

IN THE CIRCUIT COURT OF JACKSON COUNTY, MISSOURI  
AT KANSAS CITY

MINNIE PEARL (POE) LANDRUM,  
individually, and on behalf of a Class of all  
others similarly situated,

Plaintiffs,

vs.

MEADOWS CREDIT UNION,  
an Illinois credit union,  
National Credit Union Charter 61639,

Please serve:  
Edward Buettner  
President  
3350 Salt Creek Lane  
Suite 100  
Arlington Heights, Illinois 60005,

Defendant.

0816-CV12209

Case No.

Division

COPY

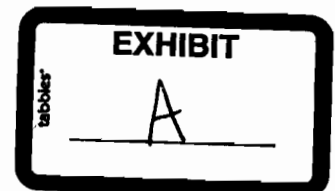
FILED CIRCUIT COURT  
JACKSON COUNTY MISSOURI  
2009 APR 23 PM 3:54

CLASS ACTION PETITION FOR DAMAGES

INTRODUCTION AND BACKGROUND

1. This is a class action lawsuit brought by persons who obtained motor vehicle loans evidenced by a retail installment contract and security agreement which were sold or assigned to Meadows Credit Union ("Meadows"), as the secured party or lienholder, pursuant to a "Portfolio Management Program" administered by Centrix Financial, LLC ("Centrix").

2. Plaintiff Minnie Pearl (Poe) Landrum is the proposed class representative. She asserts claims arising under Missouri law against Meadows in her individual capacity, and as a representative of a Class of similarly situated individuals, which stem from and relate to Meadows' failure to comply with Missouri consumer protection laws with respect to motor



vehicles repossessed by it.

3. Pursuant to the Portfolio Management Program, and pursuant to a standard loan placement agreement, Centrix acted as Meadows' exclusive agent in obtaining consumer loans (generally loans considered as "subprime") from motor vehicle dealers which would be financed and assigned to Meadows upon consummation of the sale of the motor vehicles.

4. Plaintiff's loan and the loans of the Class members were all made for the purchase of motor vehicles which were used by them primarily for personal, family, household and/or consumer purposes. Meadows retained a security interest and lien on the motor vehicles such that the collateral for the each of the loans was a consumer good.

5. Pursuant to the Portfolio Management Program, and pursuant to a standard portfolio servicing agreement, Centrix acted as the loan servicer and agent for Meadows.

6. Centrix acted as an extremely aggressive loan servicer for its credit union principals, such as Meadows, due to their substantial monetary investment in high-risk subprime automobile loans.

7. Meadows aggressively and unlawfully repossessed the Class members' motor vehicles in its effort to minimize its losses on its loans due to the default of the borrowers and the depreciation of the collateral. The repossessions at issue were done by Meadows, or for Meadows or on its behalf, by its agent and loan servicer, Centrix.

8. After the repossession of an automobile, Meadows was required by the consumer protection provisions of Missouri law, including the provisions of Part 6 of Article 9 of Missouri's Commercial Code, to send a "pre-sale" notice to the borrower that complied with the provisions of §§ 400.9-613 and 400.9-614 RSMo. Centrix, acting as agent and on behalf of

Meadows, routinely failed to provide such “pre-sale” notice. The failure of Meadows to do so subjected it, as the secured party, to the penalties that Missouri law provides for such violations, at §§ 400.9-625 RSMo and 408.562 RSMo, and bars its ability or any entity claiming a subrogation or similar right to seek a deficiency judgment against the Class members.

9. Further, the standard-form, computer-generated “pre-sale” notices that were in fact actually sent by Meadows and/or through its agent, Centrix, to the Class members, failed to comply with and did not contain the content required by the provisions of §§ 400.9-613 and 400.9-164 RSMo. The pre-sale notices also contained content which was not authorized or allowed by §§ 400.9-613 and 400.9-164 RSMo, rendering them misleading and/or unreasonable. The sending of a defective notice is the equivalent of sending no notice at all.

