact electronically when it states to retailers, in reference to e-signing the RPA: “In some cases a customer may not feel tech-savvy enough to sign on their phone.”

#### **IV. Acima Fails to Ensure that Signatures on RPAs Belong to Consumers.**

75. Unlike the application, which Acima encourages retailers to fill out on the consumer’s behalf, Acima routinely sends the RPA to the consumer for their e-signature. But it does not adequately ensure the e-signature belongs to the consumer.

76. Acima texts the RPA to consumers for their e-signature. As discussed above, consumers may sign either by typing their name into the signature field on their phone, or by giving to the retailer a 4-digit code that appears below the signature line:



77. This is not the only way for a retailer to obtain the 4-digit code. Some obtain it by calling Acima from their own phone and impersonating the consumer, using the information they just elicited from the consumer while filling out the application. The column on the right instructs Acima’s employees on how to give the 4-digit code to someone calling from the retailer’s phone number:

## 4 DIGIT CODE

The merchant or customer will call in for the 4-digit code. **We can only provide this code to the customer.** This can only be provided over the customer or merchant phone number **ON FILE**.

### PROVIDING THE CODE ON CUSTOMER'S PHONE

1. Make sure that we are speaking to the customer on the phone # **LISTED**.
2. Verify the last **4 digits of SSN and DOB**
3. Read the **4-Digit Code Script** below verbatim to the customer and copy the script in your note with **#4DigitOverPhone** included.
4. **Provide 4 digit code** located on the lease.



### PROVIDING THE CODE ON MERCHANT'S PHONE

1. Make sure we are speaking to the customer on the **MERCHANT PHONE LISTED** on file! If it is not the same number, offer to contact them on the number we have listed.
2. Verify last **4 digits of SSN and DOB**.
3. We will also need to complete a **full VCI** (verification of customer information) and this must be notated. This is to provide additional security.
4. Read the script below verbatim to the customer and copy the script in your notes with **#4DigitOverPhone** included.
5. **Provide 4 digit code** located on the lease.

This 4 digit code I am providing you is equivalent to signing the lease agreement. Please ask the merchant to provide you the opportunity to review the lease agreement or print you off a copy prior to signing. Once you have read your agreement you may provide the four digit code to the Merchant... Your code is \*\*\*\*

78. Consumers have reported that they did not complete or see the RPA, which is consistent with the process Acima set up, which *de facto* allows the retailer to obtain the 4-digit code by calling Acima and entering the code on the record itself. Such a workaround would not constitute an “electronic signature” under E-Sign because it would not manifest the consumer’s “intent” to execute the RPA. It would also constitute deceptive conduct.

79. For example, one salesman urged a senior citizen to use Acima to cover part of the cost of a sofa. The consumer never signed her name to an RPA and only saw the RPA after Acima registered it as executed. Acima’s records show that the consumer’s RPA was “signed” after Acima provided a four-digit code over the phone to someone. Acima’s process facilitates such situations by allowing someone other than the consumer to obtain the code and provide it as proof of signature.

80. Over 36,000 New York RPAs have been “signed” using a four-digit code that was provided over the phone since 2017.

**V. Acima's Rental-Purchase Agreements Misrepresent the Cost of Acima's Financing and Violate Statutory Price Caps.**

81. Article 11 requires RPAs to disclose key financial terms of the transaction, including a Price Disclosure Box that contains among other things the "Cash Price" of the items being purchased. *See* PPL § 501(7)(b)(1). The "Cash Price" is defined as the "Price of the merchandise described in the rental-purchase agreement that the consumer may pay in cash to the merchant at the inception of the rental-purchase agreement to acquire ownership of such merchandise." PPL § 500(2). Article 11 caps the total of payments that RPAs may charge on consumers over the course of the lease, excluding taxes and fees, at 2.25 times the Cash Price. PPL § 503(3).

82. Instead of disclosing the actual Cash Price of the merchandise in the Price Disclosure Box as mandated by PPL § 501(7)(b), Acima's RPAs display an "Acima Cash Price" which includes a markup that ranges from \$40 to \$100.

83. By applying the maximum multiplier of 2.25 to its inflated "Acima Cash Price" instead of the legally-defined Cash Price, Acima inflates the cash price and violates the price cap contained in PPL § 503(3).

84. Article 11 allows "merchants" to set the "Cash Price" at up to 2.15 times the "merchant's cost." *See* PPL § 503(2). Merchant is defined as "a person who, in the ordinary course of business, regularly leases, offers to lease, or acts as an agent for the leasing of merchandise under" an RPA. *See* § 500(5). Acima is a merchant under this definition, as is the retailer.<sup>1</sup>

85. Merchant's Cost is defined as:

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<sup>1</sup> Retailers are also "merchants" under Article 11 because they "act as agents for the leasing of merchandise under" RPAs. *See* PPL § 500(5).



“the documented actual cost, including actual freight charges, of the rental merchandise to the merchant from a wholesaler, distributor, supplier, or manufacturer and net of any discounts, rebates, and incentives that are vested and calculable as to a specific item of merchandise at the time the merchant accepts delivery of the merchandise.”

PPL § 500(11).

86. The plain language of the Merchant’s Cost provision makes clear that provision is intended to cover the costs to the *retailer* associated with the acquisition of the product – not what Acima paid to the retailer as part of its sham RPA. Acima does not pay freight charges, deal with wholesalers or distributors, or accept delivery of the merchandise it rents to consumers. But its retailers do. Allowing Acima to include an additional \$40-\$100 markup in the Cash Price would undermine the purpose of the provisions that cap prices. Moreover, that markup embedded in the Acima Cash Price is not in fact a cost to Acima – it sets the value of that markup and retains it as part of its compensation for the RPA agreement.

87. Further, replacing the Cash Price in the Price Disclosure Box with a higher figure and calling it an “Acima Cash Price” violates PPL § 501(7)(b).

#### **VI. Acima Fails to Offer an Early Payment Option as Required by Article 11.**

88. Article 11 requires merchants to provide an Early Purchase Option (EPO) at any point in the lease. Thus, PPL § 504(1) provides:

The consumer has the right to acquire ownership of the merchandise at any time by tendering to the merchant all past due payments and fees and an amount equal to the cash price stated in the rental-purchase agreement multiplied by a fraction that has as its numerator the number of periodic payments remaining under the agreement and that has as its denominator the total number of periodic payments. A consumer must affirmatively elect to exercise an early purchase option. In no event shall the consumer’s early purchase option be less than the amount of one periodic payment.

89. Acima offers two EPOs. Neither satisfies the requirements of PPL § 504(1).

90. The first EPO is only available for the first 90 days of the lease and has the consumer pay the Cash Price (the amount they could have bought the item for without financing) plus a “Markup” of up to \$100 and a “purchasing fee” of up to \$100. Acima heavily markets the first EPO to retailers – inaccurately, as described below – and about 41% of New York consumers exercise it.

91. The second EPO is available after the first 90 days of the lease and has the consumer pay a portion of what they would pay under the 12-month term (45% of the payments that remain, on top of the full amount owed up to the payment date).

