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

FARID MASHIRI,

Plaintiff,

v.

VITAL RECOVERY SERVICES,  
INC., *et al.*,

Defendants.

Case No. 14-cv-00231-BAS(BLM)

**AMENDED ORDER:**

- (1) **GRANTING DEFENDANT JPMORGAN CHASE BANK, N.A.’S MOTION TO DISMISS (ECF NO. 11); AND**
- (2) **DENYING IN PART AND GRANTING IN PART DEFENDANT VITAL RECOVERY SERVICES, INC.’S MOTION TO DISMISS (ECF NO. 18)**

20 On January 3, 2014, Plaintiff Farid Mashiri filed a nine-count complaint in  
21 Superior Court against Defendants Vital Recovery Services Inc. (“Vital Recovery”)  
22 and JPMorgan Chase Bank, N.A. (“Chase”) alleging violations of the Fair Debt  
23 Collection Practices Act (“FDCPA”), the Telephone Consumer Protection Act  
24 (“TCPA”), the Rosenthal Fair Debt Collection Practices Act, California Civil Code  
25 sections 1788, *et seq.*, (“RFDCPA”), and California’s Unfair Competition Law,  
26 California Business and Professions Code sections 17200, *et seq.* (ECF No. 1  
27 (“Compl.”) at Exh. A.) Chase removed the case to federal district court on  
28 January 31, 2014. Chase now moves to dismiss Counts Two and Nine, and Vital

1 Recovery moves to dismiss Count Nine. (ECF Nos. 11, 18.)

2 The Court finds this motion suitable for determination on the papers  
3 submitted and without oral argument. *See* Civ. L.R. 7.1(d)(1). For the reasons set  
4 forth below, this Court **GRANTS** Chase’s Motion to Dismiss with leave to amend  
5 and **DENIES IN PART AND GRANTS IN PART** Vital Recovery’s Motion to  
6 Dismiss, also with leave to amend.

7 **I. BACKGROUND**

8 Plaintiff alleges he obtained two loans on his property: the first with PHH  
9 Mortgage; the second, a home equity line of credit with Washington Mutual  
10 (“WaMu”). (Compl. at ¶ 13.) As a result of not making his mortgage payments,  
11 both of Plaintiff’s loans went into default. (*Id.* at ¶ 16.) At some point after default,  
12 Chase took over the loans from WaMu. (*Id.*) Plaintiff alleges his attorney sent  
13 letters, in both June and August of 2009, to WaMu informing it that Plaintiff was  
14 represented by an attorney. (*Id.* at ¶ 17.) Plaintiff alleges his attorney followed up  
15 with a letter dated November 10, 2009 and sent November 12, 2009 to Chase  
16 disputing the debt and requesting every document relating to his loan. (*Id.* at ¶ 19.)  
17 He claims neither entity responded. (*Id.*) The property was foreclosed on around  
18 February 2010. (*Id.* at ¶ 20.) In addition, Plaintiff alleges that despite “having  
19 actual knowledge that Plaintiff [was] represented by counsel,” Chase sent debt  
20 collection letters directly to him in October and December 2013. (*Id.* at ¶ 30.)

21 After foreclosure, on October 4, 2012, Vital Recovery contacted Plaintiff by  
22 letter and via his cell phone attempting to collect part of the outstanding loan  
23 balance. (*Id.* at ¶¶ 21, 22.) Plaintiff claims he and his attorney responded in writing  
24 on October 29, 2012 and December 20, 2012, telling Vital Recovery that Plaintiff  
25 had an attorney, he was disputing the debt, he requested verification of the debt  
26 source and amount, and he was requesting Vital Recovery to stop contacting him  
27 via cellular telephone. (*Id.* at ¶¶ 23, 26.) Nonetheless, Plaintiff alleges Vital  
28 Recovery persisted to call his cell phone repeatedly attempting to collect the debt.

1 (*Id.* at ¶¶ 25, 29.) These repeated calls resulted in charges to Plaintiff. (*Id.* at ¶¶ 29,  
2 70.)

3 As a result of these “harassing communications,” Plaintiff alleges he incurred  
4 actual damages “consisting of mental and emotional distress, nervousness, grief,  
5 embarrassment, loss of sleep, anxiety, worry, mortification, shock, humiliation,  
6 indignity, pain and suffering, and other injuries.” (*Id.* at ¶ 35.) Plaintiff also alleges  
7 he “incurred out of pocket monetary damages for attorneys’ fees and costs incurred  
8 for services provided to protect Plaintiff under the RFDCPA and FDCPA.” (*Id.* at ¶  
9 36.) Finally, he claims he suffered “additional incidental actual damages including,  
10 but not limited to, transportation and gasoline costs to the law firm, telephone call  
11 charges, copies, postage, and other damages.” (*Id.* at ¶ 37.)