10. The conduct of Meadows, and its agent(s) for which it is responsible, was outrageous, intentional, willful, wanton and malicious, and otherwise showed a complete indifference to or a conscious disregard of the rights of Plaintiff and the other members of the Class such that punitive damages are appropriate and warranted.

## **PARTIES**

### **Plaintiff**

11. Plaintiff Minnie Pearl (Poe) Landrum, currently resides at 6904 East 135<sup>th</sup> Street, Grandview, Missouri 64030.

### **Defendant**

12. Defendant Meadows Credit Union is an Illinois credit union regulated by the National Credit Union Association, as Charter No. 61639, and can be served with process by serving its President or Chief Executive, Edward Buettner, 3350 Salt Creek Lane, Suite 100,

Arlington Heights, Illinois, 60005.

13. As a state credit union regulated as such under state and federal law, and as a banking institution and lender of money, Meadows is a “moneyed corporation” within the meaning of § 516.420 RSMo and was at all times during the Class period.

**Centrix As Agent of Defendant**

14. At all times relevant to the allegations in this Petition and as referenced herein, Meadows acted through its employees, representatives and agents, which representatives and agents included Centrix. These employees and agents were acting within the scope and course of their employment or agency with Meadows, in furtherance of Meadows’ business, and/or as employees, agents and/or subcontractors of Centrix, who as it relates to the loans of the Class members, was acting as an representative and agent of Meadows.

15. Neither Centrix Financial LLC nor any related debtor in the matter captioned as *In re Centrix Financial, LLC, et al.*, Case No. 06-16403 (EEB)(collectively, “Centrix”), in the United States Bankruptcy Court for the District of Colorado, is a defendant in this lawsuit.

**JURISDICTION AND VENUE**

16. The Circuit Court of Jackson County, Missouri has jurisdiction over Meadows pursuant to § 506.500 RSMo since it transacted business in Missouri and made contracts in Missouri directly, and through its agent, Centrix, and committed unlawful actions and violated Missouri law within the state of Missouri.

17. Meadows has sufficient minimum contacts, and in fact, substantial contacts, with Missouri such that the maintenance of this suit does not offend traditional notions of fair play

and substantial justice and Meadows has voluntarily submitted itself to the jurisdiction of this Missouri Court.

18. Jurisdiction is proper because, among other things:
  - a) Meadows, directly and purposefully, through its agent Centrix, contracted with Missouri residents and obtained thousands of automobile loans from Missouri residents;
  - b) Meadows filed with Missouri's Department of Revenue a lien application regarding every loan to a Missouri resident for which it has acted as lienholder and obtained liens for the same;
  - c) Meadows obtained and perfected security interests and liens on those motor vehicles through the transaction of business in Missouri;
  - d) Plaintiff's and the Class members' causes of action directly arise from Meadows' transaction of business in Missouri;
  - e) With its repossessions of the Class members' motor vehicles, Meadows acted in Missouri to repossess the motor vehicles and/or sought the benefits and protections of Missouri law to ensure that the repossession was lawful and that it could obtain a repossession title or certificate of ownership pursuant to the provisions of § 301.215 RSMo, in order to sell and/or dispose of the collateral;
  - f) Plaintiff's and the Class members' causes of action directly arise from Meadows' repossession activity in Missouri;
  - g) Meadows sent correspondence and bills to Missouri residents and collected loan payments from the Class members residing in Missouri;

- h) Meadows sent notices and defective pre-sale notices governed by the provisions of Missouri's consumer protection laws into Missouri;
- i) Meadows, as a plaintiff and secured party, has filed actions in Missouri state courts and sought the benefits and protections of Missouri law, in its efforts to protect its secured interests in Missouri consumer loans;
- j) Plaintiff's and the Class members' causes of action directly arise from Meadows' communications to them in Missouri;
- k) Plaintiff's and the Class members' causes of action directly arise from Meadows' commission of tortious and unlawful acts in Missouri; and
- l) Meadows should reasonably anticipate being haled into court in Missouri to answer for its unlawful acts and those perpetrated by its agent, Centrix. Missouri has a strong interest in providing a forum for its residents aggrieved by violations of its consumer protection acts and laws.