92. Acima refers to the difference between the Total of Payments and the second EPO amount as a “discount.” About 13% of New York consumers exercise the second EPO. It does not satisfy PPL § 504(1) because its cost routinely exceeds the statute’s price cap.<sup>2</sup>

93. The first EPO fails to satisfy section 504 because, among other reasons, it is only available for 90 days, and the second EPO violates section 504’s maximum price cap.

#### **VII. Acima Fails to Disclose Prices.**

94. Article 11 requires that “merchants” like Acima publish the Price Disclosure Box in multiple locations, including on the merchandise itself, like a price tag (PPL § 501(7)(c)), and then “immediately above” the signature line on the RPA (PPL § 501(7)(b)(2)). But Acima fails to comply with this statutory requirement.

95. The Price Disclosure Box is required to describe terms of the lease such as Total of Payments, periodic payment amount and payment frequency. *See id.*

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<sup>2</sup> This appears to happen because Acima calculates the payoff amount using the “Acima Cash Price” instead of the actual cash price. Acima also uses a slightly different formula than the one prescribed by PPL § 504(1).

96. Acima does not affix Price Disclosure Boxes on merchandise and does not inform its retail partners of the law. Until May 2021, it did not even supply retailers with a Price Disclosure Box template. When it finally did, the template was included in a packet of marketing materials and Acima did not note that it was required by law.

97. Acima's retail partners generally do not affix Price Disclosure Boxes on merchandise, leaving consumers unaware of Acima's prices as they shop. In 2022, the NYAG visited 25 retailers that offered Acima financing; none affixed Price Disclosure Boxes to merchandise.

98. Nor does Acima properly disclose the Total of Payments in its RPAs. Article 11 requires the Price Disclosure Box to "appear immediately above the space reserved for the consumer's signature." PPL § 501(7)(b)(2). For years Acima did not place it there. Instead, it used that location to highlight the initial and periodic payments – much lower figures than the Total of Payments:

DATE: 10/30/2017		LEASE NUMBER: #140210	
Initial Payment	Renewal Payment Amount	Renewal Payment Frequency	Number of Renewal Payments
\$53.43	\$85.98	every-other-week	26

BY SIGNING THIS LEASE: (1) YOU ACKNOWLEDGE RECEIPT OF AN EXACT COPY OF THIS LEASE; AND (2) YOU AGREE TO ALL TERMS OF THIS LEASE, INCLUDING THE ARBITRATION PROVISION (¶14), AND THE EFT AUTHORIZATION (¶12).

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 Aaron Allred, Managing-Member, Acima Credit, LLC

99. At times Acima's technology allowed consumers to e-sign the RPA without seeing the Price Disclosure Box at all.

100. These failures to disclose prices violate Article 11 and deceive consumers.

### VIII. Acima Violates Article 11 by "Leasing" Services.

101. Article 11 limits RPAs to "merchandise," defined as "personal property." See PPL § 500(4) and (6).

102. Indeed, “leasing” services, which cannot be returned once performed, is fundamentally inconsistent with the entire notion of a lease.

103. Acima routinely uses RPAs to finance services such as automobile repairs and furniture delivery.

**IX. Acima Fails to Name the Retailer on the RPAs, in Violation of Article 11.**

104. Article 11 requires RPAs to disclose the name of the “merchant” and “the merchant’s business address and telephone number[.]” PPL § 501(7)(a)(1).

105. Both Acima and the retailer are “merchants” under Article 11: “a person who, in the ordinary course of business, regularly leases, offers to lease, or acts as an agent for the leasing of merchandise under a rental-purchase agreement.” PPL § 500(5).

106. The RPAs describe the “lessor/owner” of the merchandise as Acima Digital, LLC. Since 2017, the RPAs have not recorded the name, address, or phone number of the retailer.

**X. Acima Fails to Train Retailers and Incentivizes Them to Deceive Consumers.**

107. Rather than disclose lease terms as required by law, Acima relies instead on under-trained, unaccountable retail employees to inform consumers of the terms of their financing.

108. As discussed above, Acima’s consumer-facing marketing material is misleading and fails to disclose material information about the transactions. If consumers have questions while filling out an application or e-signing an RPA, the person in front of them is an employee of the retailer and Acima expects that employee to explain it.

109. Acima assures retailers that its 15-page RPAs are “easy to explain and even easier to sell.” It encourages retailers to “focus on selling, not finance agreements.”

110. Acima's contracts with retailers state that Acima will provide training to them that is "sufficient for [the retailer] and [its] employees to correctly present and submit applications for approval by Acima." Notably, Acima does not promise to train retailers on how to present information *to the consumer*.

111. Acima provides retailers with a 7-minute retailer training video focused on the mechanics of using Acima's platform. It promises to help retailers make the consumer's application and signing process "as fast and easy as possible." *Id.* Acima does little else to ensure that retailers understand the RPAs – let alone retailers' frontline employees.

112. Acima incentivizes retailers to stay quiet about its high prices. Until at least 2020, Acima paid retailers "spiffs" (a form of commission or bonus) for each RPA signed. These payments ranged from \$10 to \$30 per RPA, depending on the deal struck with the retailer. Acima also offered volume-based "rebates" to certain retailers of up to 5%.

113. Acima undermines the ability of retailers to provide accurate information to consumers by providing inaccurate information to the retailers. For example, its emails to retailers falsely describe the cost of the first EPO (compared to buying directly from the retailer) as \$40 to \$50 paid at the point of sale; but the real cost above the sticker price can range up to \$180 because it tacks on the Markup and a fee for closing the lease.

114. Acima also downplays the cost that consumers pay by claiming to retailers that "over 50%" of consumers exercise the first EPO. In fact Acima's internal records show that the rate is around 40%.

115. Acima is well aware that consumers receive misleading or confusing information from their retail partners.

116. In the words of one Acima customer service supervisor discussing consumers' interactions with retailers, "misinformation/miscommunications happen ALL the time."

117. Acima's customer service representatives regularly receive complaints from consumers that retailers misinformed them.

- Acima responded to a consumer who said the retailer had misinformed her: "I understand that people do obviously try to go off of the word of, you know word of mouth of other people. Which can sometimes get you in a bind because people aren't -- don't always have the right intentions, you know."
- A consumer reported that a retailer led her to believe the RPA was for 90 days with "no interest rate." Acima responded: "Yeah, I understand. And -- and that is how they do try to present it and -- and they do try to just basically only show you know, 90 days, no interest."
- Acima told a consumer she would pay a markup and early buyout fee if she paid her lease within 90 days, because she had signed a 12-month lease. She responded: "No I didn't sign no 12 month lease. The [retailer] told me to call and tell you what I wanted. He told me not to do this 12 month lease. I'm not doing the 12 month lease. I'm doing the 30 day zero -- I mean same as cash. That's what I want, 30 day same as cash."

118. Acima has failed to take any meaningful actions to prevent or address these misrepresentations by their retailers, as the following examples show.