## 12 **II. STATEMENT OF LAW**

13 A motion to dismiss pursuant to Rule 12(b)(6) of the Federal Rules of Civil  
14 Procedure tests the legal sufficiency of the claims asserted in the complaint. Fed. R.  
15 Civ. P. 12(b)(6); *Navarro v. Block*, 250 F.3d 729, 732 (9th Cir. 2001). The court  
16 must accept all allegations of material fact pleaded in the complaint as true and  
17 must construe them and draw all reasonable inferences from them in favor of the  
18 nonmoving party. *Cahill v. Liberty Mutual Ins. Co.*, 80 F.3d 336, 337-38 (9th Cir.  
19 1996). To avoid a Rule 12(b)(6) dismissal, a complaint need not contain detailed  
20 factual allegations, rather, it must plead “enough facts to state a claim to relief that  
21 is plausible on its face.” *Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 570 (2007). “A  
22 claim has facial plausibility when the plaintiff pleads factual content that allows the  
23 court to draw the reasonable inference that the defendant is liable for the  
24 misconduct alleged.” *Ashcroft v. Iqbal*, 556 U.S. 662, 678 (2009) (citing *Twombly*,  
25 550 U.S. at 556). “Where a complaint pleads facts that are merely consistent with a  
26 defendant’s liability, it stops short of the line between possibility and plausibility of  
27 entitlement to relief.” *Id.* at 678 (quoting *Twombly*, 550 U.S. at 557) (internal  
28 quotations omitted).

1            “[A] plaintiff’s obligation to provide the ‘grounds’ of his ‘entitle[ment] to  
2 relief” requires more than labels and conclusions, and a formulaic recitation of the  
3 elements of a cause of action will not do.” *Twombly*, 550 U.S. at 555 (quoting  
4 *Papasan v. Allain*, 478 U.S. 265, 286 (1986) (alteration in original)). A court need  
5 not accept “legal conclusions” as true. *Iqbal*, 556 U.S. at 678. Despite the  
6 deference the court must pay to the plaintiff’s allegations, it is not proper for the  
7 court to assume that “the [plaintiff] can prove facts that [he or she] has not alleged  
8 or that defendants have violated the...laws in ways that have not been alleged.”  
9 *Associated Gen. Contractors of Cal., Inc. v. Cal. State Council of Carpenters*, 459  
10 U.S. 519, 526 (1983).

11            Generally, courts may not consider material outside the complaint when  
12 ruling on a motion to dismiss. *Hal Roach Studios, Inc. v. Richard Feiner & Co.,*  
13 *Inc.*, 896 F.2d 1542, 1555 n.19 (9th Cir. 1990); *Branch v. Tunnell*, 14 F.3d 449, 453  
14 (9th Cir. 1994) (overruled on other grounds by *Galbraith v. Cnty of Santa Clara*,  
15 307 F.3d 1119, 1121 (9th Cir. 2002)). “However, material which is properly  
16 submitted as part of the complaint may be considered.” *Hal Roach Studios, Inc.*,  
17 896 F.2d at 1542, n. 19. Documents specifically identified in the complaint whose  
18 authenticity is not questioned by the parties may also be considered. *Fecht v. Price*  
19 *Co.*, 70 F.3d 1078, 1080 n.1 (9th Cir. 1995) (superseded by statute on other  
20 grounds); *see also Branch*, 14 F.3d at 453-54. Such documents may be considered,  
21 so long as they are referenced in the complaint, even if they are not physically  
22 attached to the pleading. *Branch*, 14 F.3d at 453-54; *see also Parrino v. FHP, Inc.*,  
23 146 F.3d 699, 706 (9th Cir. 1998) (extending rule to documents upon which the  
24 plaintiff’s complaint “necessarily relies” but which are not explicitly incorporated  
25 in the complaint). Moreover, the court may consider the full text of those  
26 documents even when the complaint quotes only selected portions. *Fecht*, 70 F.3d  
27 at 1080 n. 1. Additionally, the court may consider materials which are judicially  
28 noticeable. *Barron v. Reich*, 13 F.3d 1370, 1377 (9th Cir. 1994).