19. Venue is proper in this Court pursuant to the terms of § 508.010.4 RSMo.

**EQUITABLE ESTOPPEL AND EQUITABLE TOLLING  
OF THE STATUTE OF LIMITATIONS**

20. Using its defective and unlawful pre-sale notices to the Class members, Meadows actively misled the Class members concerning their rights under Missouri law and it misrepresented the legality of its repossession activity and took action to prevent the Class members from enforcing their legal rights.

21. Accordingly, Meadows should be estopped from relying upon any delay by the Class members in enforcing their rights under Missouri law, if any, and all applicable statutes of limitations on the Class members' claims should be equitably tolled.

**CLASS ACTION ALLEGATIONS**

22. This action is properly brought as a plaintiff class action under Mo. Rule 52.08 and § 407.025 RSMo. The Class includes those persons within the following definition:

- All persons who purchased a motor vehicle for personal, family or household purposes while a Missouri resident; and
- Whose loan for the purchase of that motor vehicle and/or the retail installment contract and security agreement executed in connection with the purchase of the motor vehicle was sold and/or assigned to Meadows Credit Union as the secured party and lienholder pursuant to Centrix Financial LLC's Portfolio Management Program; and
- Whose automobile was repossessed by Meadows.

Excluded from the Class are (1) Defendant and any entity in which Defendant has a controlling interest, their legal affiliates, predecessors in interest or assigns; (2) Any employee or representative of Defendant or excluded entity and/or member of the immediate family of an excluded employee or representative; and/or (3) Any member of the undersigned attorneys' immediate families.

23. The particular members of the Class are capable of being described without difficult managerial or administrative problems. The members of the Class are readily identifiable from the information and records in the possession or control of Meadows, its agent Centrix (and any successor thereto), and/or the Missouri Department of Revenue.

24. The Class members are so numerous that individual joinder of all members is impractical. This allegation is based on the fact that Defendant Meadows made thousands of

automobile loans to Missourians as a result of its relationship with Centrix. Further, according to records of the Missouri Department of Revenue, Defendant Meadows, by on its own behalf and acting through its agent(s), repossessed over one thousand motor vehicles in Missouri during the class period.

25. There are questions of law and fact common to the Class, which questions predominate over any questions affecting only individual members of the Class, and, in fact, the wrongs suffered and remedies sought by Plaintiff and the other members of the Class are premised upon an illegal course of conduct perpetrated by Meadows. The only material difference between the Class members' claims is the exact monetary amount to which each member of the Class is entitled. The principal common issues include, but are certainly not limited to, the following:

- (a) The nature and extent of Meadows' participation in Centrix's Portfolio Management Program;
- (b) The nature of the standard loan placement agreement resulting in the loans to Plaintiff and the Class members;
- (c) The nature of the portfolio servicing agreement pursuant to which Centrix serviced the loans of the Class members;
- (d) The nature of the default protection insurance and other insurance coverage obtained by Meadows, or for its behalf or benefit, pursuant to the Portfolio Management Program;
- (e) Whether the pre-sale notices sent by Meadows to Plaintiff and the Class members violate Missouri's Commercial Code;



- (f) Whether Meadows utilized a standardized, computer preprinted pre-sale notice;
- (g) Whether Meadows and its agents or representatives continue to issue defective pre-sale notices to the Class;
- (h) The nature and extent to which property of the Class members was wrongfully repossessed and/or converted because of a failure by Meadows and/or its agent(s) to comply with Missouri law;
- (i) Whether Meadows, by and through its course of unlawful conduct, is barred from collecting any deficiency balance that any Class member allegedly owes;
- (j) Whether Meadows negligently, recklessly or purposefully disregarded Missouri law and the rights of the class members by virtue of, or due to its reliance on, the default protection insurance and other insurance coverage it obtained or that was obtained on its behalf or for its benefit pursuant to the Portfolio Management Program;
- (k) Whether Meadows violated Missouri's Merchandising Practices Act;
- (l) Whether Meadows unlawfully converted the Class members' motor vehicles;
- (m) Whether injunctive and declaratory relief is warranted;
- (n) The nature of injunctive and declaratory relief that is warranted – for example, whether Meadows should be barred from reporting to credit agencies any deficiencies regarding borrowers whose motor vehicles were repossessed and whether it must take action to void any judgments it has obtained against the class members;
- (o) The nature and extent of the Class members' actual damages;
- (p) The nature and extent of all statutory penalties, remedies and damages for which Meadows is liable to the Class members; and