119. One Acima manager wrote about a retailer accused of misleading a consumer, "Not sure what we can coach this merchant on other than referring customer to Acima if the customer has detailed questions[.]"

120. Similarly, an Acima customer service supervisor wrote the following about a consumer's complaint, "we cannot regulate the information provided verbally [by retailers] in the sales transaction[.]"

121. When Acima employees discuss consumer complaints about retailers, Acima focuses on the metrics about the retailer's leases, i.e., how valuable the retailer is to Acima's

bottom line. According to its former CEO, “we consider the severity of the sin vs the performance of the merchant's leases vs the volume from the merchant[.]”

122. Acima maintained an “error tracker” to improve its operations but shut it down as to retailers by 2022 (though some Acima customer service representatives have continued to placate wronged consumers by promising to submit a report to the error tracker).

123. Acima foments a corporate culture that is antagonistic toward consumers and solicitous of retailers (at least if they are generating profit for Acima). For example, in October 2019 a “processor” reported to her higher-ups that she cancelled a new lease at the request of a New York consumer because she did not have a job, the retailer had filled out the application for her, and “it looks like someone at the store was being dishonest with the customer giving them misleading information.” The regional vice president of sales rebuked her:

“This merchant is a 5-star merchant<sup>3</sup> who has given Acima well over \$1 million dollars worth of leases out of one location. It’s quite possible that a store associate may have mislead [sic] the consumer into lying, but the applicant ultimately signed the lease knowing that they don’t have a job AND then took the merchandise! The consumer behaved much more fraudulently here, even if the store associate was in on it. ... A 5-star merchant who has given Acima millions of dollars worth of business and who happens to be part of a 50+ store chain, deserves the benefit of the doubt.”

124. Even where Acima knows a retailer is engaged in fraud, Acima has no policy for reimbursing wronged consumers or taking complaints about the retailer more seriously – and in fact it still treats the retailer as more credible than the consumer.

125. In 2021 a Bronx retailer represented itself to Acima as a MetroPCS store, but was actually selling motorbikes. Acima internally acknowledged based on this misrepresentation that the retailer was engaged in “fraudulent activity.” But even after deactivating the retailer for that

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<sup>3</sup> This is a reference to Acima’s internal retailer rating system; 5-star retailers are not new to Acima and “have higher productivity ratings[.]”

reason, Acima refused to believe the consumer who said the retailer was lying about a return (she had returned a motorbike to the retailer; the retailer told Acima she had not). Acima continued debiting the consumer's bank account and asking the retailer for its side of the story. The consumer ultimately closed her bank account to avoid Acima's auto-debits.

#### **XI. Acima Debits Consumers' Accounts Without Authorization.**

126. While the RPAs force consumers to authorize electronic fund transfers (EFTs), they also grant consumers the right to revoke authorization. Federal law also guarantees consumers the right to stop payment of a preauthorized EFT. *See* 15 USCA § 1693e(a). But Acima violates this right repeatedly and persistently.

127. The RPAs state:

“You may terminate this authorization to initiate EFTs and to charge the card [that the consumer provided upon enrollment]. ... We will honor your termination or modification request if you contact us by phone at (801) 297-1920, or in writing at PO Box 1667, Draper, UT 84020, in time for us to receive your request at least 3 business days before the payment is scheduled to be made or far enough in advance for us to reasonably act on it.”

128. Despite the RPA's representations, Acima discourages its call representatives from respecting consumers' right to revoke authorization and has done so at least since 2017: “WE DO NOT TURN OFF APAY,” Acima emailed call representatives in December 2017 (“apay” refers to auto-pay, or automatic EFTs). The instructions concluded, “We will ONLY turn off apay when a customer says they REVOKE authorization.”

129. In 2018, Acima emailed call representatives again: “We need you guys to try to avoid removing Apay by providing other options to the customer.” The other options included changing their payment frequency or payment method. The instructions concluded, “if they are demanding to remove Apay after providing them those options, We must remove Apay. Please



Slack [message the Customer Service] channel with what you have offer[ed] to avoid Apay and request a Team Lead to Turn it off.”

130. In other words, call representatives cannot unilaterally honor consumers’ revocations; they must ask the “Team Lead” to intervene, and they have to justify the request by showing they offered other options not requested by the consumer.

131. In 2019, Acima emailed collections employees about how to mislead consumers and dissuade them from revoking consent:

“If a customer is requesting that [apay] be turned off, there are some talk offs to try to avoid that. However, we are not able to tell the customer that we can't turn off Apay. For example, if a customer requests for the automatic payments be turned off. An appropriate response would be ‘Per your lease agreement, you are required to have automatic payments. I would be able to change your due date if we are pulling on a wrong day.’ See why the customer needs Apay to be turned off and try to resolve the issue, if the issue can not be resolved and the customer continues to request it to be turned off, then put a request in the Collections Chat. Once Apay is turned off, it makes it really hard to set up [payment plans for consumers who have fallen behind] and make[s] our lives harder, so please try to reasonably avoid it.”

132. In 2021 Acima reiterated its instructions to call representatives about apay, adding: “NEVER NEVER NEVER offer to turn off APAY, EVER.”

133. In practice, Acima is rapacious about debiting consumers’ accounts. Its call agents ignore or lie to consumers who beg them to turn off apay.

134. For example, one consumer requested that her payment schedule be changed from biweekly to monthly; an Acima call agent told her she would do that. But Acima continued debiting the account multiple times per month despite her having revoked authorization to do so. Later a different call agent accused this consumer of hanging up on that earlier call, which was false.

135. On January 29, 2020, a consumer revoked EFT authorization *in writing*. On February 23, 2020, she reported to Acima that it had taken three more payments from her since her written revocation.

136. Because Acima refuses to respect consumers' right to revoke authorization for EFTs, consumers have incurred hundreds of dollars of overdraft fees from their banks, changed banks, shut down credit cards, and endured verbal abuse from Acima's call agents.

## **XII. Acima Misrepresents the Effect on Consumers' Credit Scores of Applying for Credit.**

137. Acima's website tells consumers that its application "won't harm your credit." But that is not true, and Acima knows it.

138. "If customers are out credit shopping they are going to experience a decrease in approval amounts. This is the way assessing risk in consumer finance works," according to Acima's former CEO.

139. In the words of a customer service manager, "I would always suggest customers who are in the process of buying a home not apply with us as we do know what the lenders look for, and we do pull a soft inquiry on all applications." She noted this after a consumer's mortgage loan pre-approval was withdrawn because he had applied for Acima – on the advice of a retailer who had promised, consistent with Acima's marketing, that the application would not harm his credit.

## **XIII. Acima Helps Retailers Charge Deceptive "Down Payments."**

140. "Down payments" are a common feature of some financial instruments, like loans. Acima's acceptance of retailers charging and collecting down payments contributes to the misleading impression that Acima is providing consumers a loan to purchase the product.