1 As a general rule, a court freely grants leave to amend a complaint which has  
2 been dismissed. Fed. R. Civ. P. 15(a); *Schreiber Distrib. Co. v. Serv-Well Furniture*  
3 *Co.*, 806 F.2d 1393, 1401 (9th Cir. 1986). However, leave to amend may be denied  
4 when “the court determines that the allegation of other facts consistent with the  
5 challenged pleading could not possibly cure the deficiency.” *Schreiber Distrib.*  
6 *Co.*, 806 F.2d at 1401 (citing *Bonanno v. Thomas*, 309 F.2d 320, 322 (9th  
7 Cir.1962)).

### 8 **III. ANALYSIS**

#### 9 **A. Count Two**

10 In Count Two, Plaintiff alleges a violation of Title 15, United States Code,  
11 §1692g. Under subdivision (a) of § 1692g, within five days after initial  
12 communication with a consumer regarding his or her debt, the debt collector is  
13 required to send the consumer a written notice regarding the details of the debt,  
14 including notification that “unless the consumer, within thirty days after receipt of  
15 the notice, disputes the validity of the debt, or any portion thereof, the debt will be  
16 assumed to be valid by the debt collector.” 15 U.S.C. § 1692g(a). Under  
17 subdivision (b):

18 If the consumer notifies the debt collector in writing within the thirty-  
19 day period described in subsection (a) that the debt, or any portion  
20 thereof, is disputed...the debt collector shall cease collection of the  
21 debt, or any disputed portion thereof, until the debt collector obtains  
22 verification of the debt or a copy of a judgment, ... and a copy of such  
verification or judgment...is mailed to the consumer by the debt  
collector.

23 15 U.S.C. §1692g(b). Plaintiff alleges that Chase violated section 1692g(b) because  
24 it failed to cease collection of the debt despite Plaintiff’s notification that he  
25 disputed the validity of the debt. (Compl. at ¶ 47.)

26 Chase moves to dismiss this count claiming Plaintiff’s allegations are  
27 insufficient since they fail to allege that Plaintiff notified Chase within 30 days that  
28 the debt was disputed. (ECF No. 11-1 at p. 4.) Although Plaintiff alleges that he

1 did notify Chase on November 12, 2009 that he was disputing the debt (*see* Compl.  
2 at ¶ 19), he fails to allege when or even whether there was a written notice from  
3 Chase that prompted this communication. It is impossible to tell from the  
4 Complaint whether the notification was done within the 30-day window.

5 Plaintiff responds by attaching a notification letter dated November 4, 2009  
6 from Chase (ECF No. 13 at Exh.1) and urging this Court to consider this letter.  
7 (ECF No. 13 at p. 6, n. 1.) However, the Court may only consider documents  
8 specifically identified in or submitted as part of a complaint, or facts otherwise  
9 judicially noticeable or permissibly incorporated by reference, without converting  
10 the motion into one for summary judgment. *See* Fed. R. Civ. P. 12(d); *Anderson v.*  
11 *Angelone*, 86 F.3d 932, 934 (9th Cir. 1996); *Branch*, 14 F.3d at 453-54; *Mack v.*  
12 *South Bay Beer Distribs., Inc.*, 798 F.2d 1279, 1282 (9th Cir. 1986); *Parrino*, 146  
13 F.3d at 706. Since Plaintiff failed to reference, or in fact make, any allegation with  
14 respect to the existence of this letter, the Court at this point declines to consider the  
15 new evidence. The Court therefore **GRANTS** Chase’s Motion to Dismiss as to  
16 Count Two. However, since it appears from the letter that Plaintiff may be able to  
17 amend the Complaint to make it sufficient, the Court **GRANTS** Plaintiff leave to  
18 amend.

### 19 **B. Count Nine**

20 In Count Nine, Plaintiff alleges a violation of California’s Unfair  
21 Competition Law (“UCL”) under Business and Professions Code sections 17200 *et*  
22 *seq.* This law protects against unfair, unlawful or fraudulent business practices.  
23 Cal. Bus. & Prof. Code § 17200. The “unlawful” prohibition protects against  
24 conduct otherwise forbidden elsewhere by law, making it independently actionable  
25 as unfair competitive practices. *Daro v. Super. Ct.*, 151 Cal.App.4th 1079, 1093  
26 (2007).