(q) Whether punitive damages are appropriate.

26. Plaintiff's claims are typical of those of the Class and are based on the same legal and factual theories.

27. Plaintiff will fairly and adequately represent and protect the interests of the Class. She has suffered substantial economic injury in her own capacity from the practices complained of and is ready, willing and able to serve as class representative. Moreover, Plaintiff's counsel is experienced in handling class actions and actions involving unlawful commercial practices. Neither Plaintiff nor her counsel has any interest that might cause them not to vigorously pursue this action.

28. Certification of a plaintiff class under Mo. Rule 52.08(b)(3) and § 407.025 RSMo is appropriate in that Plaintiff and the Class members seek monetary damages and that common questions predominate over any individual questions and a plaintiff class action is superior for the fair and efficient adjudication of this controversy. A plaintiff class action will cause an orderly and expeditious administration of Class members' claims and economies of time, effort and expense will be fostered, and uniformity of decisions will be ensured. Moreover, the individual class members are likely to be unaware of their rights and not in a position (either through experience or financially) to commence individual litigation against the likes of Defendant Meadows.

29. Alternatively, (a) Certification of a plaintiff class under Mo. Rule 52.08(b)(1) is appropriate in that inconsistent or varying adjudications with respect to individual members of the Class would establish incompatible standards of conduct for the Defendant or adjudications with respect to individual members of the Class as a practical matter would be dispositive of the

interests of the other members not parties to the adjudications or would substantially impair or impede their ability to protect their interests; and/or (b) Certification of a plaintiff class under § 407.025 RSMo and Mo. Rule 52.08 is also appropriate in that Defendant Meadows has and, upon information and belief, continues to issue defective pre-sale notices under the Commercial Code, continues to convert the Class members' motor vehicles and continues to unlawfully report to consumer credit agencies deficiencies on borrowers' loans resulting from the unlawful repossessions and should be barred and enjoined from doing the same.

**ALLEGATIONS COMMON TO ALL COUNTS**

30. Plaintiff, a Missouri resident, purchased and obtained a motor vehicle pursuant to a retail installment contract and security agreement which was sold or assigned to Meadows Credit Union pursuant to and in conjunction with Centrix's Portfolio Management Program. Plaintiff is a member of the proposed Class.

31. Pursuant to a preexisting agreement with Centrix, Plaintiff's credit application was submitted to Meadows for approval by the motor vehicle dealer and Meadows approved the credit application and agreed to take an assignment of the Retail Installment Contract and Security Agreement from Plaintiffs' motor vehicle dealer upon Plaintiff's execution of the same.

32. Plaintiff's loan, like each of the loans of the Class members, was for the purchase of a motor vehicle to be used by her primarily for personal, family, household and consumer purposes.

33. Financing for the automobile purchase was provided by Meadows. Meadows was identified by Missouri Department of Revenue records as the secured party and lienholder on Plaintiff's loan. Meadows was also identified as the applicant for repossession title in the

Missouri Department of Revenue's records.

34. Plaintiff's loan was serviced by Centrix as agent for Meadows, the lienholder and secured party.

35. Pursuant to Centrix's Portfolio Management Program, and in conjunction with Plaintiff's motor vehicle loan and purchase, Meadows obtained or purchased and/or was named as the insured on, or was covered by, a default protection insurance policy and other insurance policies.