Moreover, a down payment is fundamentally inconsistent with an RTO. A consumer who made a

down payment and then exercised their right to terminate the RTO and return the product at a later date would pay more overall than they would in a true RTO because they would not be entitled to get any of the down payment back. Acima does not have a policy of refunding down payments to consumers who exercise their right to terminate.

141. Consider a hypothetical consumer who wants a \$1,000 couch. If they give the retailer \$500 as a “down payment” and finance the rest under an Acima RPA, they now effectively own half the couch and are renting the other half (if the RPA is construed as Acima claims it should be, as an RPA and not a loan).

142. If the RPA has a 100% annualized interest rate and the consumer exercises their right to terminate the RPA after four months, they will have paid Acima \$833. If they had made no “down payment,” they would have paid only \$667.

143. Yet despite being inconsistent with an RTO, Acima encourages down payments, telling retailers that “having additional down payment options for customers will help drive more business into” their stores. Acima has trained its staff to tell retailers: “you as the merchant do make the decision on if the customer is going to be making an additional down payment to you.”

144. Acima has known that it should not accept down payments at least since August 2018. As one manager put it to her subordinates, “The reason is that a down payment creates shared ownership of the property, which can create issues down the line if the customer opts to return the merchandise.”

145. In the same email, the manager instructed her staff on how to destroy evidence of a down payment. If a retailer sent an invoice to Acima that reflected one, they were to call the retailer and ask it to “send us an updated invoice with no down payment.” The new invoice should reflect a lower (fake) price. For example: “We receive an invoice for \$1,100 on a \$800

lease, the description is for a fridge ... If they send in an invoice for a fridge with a cost of \$800 and no down payment, you can accept the invoice.”

**XIV. Acima Charges Consumers for Merchandise that Is Damaged or Never Delivered.**

146. Many of the items Acima finances, such as furniture, are not turned over to consumers at the time of signing but rather are delivered to their homes at a later date. Acima requires consumers to affirm the items’ condition before the consumers have actually received them. When consumers notify Acima of problems (including merchandise delivered damaged and never receiving the items at all), Acima defers to retailers and makes consumers pay.

147. By the terms of its RPAs, Acima is supposed to start charging the consumer “rent” “no sooner than seven days after your delivery date.” This practice comports with the idea that rental payments are for use of an item. (PPL § 502 allows consumers to cancel an RPA before taking possession.)

148. But as a matter of internal policy, Acima begins charging consumers rent for their entire order as long as 75% of it has been delivered.

149. Retailers routinely require consumers to sign RPAs in the store, before they have taken possession of or inspected the goods.

150. The RPA states:

“You understand the Property may be new or used. ... If you notice any damages to the Property ... you agree to inform us of the damages before signing ... By signing this Agreement, you agree that you are satisfied with the condition of the Property and that no other damages exist other than those disclosed by us as follows: \_\_\_\_\_”

The retailer is to fill in the “other damages.”

151. Despite language in the RPA indicating that the leased property may be used or new, retailers typically claim (by inputting the information elsewhere on the RPA) that the merchandise is “new.” Acima knows this is often inaccurate. In a document emailed to the Acima CEO, one employee explained:

“We have several merchants that sell used or slightly damaged goods, and I have only every [sic] read one lease agreement where the damage was documented. When a customer calls and states merchandise was damaged, we currently refer to the Signed Receipt of Goods and quote where they signed that merchandise was NOT damaged.”

152. However, there is no actual “Receipt of Goods.” The “Receipt of Goods” to which the note refers is just the RPA itself.

153. Acima does not terminate retailers for repeatedly delivering damaged merchandise.

154. If a retailer refuses to accept damaged merchandise as a return, Acima trains its employees to offer a “settlement” to the consumer, i.e., encourage them to buy the merchandise at an amount lower than the Total of Payments. It does not train its agents to allow a lease termination in the event of merchandise that was “Damaged Upon/Before Delivery,” instead directing them to offer two options to the consumer: exchanging it with the retailer or paying Acima for a settlement.

155. If a consumer accepts Acima’s “settlement” by buying the damaged merchandise, Acima refuses to do business with the consumer again.

156. Acima has also long known that retailers often claim to have delivered merchandise when in fact they did not, and report incorrect delivery dates.

157. In 2017, when Acima was still a relatively small operation, its director of operations noted that in the previous two months, retailers had lied about delivery 31 times.

“Many times these customers do not receive their merchandise for weeks or more than a month after the merchant confirms delivery.”

158. The problem has persisted over the years. In one early, undated internal manual, Acima stated:

“We know this is common practice with many merchants and we expect that regardless of training and or instructions to do otherwise, these merchants will continue to submit [Receipts of Goods] for undelivered merchandise.”

159. When the retailer makes misrepresentations to Acima about delivering merchandise, Acima puts the burden on the consumer to convince Acima not to charge them. If the consumer has any portion of their merchandise, Acima ignores them. If the consumer says they have not received *any* items from their order, then Acima asks the retailer for its side of the story. If the retailer claims it did deliver the merchandise, then the training manual advises Acima employees: “Customer is responsible to continue forward with the lease. No action taken by the agent (would be a dispute between the merchant and customer).”

**XV. Acima Refuses to Repair Merchandise Despite Its Legal and Contractual Obligation to Do So.**

160. Article 11 requires merchants to “maintain” the property it rents “in good working order.” PPL § 504-b(1). The statute is clear: “By the end of the second day on which the merchant receives notice from the consumer that the property is not operating properly, the merchant shall repair or replace the property without any fee to the consumer[.]” PPL § 504-b(2).

161. Acima’s RPAs promise repair and replacement service:

“During the term of this Agreement, we will maintain the Property in good working order without charging any fee ... If a repair or replacement cannot be immediately affected, we will temporarily substitute property of comparable quality and condition while repairs are being effected. If repairs cannot be completed to your reasonable satisfaction within 30 days

after we receive notice from you ... we will permanently replace the Property.”

162. In fact, Acima does not perform maintenance and does not replace defective merchandise. When consumers report that their merchandise is defective, Acima responds in one of the following ways, none of which comply with Article 11:

163. Acima falsely instructs the consumer that “it is their responsibility to maintain the merchandise in good repair. Acima is not responsible for the damage[.]”

164. Acima instructs the consumer to ask the retailer for an exchange.

165. Acima offers the consumer the option of terminating the RPA by paying a settlement.

166. Acima refers them to “Resolutions,” the division that handles – and discourages – returns. Resolutions employees are instructed: “Agents will first urge customers to remain on a payment schedule or attempt to arrange a payment plan allowing customers to keep merchandise.” Resolutions then initiates its evasive and dilatory “returns” process as described above.

167. If the consumer reports the item was *delivered* defective, Acima points to the RPA they signed which, as noted above, forces consumers to confirm the condition of the merchandise before it is delivered and fails to comply with the requirements of the PPL.

168. In 2021 Acima added a “Liability Damage Waiver” (LDW) to its RPAs that states:

In your lease purchase agreement, you agreed to pay Acima the cost to repair or replace the property if it is damaged or if someone steals it. You can pass most of this duty back to Acima by paying a small fee with each lease purchase payment. If you buy LDW, you will not have to pay Acima anything if the property is damaged by natural disaster, fire or smoke, or if someone steals it.

