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9 **UNITED STATES DISTRICT COURT**
10 **SOUTHERN DISTRICT OF CALIFORNIA**

11 **VERONIKA GREGORY,**
12 **Plaintiff,**
13 **v.**
14 **DNF ASSOCIATES LLC; and**
15 **PERSOLVE LEGAL GROUP, LLP,**
16 **Defendants.**

Case No.: '23CV0546 LAB BGS

COMPLAINT FOR DAMAGES FOR VIOLATIONS OF:

- I. **CALIFORNIA IDENTITY THEFT ACT, CAL. CIV. CODE § 1798.92, ET SEQ.**
- II. **THE FAIR DEBT COLLECTION PRACTICES ACT 15 U.S.C. § 1692, ET SEQ.; AND,**
- III. **ROSENTHAL FAIR DEBT COLLECTION PRACTICES ACT, CAL. CIV. CODE § 1788, ET SEQ.**

JURY TRIAL DEMANDED





INTRODUCTION

1. Veronika Gregory (“Plaintiff”) brings this Complaint against defendants DNF Associates LLC (“DNF”) and Persolve Legal Group, LLP (“Persolve”) (together, “Defendants”) for violations of the: (1) California’s Identity Theft Act (“CITA”), Cal. Civ. Code §1798.92, *et seq.*; (2) Fair Debt Collection Practices Act, 15 U.S.C. § 1692, *et seq.* (“FDCPA”); and (3) California’s Rosenthal Fair Debt Collection Practices Act (“Rosenthal” or “RFDCPA”), Cal. Civ. Code §1788, *et seq.*
2. The United States Congress has found abundant evidence of the use of abusive, deceptive, and unfair debt collection practices by many debt collectors, and has determined that abusive debt collection practices contribute to the number of personal bankruptcies, to marital instability, to the loss of jobs, and to invasions of individual privacy. Congress wrote the Fair Debt Collection Practices Act, 15 U.S.C. § 1692, *et seq.*, to eliminate abusive debt collection practices by debt collectors, to ensure that those debt collectors who refrain from using abusive debt collection practices are not competitively disadvantaged, and to promote consistent State action to protect consumers against debt collection abuses.
3. The California legislature has determined that the banking and credit system and grantors of credit to consumers are dependent upon the collection of just and owing debts and that unfair or deceptive collection practices undermine the public confidence that is essential to the continued functioning of the banking and credit system and sound extensions of credit to consumers. The Legislature has further determined that there is a need to ensure that debt collectors exercise this responsibility with fairness, honesty, and due regard for the debtor’s rights and that debt collectors must be prohibited from engaging in unfair or deceptive acts or practices.¹

¹ See Cal. Civ. Code §§ 1788.1 (a)-(b).



- 1 4. Plaintiff makes these allegations on information and belief, with the exception
- 2 of those allegations that pertain to a plaintiff, or to a plaintiff’s counsel, which
- 3 Plaintiff alleges on personal knowledge.
- 4 5. While many violations are described below with specificity, this Complaint
- 5 alleges violations of the statute cited in its entirety.
- 6 6. Unless otherwise stated, all the conduct engaged in by Defendants took place in
- 7 California.
- 8 7. Any violations by each Defendant were knowing, willful, and intentional, and
- 9 Defendants did not maintain procedures reasonably adapted to avoid any such
- 10 violation.
- 11 8. Unless otherwise indicated, the use of a Defendant’s name in this Complaint
- 12 includes all agents, employees, officers, members, directors, heirs, successors,
- 13 assigns, principals, trustees, sureties, subrogees, representatives, and insurers of
- 14 Defendant’s named.