36. In September 2005, Defendant Meadows, through its agent Centrix, caused Plaintiff's automobile to be repossessed.

37. On or about November 17, 2005, Meadows obtained a repossession title from the Missouri Department of Revenue transferring ownership of Plaintiff's motor vehicle to it.

38. On or about that same date, Meadows, through its agent Centrix, sent to the Plaintiff a standard form, computer generated pre-sale notice governed by, and which violated the provisions of, Missouri's Commercial Code and consumer protection laws.

39. Meadows acted with an evil motive and intentionally and/or recklessly in disregard of Plaintiff's legal rights and Missouri law in conjunction with the repossession of Plaintiff's motor vehicle and with the sending of notices required by Missouri's consumer protection laws.

**COUNT I**  
**(Class Action for Violations of Missouri's Commercial Code)**

40. Each preceding paragraph of this Petition is hereby incorporated as if fully set forth herein.

41. Defendant Meadows, a banking institution and moneyed corporation, is engaged in the business of financing the purchase and sale of motor vehicles and similar consumer goods and in the course of this business regularly repossesses and sells such collateral.

42. As a state credit union regulated as such under state and federal law, and as a banking institution and lender of money, Meadows is a "moneyed corporation" within the meaning of § 516.420 RSMo and was at all times during the Class period.

43. The pre-sale notices sent by or on behalf of Meadows to the Class members after or in conjunction with its repossessions of the Class members' motor vehicles are standard form computer generated letters which are substantially the same, regardless of the recipient. The pre-sale notices were sent to the addresses set forth or identified on the class members' retail installment contracts and security agreements, pursuant to the provisions of § 301.215 RSMo, so that Meadows could obtain a certificate of title on a repossessed vehicle.

44. The form pre-sale notices fail to meet one or more of the requirements set forth in, and do not contain the content required by, §§ 400.9-611 through 400.9-614 RSMo. Further, Meadows' pre-sale notices did not attempt to follow or use the "safe harbor" format of §§ 400.9-613 and/or 400.9-614 RSMo and they included language or content not authorized or allowed by Missouri law, rendering the notices misleading and/or unreasonable. Accordingly, Meadows is liable for statutory damages according to the formula set forth in § 400.9-625(c)(2) RSMo.

45. Each and every one of the pre-sale notices sent by Defendant Meadows, through

its agent Centrix, to Plaintiff and to the Class members violated Missouri's Commercial Code's requirements in one or more of the following respects:

- a) The notices do not identify or describe the secured party, as required by §§ 400.9-613(1)(A) and 400.9-614(1)(A) RSMo;
- b) The notices misrepresent the secured party as Centrix (not Meadows) contrary to the requirements of §§ 400.9-613(1)(A) and 400.9-614(1)(A) RSMo;
- c) The notices do not state the intended method of disposition of the collateral, as required by §§ 400.9-613(1)(C) and 400.9-614(1)(A) RSMo;
- d) The notices fail to inform the debtor that he or she is entitled to an accounting of the unpaid indebtedness, as required by §§ 400.9-613(1)(D) and 400.9-614(1)(A) RSMo;
- e) The notices do not state the intended time and place of a public disposition of the collateral or the intended time after which any other disposition is to be made, as required by §§ 400.9-613(1)(E) and 400.9-614(1)(A) RSMo;
- f) The notices do not provide a phone number at which the redemption amount is available as required by § 400.9-614(1)(C) RSMo;
- g) The notices do not advise the debtor of a telephone number from which the amount that must be paid to the secured party to redeem the collateral under § 400.9-623 is available, as required by § 400.9-614(1)(C) RSMo;
- h) The notices contain content not allowed or authorized by Missouri law rendering the notices misleading and/or unreasonable, such as a purported redemption requirement which obligates the class members to provide proof of "verifiable

employment” to redeem their motor vehicles; and

- i) The notices do not advise the debtor of a telephone number or mailing address from which additional information concerning the disposition and the obligation secured is available, as required by § 400.9- 614(1)(D) RSMo.

46. The sending of a defective notice is the equivalent of sending no notice at all and any doubt about what constitutes strict compliance with the requirements of pre-sale notice requirements of the Commercial Code is resolved in favor of Plaintiff and the Class members.

