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August 11, 2015
For Immediate Release

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DEPARTMENT OF FAIR EMPLOYMENT AND HOUSING SUES LOS ANGELES FINANCING COMPANY FOR SEX DISCRIMINATION IN SUBPRIME AUTOMOBILE LOANS TO WOMEN

Discrimination in Purchasing of Subprime Automobile Loans throughout Southern California

After a year-long investigation, the California Department of Fair Employment and Housing (DFEH) today filed suit charging that Los Angeles based M & N Financing Corporation violated the state's civil rights laws when it automatically added points to automobile loans with female borrowers or co-borrowers based solely on their gender.

The suit filed in Los Angeles County Superior Court alleges M & N Financing used a spreadsheet that automatically added a point when the gender of the borrower or co-borrower was entered as "female." When the spreadsheet added a point to a loan with a female borrower, M & N would pay the dealership one (1) percent less for the car but would collect payments and interest on the full amount from the consumer, meaning that M & N would 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. "With this lawsuit, the Department seeks to ensure that the same standards apply to men and women in financial transactions."

After reviewing thousands of loan documents, and interviewing employees, former employees and auto dealers, the Department's investigation found that M & N Financing had used the discriminatory spreadsheet since at least 2012 to determine which subprime automobile loans it would purchase.

The Department is seeking unspecified compensatory damages and changes to M&N Financing Corporation practices to halt the discriminatory practice.

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.

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