JURISDICTION AND VENUE

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- 16 9. Jurisdiction of this Court arises pursuant to 28 U.S.C. § 1331; 15 U.S.C. § 1692,
- 17 *et seq.*; and 28 U.S.C. § 1367 for supplemental state claims.
- 18 10. This action arises out of Defendants’ violations of: (i) CITA; (ii) the FDCPA;
- 19 and/or (iii) the RFDCPA.
- 20 11. Because Defendants conduct substantial business directed to, and within the
- 21 State of California (including the County of San Diego), personal jurisdiction is
- 22 established. DNF is registered with the California Secretary of State, and
- 23 Persolve has its principal place of business located in Northridge, California.
- 24 12. Venue is proper pursuant to 28 U.S.C. § 1391 for the following reasons: (i)
- 25 Plaintiff resides in within this judicial district; (ii) the conduct complained of
- 26 herein occurred within this judicial district; and (iii) Defendants conducted
- 27 business within this judicial district at all times relevant.
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PARTIES

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13. Plaintiff is a natural person who at all relevant times alleged herein is a resident of the County of San Diego, State of California, from whom Defendants sought to collect a fraudulent consumer “debt,” which is alleged to be due and owing from Plaintiff, as defined by Cal. Civ. Code § 1788.2(d) and 15 U.S.C. §1692a(5). Such “debt” was the result of “identity theft” as defined by Cal. Civ. Code § 1798.92(b).
14. Plaintiff is therefore a “consumer” as that term is defined by 15 U.S.C. §1692a(3) and a “person” as defined by Cal. Civ. Code § 1788.2(g).
15. Additionally, Plaintiff is a “debtor,” as that term is defined by Cal. Civ. Code § 1788.2(h).
16. Plaintiff is also a “victim of identity theft” as that term is defined by Cal. Civ. Code § 1798.92(d).
17. Plaintiff is informed and believes, and thereon alleges, that Persolve is law firm, and a limited liability partnership located in Northridge, California, and that Persolve is authorized to and regularly conducts business within the State of California.
18. Persolve regularly (and primarily in the course of its business) collects or attempts to collect, directly or indirectly, debts owed or due to asserted to be owed or due. In doing so, Persolve uses instrumentalities of interstate commerce and the mail for the principal purpose of collecting debts. Persolve in the ordinary course of business, regularly, on behalf of themselves and/or others, engages in “debt collection” as that term is defined by California Civil Code § 1788.2(b), and is therefore a “debt collector,” as that term is defined by 15 U.S.C. §1692a(6) and Cal. Civ. Code §1788.2(c).
19. Plaintiff is informed and believes, and thereon alleges, that DNF is a limited liability company formed in the State of Delaware, with its principal place of





business located in Getzville, New York. DNF is authorized to and regularly conducts business within the State of California.

20. DNF regularly collects or attempts to collect, directly or indirectly, debts owed or due to asserted to be owed or due. In doing so, DNF uses instrumentalities of interstate commerce and the mail for the principal purpose of collecting debts. Therefore, DNF is a “debt collector,” as that term is defined by 15 U.S.C. §1692a(6) and Cal. Civ. Code §1788.2(c).

21. DNF is also a “claimant” as that term is defined by Cal. Civ. Code § 1798.92(a).

22. This action arises out of an alleged fraudulent “debt” as that term is defined by Cal. Civ. Code § 1788.2(d) that was incurred as a result of a “consumer credit transaction” as defined by Cal. Civ. Code § 1788.2(e).

23. This matter involves a “consumer credit transaction” i.e. a transaction between in which property or money was acquired on credit primarily for personal, family, or household purposes. See Cal. Civ. Code §§ 1788.2(e), 1788.2(f), 15 U.S.C. § 1692a(5), and 15 U.S.C § 1679a(2).

24. This case involves money, property or their equivalent, due or owing or alleged to be due or owing from a natural person by reason of a consumer credit transaction. As such, this action arises out of a “consumer debt” and “consumer credit” as those terms are defined by 15 U.S.C. § 1692a(5) and Cal. Civ. Code § 1788.2(f).

FACTUAL ALLEGATIONS

25. At all times relevant, Plaintiff is an individual residing within the State of California.

26. On or about January 18, 2014, Plaintiff’s ex-fiancé, Joe Knowles (“Mr. Knowles”), purchased an engagement ring (account number ending in 6041) from Sterling Jewelers, Inc. d/b/a Kay Jewelers (“Kay Jewelers”) for the sum of \$9,232.29 (including sales tax) using Plaintiff’s personal identifying

1 information (as defined by Cal. Civ. Code § 1798.92(c)) and without Plaintiff's
2 knowledge or consent.