47. As a result of the above violations of Missouri’s Commercial Code, Defendant Meadows is liable to Plaintiff and to each Class member for the statutory damages imposed by § 400.9-625(c)(2) RSMo.

48. As a result of the above violations of Missouri’s Commercial Code, Defendant Meadows is also barred from collecting any deficiency balance on the loans.

49. As a result of the above violations of Missouri’s Commercial Code, Defendant Meadows is also barred from reporting to any credit reporting agencies that there is a deficiency balance on the loans.

50. Because Meadows obtained and/or purchased, and/or was named as the insured on policies of default protection insurance and other insurance in conjunction with Portfolio Management Program and on Plaintiff’s and the Class members’ loans, or was covered under such policies, and had delegated its servicing duties to Centrix, Meadows had little incentive to comply with Missouri’s Commercial Code and consumer protection laws. As such, and for this and other reasons, the conduct of Defendant Meadows, and its agent(s) for which it is responsible, was outrageous, intentional, willful, wanton and malicious, and conducted with an

evil motive and otherwise showed a complete indifference to or a conscious disregard of the rights of Plaintiff and the other members of Class such that punitive damages are appropriate and warranted.

**COUNT II**  
**(Class Action for Violations of Missouri's Merchandising Practices Act)**

51. Each preceding paragraph of this Petition is hereby incorporated as if fully set forth herein.

52. As a state credit union regulated as such under state and federal law, and as a banking institution and lender of money, Meadows is a "moneyed corporation" within the meaning of § 516.420 RSMo and was at all times during the Class period.

53. Defendant Meadows provided financial, loan and/or banking services to Plaintiff and the Class members for primarily personal, family, household and consumer purposes.

54. Borrowers qualifying for financing through the Portfolio Management Program and the Meadows/Centrix agreements (*i.e.*, the Class members) typically had past credit problems and histories and lower credit scores. As such, these borrowers and the Class members were often susceptible to manipulation and overreaching by lenders and financiers, and were targeted for high-cost and high-interest rate "subprime" automobile loans.

55. Meadows was willing to make such loans and to engage in this type of lending activity because the Portfolio Management Program allowed it to delegate all aspects of the motor vehicle financing and servicing process to a third party agent, *i.e.*, Centrix, and thus to treat its entire motor vehicle lending as an investment program requiring little to no due diligence scrutiny or monitoring of its agent(s).

56. Further, built into the costs of each of the loans, but not disclosed or explained to



the Class members, were the premiums for policies of default protection insurance and other insurance which named Meadows as the insured and/or which covered of provided benefits to Meadows for losses caused by borrower defaults, repossessions and depreciation of the motor vehicles.

57. In June 2005, the National Credit Union Association issued a "Risk Alert" (No. 05-RISk-01) on the subject of "Specialized Lending Activities – Third Party Subprime Indirect Lending and Participations" to all credit unions, including Meadows.

58. This Risk Alert was essentially a direction to credit unions, including Meadows, to discontinue their relationships with Centrix and their involvement in the Portfolio Management Program because of the substantial risks to the credit unions associated with the lending program, which the National Credit Union considered as an unsafe and unsound practice and a violation of the credit unions' responsibilities to establish lending policies and internal controls under § 113 of the Federal Credit Union Act.

59. Notwithstanding the Risk Alert and the warnings to it, Defendant Meadows did not discontinue its relationship with Centrix or its involvement in the Portfolio Management Program. Instead, Meadows continued its relationship and involvement in the lending program because of its substantial investment in subprime motor vehicle loans, including the Class members' loans, and because its lending program gave it significant monetary incentives to violate Missouri's consumer protection laws and its Commercial Code, and to disregard the rights of Missourians, which it did.

60. In fact, through its lending program and the Portfolio Management Program Meadows used and employed a number of methods, acts and practices declared unlawful by §

407.020 RSMo to cause Plaintiff and the Class members to suffer ascertainable losses of their money and property in violation of Missouri's Merchandising Practices Act.