169. This LDW provision not only violates the Personal Property Law which places the onus on Acima to maintain and repair and replace damaged property but also contradicts the RPA itself, which guarantees free maintenance. And although Acima prices the LDW at \$0.00, it gives consumers the option of rejecting it – which at least some do, under the text “I accept the risk that I will have to pay the cost to repair or replace the property if it is damaged or if someone steals it.” In other words, Acima deceives consumers into signing away the rights the RPA and the law give them.

170. Acima’s LDW process reveals that it does not have any system in place for repairing or replacing merchandise. When a consumer reports that an item is defective and wants to exercise the LDW, Acima’s response is basically the same as when a consumer wants to return it.

171. Consumers who accept the LDW do not receive the services promised. Acima simply rejects their requests for repair or replacement.

**XVI. Acima Fabricates “Processing” Delays that Frustrate Consumers and Harvest Fees for Acima.**

172. Acima frustrates consumers who are trying to make a payment, change account information or a payment method, or enroll in an EPO by providing false excuses that Acima cannot implement the requested action because the consumer has a “payment processing” or Acima is “finalizing” their RPA.

173. Consumers who contact Acima to change their account information, make a payment, or enroll in the first EPO are frequently told to call back another time because they have a “payment processing.” There is no reason for Acima to refuse to process these requests due to a pending payment, and the delay often costs consumers fees and makes them miss the first EPO deadline.



174. Transferring funds from consumers' bank accounts via the ACH network is cheaper for Acima than processing credit card payments. Acima thus makes ACH the default method and deceives consumers about their ability to change payment methods.

175. Consumers sometimes want to change their payment details because, for example, their bank account lacks sufficient funds for an upcoming periodic payment, but they have a credit card that would cover it. Acima claims it "need[s] notice of at least three business days" before a due date to make the change. It does not; the refusal to allow changes closer to the due date is Acima's choice. This choice rakes in fees when the consumer's payment fails: returned payments yield \$20 each, and late fees range from \$3 to 10% of the payment amount. New York consumers have paid Acima over \$2 million in such fees.

176. While a payment is "processing," Acima refuses to allow consumers to make changes to their account, including to their payment method and payment plan. A consumer who calls Acima in the first ninety days in the hopes of enrolling in the first EPO will be turned away if they are within up to 10 days of a periodic payment date. Likewise, consumers must change their payment method well ahead of the next periodic payment date.

177. Acima also claims to consumers that ACH payments take between three and ten days to "process." In fact, Acima can see that the funds left the consumer's bank account the day after Acima initiates the transfer (which it did the day before a due date). The money is released to Acima within three business days after that.

178. Periodic payment dates can be as frequent as every seven days, meaning that some consumers can never be sure that when they call Acima, Acima will be willing to make changes to their account.

179. Acima's alleged ACH processing delays caused at least one consumer to miss her first EPO deadline – despite Acima assuring her that she would not. She only got Acima to fix its mistake by posting a negative review on TrustPilot.

180. Acima also refuses to enroll consumers in the first EPO if it is still “finalizing” the RPA. This process can extend for weeks after the consumer signed the RPA. As with the “payment processing” rejections, consumers have to hang up and call Acima again at a later date.

181. Once a consumer enrolls in the first EPO, they have to make every payment or else be ejected from that payment plan and returned to the expensive 12-month plan.

182. Acima does not notify consumers that they have been ejected from the first EPO, instead reverting without notice to the original 12-month payment schedule. This can lead consumers to miss the deadline for payments, because the payments are not automatically taken from their accounts.

#### **XVII. Acima Misleads Consumers About Returns and Obstructs Their Right to Terminate.**

183. Referring to leased merchandise, the RPAs state “You may return the Property at any time with no obligation or penalty.”

184. According to Acima's homepage, its consumers enjoy “Hassle-Free Returns”: “If you no longer want to keep an item, you have the option to return it in good condition with no further obligation.”

185. In conversations with consumers who are upset and surprised by the high cost of the RPA they are enrolled in, Acima says, “you can return the property to us and terminate the lease without penalty.”

186. In fact, some of the merchandise covered by Acima's RPAs includes items that cannot be returned such as wheels and tires.

187. Moreover, Acima almost never processes returns even for other types of merchandise. For many items, the company has a blanket policy of not accepting returns at all, for example with respect to mattresses. For others, it places illegal fees or obstacles in the way of exercising the consumers statutory and contractual right to return. Its return rate, according to its own records, is between 0.11% and 0.17%.

188. Privately, Acima has referred to returns as “the curse of retail.” It cannot make money off of many items returned to it because, according to its CEO, a “used mattress is worthless in many states” and “[m]ost of the jewelry we lease is garbage[.]” As an accounting matter, at least until the Rent-A-Center acquisition, Acima treated returned items as having no residual value. So Acima confronts consumers who wish to return items with runaround, fees, misdirection, and punishment.

189. During the first thirty days of the RPA term, Acima tells consumers to try to return their items to the retailer. “THE CUSTOMER AND MERCHANT CAN WORK SHIT OUT ON THEIR OWN,” according to one executive. “WE ARENT DR FUCKING PHILL [sic].”

190. Even after that period, call representatives direct the consumer to try the retailer. According to a supervisor, “Merchants are under no obligation to take returns from the customer, but we recommend that they ask the store first before initiating a return through Acima.”

191. If the retailer rejects the return and the consumer still insists on returning the merchandise, Acima agents “first urge [them] to remain on a payment schedule or attempt to arrange a payment plan allowing customers to keep merchandise.” Acima might offer an expensive “settlement” price at less than the Total of Payments that is still more than the consumer would pay if they returned the merchandise.

192. If consumers still refuse to buy the merchandise, Acima requires them to submit photographs of it. The email with instructions about the photographs can take up to two days to arrive. Acima sometimes loses the photographs or rejects them for picayune reasons (e.g., a pillow on top of a mattress), drawing out the process for the consumer. For example, after one New Yorker sent in 12 photographs of a mattress and bed frame, Acima demanded that she also photograph the pillows that came with the order.

193. Acima tells its employees that the reason for the photographs is “to locate a place to take the leased property.”

194. Acima tells consumers that “Acima’s policy is to have photos of all merchandise so we can verify the condition of the merchandise.”

195. When demanding photographs from consumers, Acima refers to a “pickup team” that will be booked once the consumer complies.

196. For years the “pickup process” was illusory, as Acima’s third-party contractors often rejected pickups. In February 2018 Acima cut ties with them, and then for years Acima again had no “pickup process” at all.

197. During those years Acima continued referring to pickups in communications with consumers. The closest it came to coming clean was telling consumers, after they had submitted photographs: “Unfortunately, we don’t have a pickup team in your area.”

198. In April 2021 Acima stopped referring to pickup teams. It still maintains exacting standards for merchandise photographs.

