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QC Holdings To Pay \$1.5M To Settle TCPA Suit

By **Suevon Lee**

Law360, Los Angeles (November 7, 2016, 11:29 PM EST) -- A California federal judge on Monday gave final approval to a \$1.5 million settlement resolving claims brought pursuant to the Telephone Consumer Protection Act against a Kansas-based payday lender that consumers said contacted them on their cellphones via prerecorded calls to collect an alleged, unknown debt.

U.S. District Judge Cynthia Bashant signed off on the deal between Kansas-based QC Holdings Inc. and a class of consumers who submitted 645 valid claims, according to an order granting final approval to the settlement Monday.

The judge in April preliminarily approved the deal, finding it met fairness factors, but reserved judgment pending class members' response to the proposed settlement.

"Now, after settlement class members have been notified of the settlement and have had an opportunity to express their reactions, the court notes that no objections have been filed to the settlement," Judge Bashant wrote, adding she concluded the deal was "fair, reasonable and adequate" to merit final approval.

Class representative Paul Stemple initially brought suit in August 2012, alleging that he received about 12 calls on his cellphone from QC Holdings consisting of a prerecorded voice attempting to collect an alleged debt that was owed by someone other than himself.

Stemple, a California resident, claims he never engaged in any business relationship with QC Holdings and that his contact information was obtained through unknown means. The plaintiff further alleged these calls incurred certain phone charges and reduced his plan minutes while invading his privacy.

QC Holdings provides financial services such as short-term loans, check cashing and money transfers to consumers.

The TCPA prohibits calls to cellphones using what's known as an automatic telephone dialing system, or ATDS, without express prior consent from the recipient.

Stemple's causes of actions in a March amended complaint included negligent violation of the TCPA and knowing and/or willing violation of TCPA. He sought \$500 per statutory violation on the first claim and \$1,500 per statutory violation on the second claim.

Under the deal, in which QC Holdings admits no liability, the payday lender will establish a \$1.5 million settlement fund. Class counsel will seek attorneys' fees not to exceed \$450,000, while other costs include \$50,000 in litigation costs, \$5,000 for an incentive award and \$216,000 in claims administration expenses.

The settlement class is comprised of people living in the U.S. whose cellphone numbers were listed by an account holder in the employment and contacts fields in a customer loan application provided to QC Holdings and who were called using ATDS or a prerecorded voice message for the purpose of collecting an alleged debt from the account holder between Aug. 13, 2008, and Aug. 13, 2012.

Representatives for the parties could not immediately be reached for comment on Monday.

Stemple is represented by Abbas Kazerounian, Jason A. Ibey and Mohammad Kazerouni of Kazerouni Law Group APC, Joshua Swigart of Hyde & Swigart and Todd M. Friedman.

QC Holdings is represented by Rebecca J. Schwartz and Scott H. Aripoli of Shook Hardy & Bacon, and Rosemary H. Do and Ruth Segal of Lynberg & Watkins APC.

The case is Paul Stemple v. QC Holdings Inc., case number 3:12-cv-01997, in the U.S. District Court for the Southern District of California.

--Editing by Catherine Sum.

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