61. These losses include, but are not limited to, the loss of ownership and use of their motor vehicles, loss of loan payments and "wasted" loan payments, the payment of hidden and undisclosed premiums for the default protection and other insurance policies built into the cost of their loans, the loss of claims against Meadows and defenses to its efforts at collection, loss of money through their payments of deficiency judgments, and the increased cost of credit to them in future credit transactions.

62. Specifically, Defendant Meadows, acting through its employees, representatives and agents, including Centrix, engaged in unlawful practices and acted with or used or employed deception, fraud, false pretenses, false promises, misrepresentations, unfair practices, or otherwise concealed, suppressed or omitted to inform each Plaintiff and Class member of certain material facts in connection with its automobile loans and transactions in violation of Missouri's Merchandising Practices Act and § 407.020 RSMo. The acts and the conduct in violation of Missouri's Merchandising Practices Act, and § 407.020 RSMo include, but are not necessarily limited to, the following:

- a) Defendant Meadows purposefully sent, allowed or authorized to be sent, and/or later ratified the sending of, defective, misleading, unreasonable, and/or legally insufficient "pre-sale" notices governed by Missouri's Commercial Code in its effort to minimize its losses caused by borrower defaults, repossessions and depreciation of the motor vehicles;
- b) Defendant Meadows' defective pre-sale notices misrepresented its right to seek

deficiency judgments from the Class members through the statement (or similar statements) that: "You are further advised that if the proceeds of the sale of said collateral are not sufficient to satisfy your account with Centrix Resource Systems, LLC, you will be liable for the balance then remaining after net proceeds are credited to your account" because the notice was defective pursuant to the provisions of §§ 400.9-611 through 400.9-614 RSMo including, among other things, the fact that the Class members had no accounts with "Centrix Resource Systems, LLC," but instead with Meadows, which was the secured party and lienholder;

- c) Defendant Meadows included content in its notices which was misleading and unreasonable in that Meadows intended to cause the class members to believe that things were required for redemption, such as providing proof of "verifiable employment," when such a requirement is not required by Missouri law or the retail installment contract and security agreement; all in order to prevent and discourage the class members from redeeming their motor vehicles;
- d) By virtue of its defective re-sale notices, Defendant engaged in a deceptive practice which caused the Class members to accept the repossession and sale process without question in an effort to deprive them defenses to deficiency lawsuits and judgments and to false or erroneous credit reporting;
- e) Meadows did not disclose to the class members and/or concealed from the class members that it had obtained or purchased and/or that it was named as insured on or benefited from the coverage on policies of default protection insurance and

other insurance in conjunction with the Class members' loans. Instead, the cost for the premiums for this insurance was built into the cost of credit to the Class members and the terms of their high-interest, high-cost subprime loans;

- f) Meadows used and relied upon this insurance to reimburse it in whole or part for losses caused by the class members' loan defaults and repossessions. Because of this insurance, Meadows had significant incentives to disregard Missouri's consumer protection laws, which it did;
- g) By targeting subprime borrowers in need of financing, Meadows was able to obtain the Class members' agreements to high-cost and high-interest loans containing hidden and undisclosed charges for insurance and other costs;
- h) In addition, in order to make an application or affidavit for repossession title, which was governed by the provisions of § 301.215 RSMo, Meadows was required to certify under penalty of perjury, among other things, that the class members were in default on their loans, that the motor vehicles were repossessed in accordance with the terms of the class members' contracts which were assigned to Meadows and in accordance with Missouri law, and that Meadows had provided the class members with written notice of the repossessions required by the provisions of Missouri's Commercial Code at §§ 400.9-613 and 400.9-614 RSMo. These certifications were false, and through these false certifications Meadows obtained a repossession title transferring legal ownership of the class members' motor vehicles to it; and
- i) Defendant Meadows' unlawful repossession activity, defective pre-sale notices

and its course of unlawful conduct were intended to and did deprive class members or to cause the class members a loss of their motor vehicles, money and property as described above.