199. Since at least as far back as March 2017, Acima has denied pickup for mattresses across the board. But it forbids its customer service employees from telling consumers the truth

about mattress “returns,” demanding on the contrary that they require consumers to submit pictures of the mattresses as though they would be picked up.

200. For example, in 2020 when one New York consumer complained that her mattress was delivered infested with bedbugs, Acima promised her by phone that it would pick up the mattress if she sent in photos. Later the consumer received an email denying pickup – and telling her that her only “option” was to pay a “settlement” of \$330 to Acima. Acima would not help her get rid of the infested mattress.

201. In late 2022 and early 2023, Acima repeatedly refused to take back a consumer’s waterbed. On one phone call Acima explained it could not do so because the consumer lived in New York.

202. In other cases, after telling consumers that it cannot pick up their merchandise, Acima presents them with the option to avoid further payments by donating the items to a charity. Acima makes no exception for items that charities do not want, or for consumers who cannot transport the item. If the consumer does not donate the items within two weeks, then Acima charges them for the time that elapsed since they started trying to return the items (including time during which Acima reviewed photographs, played phone tag with the consumer, and so on).

203. To exercise the donation option, consumer must first pay Acima all past-due amounts.

204. The RPA requires that consumers make their return request by phone or postal mail, and Acima enforces that provision – requiring consumers to spend yet more time on the phone after trying to communicate by email.

205. Acima allows some consumers to ship small items to it at the consumer's expense. This option is not consistently written into its official policy, and therefore may be overlooked by its customer service representatives when presenting termination options.

206. Until at least 2017, Acima required that consumers make 60 days' worth of payments before returning merchandise, even if they had signed the RPA that day.

207. Even though the RPA entitles consumers to return merchandise, Acima bans consumers who exercise the right of return from using their service again.

### **XVIII. Acima Makes False Threats to Struggling Consumers.**

208. GBL § 601(7) bars creditors from "[t]hreaten[ing] any action which [it] in the usual course of his business does not in fact take[.]"

209. About 28% of consumers default<sup>4</sup> on the RPAs – over 34,000 New Yorkers by mid-2021. This suggests that Acima's miniscule return rate might be this high if it let consumers in distress easily return items, as required by Article 11.

210. Because of high periodic payments and fees, Acima profits off many of them.

211. Nevertheless, Acima tries to squeeze more money from consumers who default.

212. Acima emails these consumers offers to "settle" their accounts. Among other inducements, the email promises "You may keep the rental property[.]" It continues, "if you reject this offer, we will be forced to continue all lawful efforts to collect and/or repossess the property[.]"

213. To consumers who fell behind more recently than 180 days, Acima has sent an email that concludes: "Unless we hear from you, we will be forced to execute the terms of the [RPA] which may include repossession of the leased merchandise."

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<sup>4</sup> Acima defines "default" as being at least 120 days past due and not having made a payment in 60 days.

214. Acima does not repossess property.

215. Acima has also routinely emailed consumers with past-due accounts: “your account has been forwarded to the LEGAL TEAM. They will review the status of your PAST DUE account and may consider starting COURT ACTION.”

216. Acima does not sue consumers in the usual course of its business.

**XIX. Acima Misrepresents that Its Transactions Do Not Create Debt.**

217. Acima falsely represents that its transactions do not create debt.

218. Acima’s homepage promises: “Get the things you want without ... increasing your debt.”

219. But Acima creates an obligation that is debt and is treated by Acima as debt despite its false representations to the contrary.

220. First, Acima has reported Total of Payments to credit ratings agencies as the amount owed, even before the consumer has possessed the merchandise for the full 12-month term.

221. Second, when consumers miss a payment, Acima acts like a debt collector: it calls the consumers, sends them threatening emails, and makes negative reports to credit rating agencies.

222. Third, as discussed below, Acima’s RPAs are credit transactions and loans, which by their nature impose debt on the borrower.

**XX. Acima’s Transactions Are Usurious Loans.**

223. Although Acima represents that its transactions are RPAs or leases and “not a loan, credit or financing,” this is not the case. In fact, Acima is lending money to consumers by advancing funds to retailers on their behalf – and doing so at illegal usurious rates.

224. “When determining whether a transaction is a loan, substance – not form – controls[.]” *Adar Bays, LLC v GeneSYS ID, Inc.*, 37 N.Y.3d 320, 334 (2021). To make a determination as to whether a transaction is in fact a loan, “courts look not to [the transaction’s] form but to its substance or real character.” *Blue Wolf Capital Fund II, L.P. v. Am. Stevedoring Inc.*, 105 A.D.3d 178, 183 (1st Dep’t 2013). In the case of Acima’s RPAs, the transaction is in substance a loan, as evidenced by a number of factors.

225. Acima’s first CEO, Aaron Allred, described RPAs to colleagues as loans. “The voice of the company should communicate [...] When no one else will give you a loan, we will.” While Acima’s advertising shifted slightly over the years, as discussed above, its practice of lending money in the format of purported RPAs did not.

226. Acima decides whether to approve a consumer for an RPA, and the amount of the approval, based on factors such as the consumer’s income and banking history. In other words, Acima engages in underwriting. Underwriting is a hallmark of lending.

227. The RPA by its terms places consumers into a “lease” during which consumers make periodic payments, or “pay rent,” on a recurring basis for 12 months. The amount they will pay over that time is the “Total of Payments.” Throughout the life of the RPA, Acima refers to this amount less any payments made as the “full lease balance” or “full contract balance.” Leases – because the product can always be returned – do not have balances; loans do.

228. If Acima were truly leasing merchandise, then it would only charge consumers for one rental period at a time. But instead it represents that consumers owe the full 12-month Total of Payments from the outset, as though the consumer were paying off a loan. For example, Acima repeatedly represents to consumers that they owe the “full lease amount,” referring to the



Total of Payments. And Acima has reported the Total of Payments, less an initial payment, to credit bureaus as the “original balance.”

229. In addition, Acima’s transactions meet the other indicia of loans. Acima engages in underwriting, advances funds with the expectation of being repaid, charges consumers for that service (“rental fees”), treats the consumer like a debtor, and eschews the obligations of a lessor such as the Article 11 requirement that it maintain merchandise.

230. As discussed above, Acima’s transactions are not true “leases” or “rentals.” Leases are distinguished from other forms of financing by their terminability, i.e., the consumer’s ability to return an item.<sup>5</sup> But, as described above, Acima systematically obstructs consumers’ efforts to return items such that, in practice, consumers do not have a meaningful ability to return items.

231. Acima’s RPAs also are not leases because Acima finances items that cannot possibly be returned, like auto repairs and delivery service.

232. Finally, Acima’s RPAs are not leases because they do not abide by Article 11. As described above, they fail to provide required disclosures, violate price caps, and do not comply with provisions regarding early purchase options.

233. Because Acima’s transactions are not leases but rather loans, all “rental fees” that it charges must therefore be considered interest. *See Blue Wolf Capital Fund II, L.P. v. Am. Stevedoring Inc.*, 105 A.D.3d 178, 183 (1st Dep’t 2013), citing *Band Realty Co. v. North Brewster, Inc.*, 37 N.Y.2d 460, 462 (1975).

