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COURT RULES THAT LOS ANGELES FINANCING COMPANY DISCRIMINATED AGAINST WOMEN WITH SUBPRIME AUTOMOBILE LOANS

Discrimination in subprime automobile loans found throughout Southern California in enforcement action brought by California Department of Fair Employment and Housing

Los Angeles – A Los Angeles County Superior Court judge today ruled that Los Angeles based M & N Financing violated state civil rights laws when it used a credit risk analysis which automatically penalized women based on their gender, in a case brought by the California Department of Fair Employment and Housing (DFEH).

The court determined that M & N's use of a spreadsheet that automatically added a point when the gender of the borrower or co-borrower was entered as "female" discriminated against women and the men who participated in loans involving women. When the spreadsheet added a point to a loan with a female borrower, M & N would pay a used car dealership one (1) percent less for the car but would collect payments and interest on the full amount from the consumer. This allowed M & N to keep more of the money for cars purchased by females. When "male" was entered on the spreadsheet no points were added.

"M & N made money it wasn't entitled to because of stereotypical views about female car purchasers," said DFEH Director Kevin Kish. "This ruling from the Court ensures that the same standards apply to men and women in financial transactions."

The court decision read, "The Unruh Act entitles all Californians, including car buyers and sellers, to business decision-making free from gender discrimination." [Click here to view Court Order.](#)

In a year-long investigation, the DFEH reviewed thousands of documents, interviewed employees, managers, former employees and auto dealers, and obtained a court order permitting it to make a mirror image of one of the company's computers.

The Court determined that the DFEH was entitled to monetary relief and a court order halting the discriminatory practice, but deferred a ruling on the amount of monetary relief to subsequent proceedings. In filings with the Court, the DFEH had earlier estimated that there are approximately 2,747 victims of this loan discrimination throughout Southern California.

M&N Financing Corporation is a California corporation that operates as a personal finance institution and handles subprime loans for vehicles purchased at more than 100 car dealerships throughout Southern California.

The DFEH is the state agency charged with enforcing California's civil rights laws. The mission of the DFEH is to protect the people of California from unlawful discrimination in employment, housing and public accommodations and from hate violence. For more information, visit the Department's Web site at www.dfeh.ca.gov.