59. Plaintiff and the Class members justifiably and reasonably relied on Defendant Meadows' misrepresentations, omissions, and deceptive practices and Defendant's unlawful and unfair practices caused substantial injury and damages to the Class members.

60. The conduct of Defendant Meadows, and its agent(s) for which it is responsible, was outrageous, intentional, willful, wanton and malicious, and otherwise showed a complete indifference to or a conscious disregard of the rights of Plaintiff and the other members of Class, such that punitive damages are appropriate and warranted. Punitive damages are warranted to ensure that the purposes of the Merchandising Practices Act – to preserve fundamental honesty, fair play and right dealings in public transactions – are promoted, and that violations thereof do no go unpunished and unremedied.

**COUNT III**  
**(Class Action for Conversion)**

61. Each preceding paragraph of this Petition is hereby incorporated as if fully set forth herein.

62. Defendant Meadows caused motor vehicles owned by the Class members to be repossessed and sold to third parties. As described above, these repossessions were an unauthorized and unlawful assumption of the right of ownership over the personal property of the Class members to the exclusion of the Class members' rights.

63. At some point after Defendant Meadows repossessed the Class members' vehicles, it applied for and obtained certificates of title on the class members' motor vehicles,

which it then sold, thus permanently depriving the Class members of property rightfully belonging to the Class members.

64. Defendant Meadows' sales of the collateral (motor vehicles) were perpetrated and accomplished all through a course of unlawful conduct, false certifications, and deceptive conduct and wrongfully dispossessed the Class members of their property and converted the Class members' property for the use of the Defendant.

65. The conduct of Defendant Meadows, and its agent(s) and representatives for which it is responsible, was outrageous, intentional, willful, wanton and malicious, and otherwise showed a complete indifference to or a conscious disregard of the rights of Plaintiff and the other members of Class such that punitive damages are appropriate and warranted.

#### **PRAYER FOR DAMAGES**

WHEREFORE, Plaintiff, on behalf of herself and all members of the Class, respectfully prays for judgment against Defendant Meadows Credit Union as follows:

- a) For an order certifying that this action may be maintained as class action under Mo. Rule 52.08(b)(3) and § 407.025.3 RSMo, appointing Plaintiff and her undersigned counsel, J. Michael Vaughan, R. Frederick Walters, Garrett M. Hodes and Don P. Saxton, of Walters, Bender, Strohbahn & Vaughan, P.C., to represent the Class, and directing that reasonable notice of this action be given to all other members of the Class as necessary and appropriate;
- b) For all actual damages, statutory damages, penalties, and remedies available for Defendant's violations of Missouri law, including Missouri's Commercial Code and Missouri's Merchandising Practices Act, as provided by §§ 400.9-625(c)(2) and

407.025 RSMo;

- c) For pre-judgment interest as provided by law;
- d) For post-judgment interest as provided by law;
- e) For a declaration that Defendant Meadows' pre-sale notice fails to comply with Missouri's Commercial Code;
- f) An order requiring the Defendant Meadows to take action to void any and all deficiency judgments obtained against the Class members and to forfeit and return any unlawfully collected deficiency judgments;
- g) For a permanent injunction enjoining the Defendant Meadows by its own actions or through the use of a third party or agent, from issuing any pre-sale notice that fails to comply with Missouri's Commercial Code, restraining any further repossessions, and its applications for repossession title, or disposition of the collateral, from collecting any deficiency judgments resulting from a repossession in which a defective pre-sale notice was issued and/or from reporting or continuing to report to consumer credit reporting agencies that the Class members owe any deficiency judgments resulting from a repossession in which a defective pre-sale notice was issued;
- h) For an award to Plaintiff and the Class of their costs and expenses of this action;
- i) For an award to Plaintiff and the Class of their reasonable attorneys' fees; and
- j) For such other and further relief as the Court may deem necessary and proper.


**DEMAND FOR JURY TRIAL**

Plaintiff demands a jury trial on all issues so triable.

Dated: April 23, 2008

Respectfully submitted,

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