3 27. It is Plaintiff's understanding that this purchase was made by Mr. Knowles at a
4 Kay Jewelers located at Fashion Valley Center in San Diego, California at
5 approximately 4:26 p.m. on January 18, 2014.

6 28. At the time of this purchase, Mr. Knowles elected to enter into a credit plan with
7 Kay Jewelers where payments were to be made each month in the amount of
8 \$240.00 until the balance was paid in full.

9 29. Sometime time around 2016, Plaintiff and Mr. Knowles ended their engagement
10 and Plaintiff returned the engagement ring from Kay Jewelers to Mr. Knowles.

11 30. At this time, Plaintiff remained unaware that Mr. Knowles had used her personal
12 information to purchase the ring.

13 31. Unfortunately, this was not the only time that Mr. Knowles had stolen Plaintiff's
14 identity without her knowledge or consent. Indeed, upon information and belief,
15 Mr. Knowles stole Plaintiff's identity on at least one other occasion in 2019
16 when he opened a Chase account using Plaintiff's personal information and
17 without her knowledge or consent.

18 32. Upon information and belief, Mr. Knowles made payments on the account with
19 Kay Jewelers from approximately 2014 through August 2, 2017.

20 33. The account remained open until it was charged off on November 11, 2017, with
21 a remaining balance of \$7,743.97 (which is believed to have included an
22 approximate \$6,666 past due amount plus interest).

23 34. It is Plaintiff's understanding that at some point prior to August of 2021, the
24 outstanding debt with Kay Jewelers was assigned to DNF.

25 35. Therefore, as of at least August of 2021, DNF is the sole holder of the assigned
26 rights regarding the debt at issue.

27 36. On or about August 2, 2021, DNF, through its counsel Persolve, filed a civil
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1 Complaint in the Superior Court of California for the County of San Diego
2 against Plaintiff seeking to collect payment on the debt in the amount of
3 \$7,743.97 claiming that Plaintiff allegedly owed DNF for the debt (the “Debt
4 Collection Lawsuit”).

5 37. On or about August 31, 2021, Plaintiff was served with the Debt Collection
6 Lawsuit, which is when she discovered for the first time that her identity had
7 been stolen by Mr. Knowles when purchasing the engagement ring from Kay
8 Jewelers back in 2014.

9 38. Upon reviewing the Complaint in the Debt Collection Lawsuit, Plaintiff also
10 discovered for the first time that Mr. Knowles provided *her* name (but *Mr.*
11 *Knowles’ residential address*) when opening the account number ending in
12 6041.

13 39. Plaintiff reasonably believes that any debt collection letters were sent to Mr.
14 Knowles at the address provided on the application.

15 40. Plaintiff also discovered that it appeared that Mr. Knowles provided a fake home
16 phone number and a fake work phone number on the application with Kay
17 Jewelers using invalid area codes such as “100” and “200.”

18 41. In addition, Mr. Knowles signed the application with Kay Jewelers using *his*
19 *own signature and date of birth*.

20 42. Surprised to find out that Defendants were attempting to collect on a fraudulent
21 debt from Plaintiff, on October 21, 2021, Plaintiff filed a police report with the
22 San Diego Police Department.

23 43. Plaintiff had previously filed a police report relating to the Chase account that
24 Mr. Knowles opened without her knowledge or consent in 2019.

25 44. On January 11, 2022, Plaintiff also completed an Identity Theft Victim’s
26 Complaint and Affidavit prepared by the Federal Trade Commission (“FTC”).

27 45. Plaintiff’s FTC Fraud Affidavit declared that: (1) Plaintiff did not authorize
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1 anyone to open the Kay Jewelers account using her identifying information or
2 on her behalf; (2) Plaintiff did not receive any benefit from the fraudulent
3 transactions since she ultimately returned the ring to Mr. Knowles; and (3)
4 Plaintiff is willing to work with law enforcement to investigate the fraud.