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<sup>5</sup> See UCC § 1-203(b) (not a lease if agreement is “not subject to termination by the lessee”); 12 C.F.R. § 226.2(a)(16) (lease subject to Truth in Lending Act’s credit sale provisions “unless terminable without penalty at any time by the consumer”); PPL § 500(6) (to be considered an RTO contract, agreement must have “an initial period of four months or less”).

234. The legal “rate of interest ... upon the loan ... of any money [or] goods” is 16% per annum. *See* GOL § 5-501(1), referring to Banking Law § 14-a. It is illegal usury to “directly or indirectly, charge, take or receive any money” exceeding that rate. Such contracts are void and the court must declare them cancelled. GOL § 5-511.

235. Acima’s RPAs impose interest at rates over 100% per annum. For example, a representative RPA from 2022 imposed an APR of 125%, turning a \$1,549.00 waterbed into a \$3,485.25 expenditure over the course of a year.

236. The RPAs are therefore usurious.

**FIRST CAUSE OF ACTION**  
**PURSUANT TO EXECUTIVE LAW § 63(12)**  
**FRAUD**

237. The NYAG repeats and re-alleges paragraphs 1 through 236 as if fully set forth herein.

238. Executive Law § 63(12) defines “fraud” or “fraudulent” to include “any device, scheme, or artifice to defraud and any deception, misrepresentation, concealment, suppression, false pretense, false promise or unconscionable contractual provisions.”

239. As set forth in paragraphs 1 through 236, Acima has engaged in repeated and persistent fraudulent conduct by including but not limited to: 1) deceptively advertising its products and services; 2) deceptively representing the nature and cost of the financing provided; 3) misleading consumers as to their legal rights and obligations; 4) failing to make legally-required disclosures to consumers; 5) debiting consumers’ financial accounts after consumers have revoked authorization to do so; 6) misrepresenting the effect on consumers’ credit scores of applying for its financing; 7) facilitating deceptive “down payment” charges by retailers; 8) charging consumers for merchandise that is damaged or was never delivered to them; 9) refusing

to repair merchandise despite its legal and contractual obligation to do so; 10) fabricating costly “processing” delays; 11) deceiving consumers about their right to return merchandise; 12) making false threats against consumers in the course of debt collection; and 13) misrepresenting that it can help consumers improve their credit.

**SECOND CAUSE OF ACTION**  
**PURSUANT TO EXECUTIVE LAW § 63(12)**  
**VIOLATION OF GBL § 349**

240. The NYAG repeats and re-alleges paragraphs 1 through 236 as if fully set forth herein.

241. Executive Law 63(12) authorizes the NYAG to bring an action to enjoin repeated illegal acts or persistent illegality in the carrying on, conducting, or transaction of business.

242. GBL, Article 22-A, § 349 prohibits deceptive acts and practices in the conduct of any business, trade, or commerce in the State of New York.

243. As set forth in paragraphs 1 through 236, Acima has repeatedly violated GBL § 349 by engaging in deceptive acts and practices, including but not limited to: 1) deceptively advertising its products and services; 2) deceptively representing the nature and cost of the financing provided; 3) misleading consumers as to their legal rights and obligations; 4) failing to make legally-required disclosures to consumers; 5) debiting consumers’ financial accounts after they have revoked authorization to do so; 6) misrepresenting the effect on consumers’ credit scores of applying for its financing; 7) facilitating deceptive “down payment” charges by retailers; 8) charging consumers for merchandise that is damaged or was never delivered to them; 9) refusing to repair merchandise despite its legal and contractual obligation to do so; 10) fabricating costly “processing” delays; 11) deceiving consumers about their right to return

merchandise; 12) making false threats against consumers in the course of debt collection; and 13) misrepresenting that it can help consumers improve their credit.

244. By reason of the foregoing, Acima has engaged in repeated and persistent illegal conduct in violation of Executive Law § 63(12).

**THIRD CAUSE OF ACTION**  
**PURSUANT TO EXECUTIVE LAW § 63(12)**  
**VIOLATION OF GBL § 350**

245. The NYAG repeats and re-alleges paragraphs 1 through 236 as if fully set forth herein.

246. Executive Law 63(12) authorizes the NYAG to bring an action to enjoin repeated illegal acts or persistent illegality in the carrying on, conducting, or transaction of business.

247. GBL, Article 22-A, § 350 prohibits false advertising in the conduct of business, trade, or commerce in the state of New York.

248. As set forth in paragraphs 1 through 236, Acima has repeatedly violated GBL § 350 by engaging in advertising, including but not limited to 1) deceptively advertising its products and services; 2) deceptively representing the nature and cost of the financing provided; 3) failing to make legally-required disclosures to consumers; 4) misrepresenting the effect on consumers' credit scores of applying for its financing; 5) deceiving consumers about their right to return merchandise; and 6) misrepresenting that it can help consumers improve their credit.

249. By reason of the foregoing, Acima has engaged in repeated and persistent illegal conduct in violation of Executive Law § 63(12).

**FOURTH CAUSE OF ACTION**  
**PURSUANT TO EXECUTIVE LAW § 63(12)**  
**VIOLATION OF GBL § 601**

250. The NYAG repeats and re-alleges paragraphs 1 through 236 as if fully set forth herein.

251. Executive Law 63(12) authorizes the NYAG to bring an action to enjoin repeated illegal acts or persistent illegality in the carrying on, conducting, or transaction of business.

252. GBL, Article 29-H, § 600, defines “principal creditor” as any “person, firm, corporation or organization to whom a consumer claim is owed, due or asserted to be due or owed, or any assignee for value of said person, firm, corporation or organization.”

253. As set forth in paragraphs 208 through 216, Acima is a principal creditor as defined in GBL § 600.

254. GBL § 601(7) prohibits principal creditors from “threaten[ing] any action which the principal creditor in the usual course of his business does not in fact take.”

255. As set forth in paragraphs 208- 216, Acima threatens repossession or legal action when it does not engage in either practice in the usual course of its business.

256. By reason of the foregoing, Acima has engaged in repeated and persistent illegal conduct in violation of Executive Law § 63(12).

**FIFTH CAUSE OF ACTION**  
**PURSUANT TO EXECUTIVE LAW § 63(12)**  
**VIOLATION OF NEW YORK GENERAL OBLIGATIONS LAW 5-501 AND NEW**  
**YORK PENAL LAW 190.40**

257. The NYAG repeats and re-alleges paragraphs 1 through 236 as if fully set forth herein.

258. Executive Law 63(12) authorizes the NYAG to bring an action to enjoin repeated illegal acts or persistent illegality in the carrying on, conducting, or transaction of business.

259. New York General Obligation Law 5-501 makes it unlawful to collect interest on loans or forbearances that exceed the rate set forth in New York Banking Law 14-a. New York Banking Law 14-a provides a maximum interest rate for loans or forbearances in an amount less than \$250,000 is 16% for unlicensed lenders and unlicensed sales finance companies.