5 46. During September of 2021 through March of 2022, Plaintiff attempted to get
6 Defendants to dismiss the lawsuit since the debt at issue in the Debt Collection
7 Lawsuit did not belong to Plaintiff. Plaintiff also provided Defendants with a
8 copy of the police report during this time. However, Plaintiff's efforts were not
9 successful, and Defendants continued to hold Plaintiff liable for the debt and
10 engage in debt collection activities.

11 47. On or about November 16, 2022, Plaintiff served a formal written dispute on
12 DNF (via Certified Mail, Return Receipt Requested to the address designated
13 by the DNF for complaints related to credit reporting issues), which included a
14 narrative explaining the details surrounding the fraudulent debt at issue and how
15 Plaintiff's ex-fiancé stole her identity in opening the associated account.

16 48. In this November 2022 written dispute, Plaintiff also included: (1) a copy of
17 Plaintiff's October 2021 police report; (2) a copy of Plaintiff's January 2022
18 Identity Theft Victim's Complaint and Affidavit; (3) two copies of Plaintiff's
19 driver's license (the current one and an expired one); and (4) a copy of Plaintiff's
20 wet-ink signature (in which she signed the letter).

21 49. On information and belief, Defendants failed to diligently investigate Plaintiff's
22 claims as Defendants continued to hold Plaintiff liable for the debt throughout
23 2022.

24 50. Despite efforts to resolve the issue, on March 28, 2022, Plaintiff was forced to
25 pay to file an Answer in the Debt Collection Lawsuit in order to properly defend
26 her claims.

27 51. Had DNF investigated the account opening, or contacted the police department,
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1 or discussed the matter further with Plaintiff, DNF would have determined that
2 Plaintiff did not authorize the account opening in Plaintiff's name.

3 52. It is also readily visible from the Kay Jewelers application that the telephone
4 numbers provided contain fake area codes. Also, the date of birth on the
5 signature line of the application does not match Plaintiff's date of birth (which
6 Defendants were on notice of since at least November of 2022).

7 53. Despite Plaintiff's efforts, DNF again cursorily rejected Plaintiff's November
8 2022 dispute.

9 54. On or about January 24, 2023, Defendants dismissed the lawsuit against
10 Plaintiff.

11 55. However, such dismissal occurred well after 30 days since Defendants first
12 received Plaintiff's written dispute and notice of the identity theft back in 2021.

13 56. Moreover, Plaintiff had to incur out of pocket expenses, including attorneys'
14 fees and costs, to defend a frivolous lawsuit for nearly a year and a half.

15 57. Plaintiff also paid the costs of certified mailing to mail the written dispute to
16 DNF.

17 58. Aside from the pecuniary harm, Defendants' continued debt collection of a
18 fraudulent debt has caused Plaintiff severe emotional distress.

19 59. Indeed, Plaintiff endured many sleepless nights, and experienced feelings such
20 as anxiety; frustration; stress; lack of sleep; nervousness; and anger defending
21 the Debt Collection Lawsuit.

22 60. Plaintiff's anxiety; frustration; stress; lack of sleep; nervousness; anger; and,
23 embarrassment continues to this day because this Debt Collection Lawsuit
24 mischaracterizes Plaintiff as someone that avoids Plaintiff's financial
25 obligations, when in fact Plaintiff is a victim of identity theft.

26 61. Through this conduct, Defendants violated 15 U.S.C. § 1692e by using false,
27 deceptive, and misleading representations in connection with the collection of
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the alleged debt. This section is incorporated into the RFDCPA through Cal. Civ. Code § 1788.17; thus, Defendants violated Cal. Civ. Code § 1788.17.

62. Through this conduct, Defendants violated 15 U.S.C. § 1692e(2)(A) by falsely representing the character, amount, and legal status of the debt in connection with the collection of the alleged debt. This section is incorporated into the RFDCPA through Cal. Civ. Code § 1788.17; thus, Defendants violated Cal. Civ. Code § 1788.17.

63. Through this conduct, Defendants violated 15 U.S.C. § 1692e(10) by using false representations and deceptive means to collect Plaintiff’s alleged debt. This section is incorporated into the RFDCPA through Cal. Civ. Code § 1788.17; thus, Defendants violated Cal. Civ. Code § 1788.17.

64. Through this conduct, Defendants violated 15 U.S.C. § 1692f by using unfair and unconscionable means to collect the alleged debt. This section is incorporated into the RFDCPA through Cal. Civ. Code § 1788.17; thus, Defendants violated Cal. Civ. Code § 1788.17.

65. Plaintiff was additionally forced to defend a frivolous lawsuit for nearly a year and a half.

66. As a result, Plaintiff incurred significant fees and costs which could have been avoided had Defendants honored her fraud claim and ceased collection efforts immediately upon notice.

67. DNF’s refusal to honor Plaintiff’s fraud claim within 30 days of receiving such written notice is in violation of Cal. Civ. Code § 1798.92.

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CAUSES OF ACTION CLAIMED BY PLAINTIFF

COUNT I

VIOLATIONS OF CALIFORNIA’S IDENTITY THEFT ACT

CAL. CIV. CODE § 1798.92-1798.97

[AGAINST DNF ONLY]

68. Plaintiff incorporates by reference all of the above paragraphs of this Complaint as though fully stated herein.

69. The foregoing acts and omissions constitute numerous and multiple violations of the Cal. Civ. Code § 1798.92, *et seq.*, including but not limited to each and every one of the above-cited provisions of Cal. Civ. Code § 1798.92.

70. As alleged herein, Plaintiff first became aware that her identity was stolen when she was served with the Debt Collection Lawsuit in August of 2021.

71. Prior to bringing this action, Plaintiff sent a copy of her October 2021 police report to Defendants on multiple occasions informally during 2022, and even submitted a formal written dispute to DNF in November of 2022, in which Plaintiff attached a copy of such police report.

72. However, Defendants’ collection activity continued after the thirty-day period following the receipt of Plaintiff’s November 2022 written dispute (which was received by DNF on December 5, 2022). Indeed, DNF was on written notice of the fraud claim and had a copy of the police report prior to this November 2022 written dispute as such documents were provided to DNF’s counsel in or around November of 2021.

73. As a result of each and every violation of Cal. Civ. Code § 1798.92, Plaintiff is entitled to any actual damages pursuant to Cal. Civ. Code § 1798.93(c)(5); a civil penalty in an amount up to \$30,000.00 pursuant to Cal. Civ. Code § 1798.93(c)(6); costs pursuant to Cal. Civ. Code § 1798.93(c)(5), attorney’s fees and costs pursuant to Cal. Civ. Code § 1798.93(c)(5) and any equitable relief the



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1 Court deems appropriate pursuant to Cal. Civ. Code § 1798.93(c)(5).

2 **COUNT II**

3 **VIOLATION OF THE FAIR DEBT COLLECTION PRACTICES ACT (FDCPA)**

4 **15 U.S.C. §§ 1692 ET SEQ.**

5 **[AGAINST BOTH DEFENDANTS]**

6 74. Plaintiff incorporates by reference all of the above paragraphs of this Complaint
7 as though fully stated herein.

8 75. The foregoing acts and omissions constitute numerous and multiple violations
9 of the FDCPA, including but not limited to each and every one of the above
10 cited provisions of the FDCPA, 15 U.S.C. § 1692, *et seq.*

11 76. Defendants engaged in debt collection activity concerning the fraudulent Kay
12 Jewelers account through at least January of 2023.

13 77. As a result of each and every violation of the FDCPA, Plaintiff is entitled to any
14 actual damages pursuant to 15 U.S.C. §1692k(a)(1); statutory damages in an
15 amount up to \$1,000.000 pursuant to 15 U.S.C. §1692k(a)(2)(A); and,
16 reasonable attorney’s fees and costs pursuant to 15 U.S.C. §1692k(a)(3).