260. In addition, New York Penal Law 190.40 provides that a person is guilty of criminal usury in the second degree when he knowingly charges, takes or receives any money or other property as interest on a loan or forbearance at a rate exceeding 25%.

261. Acima's RPAs are loans under New York law.

262. Acima charges well over 16% and 25% interest on its RPAs.

263. Acima has therefore engaged in repeated and persistent illegal conduct in violation of Executive Law § 63(12).

**SIXTH CAUSE OF ACTION**  
**PURSUANT TO EXECUTIVE LAW § 63(12)**  
**VIOLATION OF RENTAL PURCHASE AGREEMENT LAW, PPL ARTICLE 11**

264. The NYAG repeats and re-alleges paragraphs 1 through 236 as if fully set forth herein.

265. Executive Law 63(12) authorizes the NYAG to bring an action to enjoin repeated illegal acts or persistent illegality in the carrying on, conducting, or transaction of business.

266. Personal Property Law ("PPL"), Article 11 governs rental purchase agreements in the State of New York.

267. Acima calls its transactions "rental purchase agreements." To the extent Acima's agreements are rental purchase agreements, Acima has repeatedly violated Article 11 by the following actions:

- i. Repeatedly violating the price caps established by PPL § 503(3).

- ii. Repeatedly failing to provide copies of the signed RPA as required by PPL § 502.
- iii. Repeatedly failing to offer an early purchase option in compliance with PPL § 504(1).
- iv. Repeatedly failing to disclose required terms in compliance with PPL § 501(7)(b)(1).
- v. Repeatedly failing to disclose required terms “immediately above” the signature line on the RPA in compliance with PPL § 501(7)(b)(2)).
- vi. Repeatedly leasing services such as auto repairs that do not fit the definition of merchandise as set out in PPL § 500(4).
- vii. Repeatedly failing to repair or replace broken property by the end of the second business day following the day on which it received notice from the consumer that the property was defective at no cost to the consumer as required by PPL §501(4)(b).
- viii. Repeatedly failing to comply with the requirement set forth in PPL § 501(7)(c) that all items available under a rental purchase agreement have the following information “clearly affixed” to the item: a) “the cash price of the merchandise; b) the amount of the periodic payment and the total number of periodic payments required for ownership; and c) the total amount that must be paid to acquire ownership of merchandise, which amount shall be explicitly labeled total cost.”

268. Acima has therefore engaged in repeated and persistent illegal conduct in violation of Executive Law § 63(12).

**SEVENTH CAUSE OF ACTION**  
**PURSUANT TO PPL § 507**  
**VIOLATION OF RENTAL PURCHASE AGREEMENT LAW, PPL ARTICLE 11**

269. The NYAG repeats and re-alleges paragraphs 1 through 236 as if fully set forth herein.

270. Section 507 of New York's Rent-to-Own Law, Article 11, authorizes the NYAG to bring an action to enjoin violations of Article 11.

271. Acima calls its transactions rental purchase agreements. To the extent Acima's agreements are rental purchase agreements, Acima has repeatedly violated Article 11 by the following actions:

- i. Repeatedly violating the price caps established by PPL § 503(3).
- ii. Repeatedly failing to provide copies of the signed RPA as required by PPL § 502.
- iii. Repeatedly failing to offer an early purchase option in compliance with PPL § 504(1).
- iv. Repeatedly failing to disclose required terms in compliance with PPL § 501(7)(b)(1).
- v. Repeatedly failing to disclose required terms "immediately above" the signature line on the RPA in compliance with PPL § 501(7)(b)(2)).
- vi. Repeatedly leasing services such as auto repairs that do not fit the definition of merchandise as set out in PPL § 500(4).
- vii. Repeatedly failing to repair or replace broken property by the end of the second business day following the day on which it received notice from



the consumer that the property was defective at no cost to the consumer as required by PPL §501(4)(b).

- viii. Repeatedly failing to comply with the requirement set forth in PPL § 501(7)(3) that all items available under a rental purchase agreement have the following information “clearly affixed” to the item: a) “the cash price of the merchandise; b) the amount of the periodic payment and the total number of periodic payments required for ownership; and c) the total amount that must be paid to acquire ownership of merchandise, which amount shall be explicitly labeled total cost.”

272. Acima has therefore engaged in conduct that violates Article 11.

### **RELIEF**

**WHEREFORE**, the NYAG respectfully requests that a judgment and order be issued:

1. Permanently enjoining Acima from violating Executive Law § 63(12), GBL §§ 349, 350, and 601; Personal Property Law Article 11; New York General Obligation Law § 5-501, and New York Penal Law § 190.40, and from engaging in the fraudulent, deceptive unfair and illegal practices alleged herein;
2. Voiding all of Acima’s “rental purchase agreements” with New York consumers;
3. Ordering Acima to provide restitution and damages to all injured consumers, whether known or unknown, at the time of the decision and order;
4. Directing Acima to provide an accounting for all New York consumers, including but not limited to an accounting of all money received, all “failed payments” initiated against consumers’ bank accounts, and all consumers who conveyed an intent to surrender or return their merchandise and had such request denied;


5. Directing Acima to disgorge all profits resulting from the fraudulent and illegal practices alleged herein;
6. Directing Acima to pay a civil penalty of \$5,000 to the State of New York for each violation of GBL Article 22-A, pursuant to GBL § 350-d;
7. Directing Acima to pay a civil penalty of \$1,000 to the State of New York for each violation of Article 11 of the Personal Property Law pursuant to PPL § 507(2);
8. Awarding Petitioner costs in the amount of \$2,000 against each Defendant pursuant to CPLR § 8303(a)(6); and
9. Granting such other and further relief as the Court deems just and proper.

New York County, New York  
August 14, 2024

Respectfully submitted,

LETITIA JAMES  
*Attorney General of the State of New York*

By:

  
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Consumer Frauds & Protection Bureau  
*Attorneys for the State of New York*

**VERIFICATION**

STATE OF NEW YORK )  
COUNTY OF NEW YORK ) ss.:

GLENNA GOLDIS, being duly sworn, deposes and says:

I am an Assistant Attorney General in the office of Letitia James, Attorney General of the State of New York, and I am duly authorized to make this verification.

I have read the foregoing complaint and know the contents thereof, which are to my knowledge true, except as to matters therein stated to be alleged on information and belief, and as to those matters, I believe them to be true. The grounds for my beliefs as to all matters stated upon information and belief are investigatory materials contained in the files of the Bureau of Consumer Frauds and Protection in the New York State Office of the Attorney General.

  
\_\_\_\_\_  
Glenna Goldis

Sworn to before me this  
7<sup>th</sup> day of Aug., 2024

  
\_\_\_\_\_  
NOTARY PUBLIC

KRISTIN LILIANA MANZUR  
Notary Public, State of New York  
Qualified in Richmond County  
No. 01MA6318068  
Commission Expires January 20, 2027