17 **COUNT III**

18 **VIOLATION OF THE ROSENTHAL FAIR DEBT COLLECTION PRACTICES ACT**

19 **CAL. CIV. CODE §§ 1788-1788.32 (RFDCPA)**

20 **[AGAINST BOTH DEFENDANTS]**

21 78. Plaintiff repeats, re-alleges, and incorporates by reference, all other paragraphs
22 above.

23 79. The foregoing acts and omissions constitute numerous and multiple violations
24 of the Rosenthal Act, including but not limited to each and every one of the
25 above-cited provisions of the Rosenthal Act, Cal. Civ. Code §§ 1788-1788.32.

26 80. Defendants engaged in debt collection activity concerning the fraudulent Kay
27 Jewelers account through at least January of 2023.
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1 81. As a result of each and every violation of the Rosenthal Act, Plaintiff is entitled
2 to any actual damages pursuant to Cal. Civ. Code §1788.30(a); statutory
3 damages for knowing or willful violation in the amount of \$1,000.00 pursuant
4 to Cal. Civ. Code §1788.30(b); and reasonable attorney’s fees and costs pursuant
5 to Cal. Civ. Code §1788.30.

6 **PRAYER FOR RELIEF**

7 WHEREFORE, Plaintiff prays that judgment be entered against each Defendant
8 and Plaintiff be awarded damages from each Defendant, as follows:

9 **FIRST CAUSE OF ACTION**

10 **CALIFORNIA'S IDENTITY THEFT ACT**

11 **Cal. Civ. Code § 1798.92-1798.97**

- 12 • An award of actual damages, in an amount to be determined at trial, pursuant to
- 13 Cal. Civ. Code § 1798.93(c)(5);
- 14 • A civil penalty of \$30,000 pursuant to Cal. Civ. Code § 1798.93(c)(6);
- 15 • A declaration regarding Plaintiff’s lack of liability to the claimants pursuant Cal.
- 16 Civ. Code §§ 1798.93(c)(1)-(2);
- 17 • An injunction regarding claimants pursuant Cal. Civ. Code § 1798.93(c)(3); and,
- 18 • Any and all other relief the Court deems just and proper.

19 **SECOND CAUSE OF ACTION**

20 **FAIR DEBT COLLECTION PRACTICES ACT**

21 **15 U.S.C. § 1692 et seq.**

- 22 • An award of actual damages pursuant to 15 U.S.C. § 1692k(a)(1) against each
- 23 Defendant,
- 24 • An award of statutory damages of \$1,000.00 pursuant to 15 U.S.C. §
- 25 1692k(a)(2)(A) against each Defendant;
- 26 • An award of costs of litigation and reasonable attorney’s fees, pursuant to 15
- 27 U.S.C. § 1692k(a)(3) against each Defendant; and
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- Any other relief this Court should deem just and proper.

THIRD CAUSE OF ACTION

ROSENTHAL FAIR DEBT COLLECTION PRACTICES ACT

CAL. CIV. CODE §§ 1788-1788.32

- An award of actual damages pursuant to California Civil Code § 1788.30(a) against each Defendant;
- An award of statutory damages of \$1,000.00 pursuant to Cal. Civ. Code § 1788.30(b) against each Defendant;
- An award of costs of litigation and reasonable attorney’s fees, pursuant to Cal. Civ. Code § 1788.30(c) against each Defendant; and
- Any other relief this Court should deem just and proper.

TRIAL BY JURY

82. Pursuant to Federal Rules of Civil Procedure 38(b), Plaintiff demands a trial by jury of any and all triable issues.

Dated: March 28, 2023

Respectfully submitted,

KAZEROUNI LAW GROUP, APC

By: /s/ PAMELA E. PRESCOTT, ESQ.
DAVID J. MCGLOTHLIN, ESQ.
PAMELA E. PRESCOTT, ESQ.
Attorney for Plaintiff



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