27 “[A] private person has standing to sue under the UCL for unfair competition  
28 only if he or she ‘has suffered injury in fact and has lost money or property as a

1 result of such unfair competition.” *Id.* at 1086 (quoting Cal. Bus. & Prof. Code §  
2 17204) (emphasis omitted)). Thus, whether or not a private person has standing to  
3 sue is subject to a simple two-part test: First, a party must establish injury in fact,  
4 that is “economic injury.” *Kwikset Corp. v. Super. Ct.*, 51 Cal.4th 310, 322 (2011).  
5 Second, the party must show that his economic injury “was the result of, i.e., *caused*  
6 *by*, the unfair business practice.” *Id.* (emphasis in original). The injury must be  
7 concrete and particularized and actual or imminent, not conjectural or hypothetical.  
8 *Id.*

9 Both Chase and Vital Recovery move to dismiss Count Nine arguing that  
10 Plaintiff has failed to allege economic injury that was caused by the alleged unfair  
11 business practices. (ECF Nos. 18-1 at pp. 4-6 and 11-1 at pp. 5-7.) Because the  
12 Court finds Plaintiff’s allegation that he incurred charges as a result of Vital  
13 Recovery’s repeated telephone calls to his cellular telephone in an attempt to collect  
14 on the debt (Compl. at ¶ 70) sufficient to allege economic injury caused by Vital  
15 Recovery, the Court **DENIES** Vital Recovery’s Motion to Dismiss Count Nine  
16 brought on behalf of Plaintiff.<sup>1</sup> However, since there is no such allegation with  
17 respect to Chase, and, since the remaining allegations of damages are either not  
18 economic injury or there is no showing how Chase’s actions caused the damages,  
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20 <sup>1</sup> However, the Court **GRANTS** Vital Recovery’s Motion to Dismiss Count  
21 Nine brought on behalf of the “general public,” with leave to amend. A private  
22 plaintiff may not bring an action under the UCL on behalf of the general public.  
23 *Clark v. LG Electronics U.S.A., Inc.*, 2013 WL 2816410, at \*4 (S.D. Cal. Oct. 29,  
24 2013). A private plaintiff who wishes to pursue representative claims or relief on  
25 behalf of others must satisfy both the standing requirement of California Business  
26 and Professions Code § 17204 and comply with the class action requirements of  
27 California Code of Civil Procedure § 382. Cal. Bus. & Prof. Code § 17203; *Arias v.*  
28 *Super. Ct.*, 46 Cal.4th 969, 980 (2009) (construing “the statement in section 17203,  
as amended by Proposition 64, that a private party may pursue a representative  
action under the unfair competition law only if the party ‘complies with Section 382  
of the Code of Civil Procedure’ to mean that such an action must meet the  
requirements for a class action.”). The requirements for a class action are not met  
here.

1 the Court **GRANTS** Chase’s Motion to Dismiss.

2 Clearly, Plaintiff cannot claim that Defendants’ actions caused his home to  
3 go into foreclosure. His home went into foreclosure long before any alleged actions  
4 by the Defendants. “A plaintiff fails to satisfy the causation prong of the statute if  
5 he or she would have suffered ‘the same harm whether or not a defendant complied  
6 with the law.’” *Jenkins v. JPMorgan Chase Bank, N.A.*, 216 Cal.App.4th 497, 522  
7 (2013) (citing *Daro*, 151 Cal.App.4th at 1099). In *Jenkins*, the California Appellate  
8 Court found the plaintiff’s allegations that the defendants’ unlawful, unfair, and  
9 fraudulent business practices (1) caused her home to go into foreclosure; (2)  
10 resulted in damages, interest, attorney’s fees, and costs; and (3) should result in an  
11 injunction, to be insufficient to satisfy the causation prong of the UCL’s standing  
12 requirements. *Id.* at 519-23. Since the plaintiff admitted in her complaint and  
13 opening brief that she had defaulted on the loan prior to any alleged unlawful acts,  
14 she could not show that the defendants’ alleged unlawful acts caused the resulting  
15 damages. *Id.* at 522. The same is true here.

16 In addition, Plaintiff’s claim that he suffered “mental and emotional distress,  
17 nervousness, grief, embarrassment, loss of sleep, anxiety, worry mortification,  
18 shock, humiliation, indignity, pain and suffering...” is not sufficient economic  
19 injury under the UCL. While *Vital Recovery* erroneously conflates the economic  
20 injury standing requirement with eligibility for restitution, see *Kwikset Corp.*, 51  
21 Cal. 4th at 337 (holding “ineligibility for restitution is not a basis for denying  
22 standing under section 17204”), emotional distress does not constitute lost money  
23 or property as contemplated by the UCL. See *Katz v. Cal–Western Reconveyance*  
24 *Corp.*, 2010 WL 424453, at \*5 (N.D. Cal. Jan. 27, 2010).

25 Plaintiff claims his allegation that “Defendants failed to communicate to the  
26 credit agency that Plaintiff’s debt was disputed” is a sufficient allegation of  
27 economic injury under *Aho v. AmeriCredit Financial Services, Inc.*, 2011 WL  
28 2292810 (S.D. Cal. June 8, 2011). However, Plaintiff fails to explain how the



1 alleged failure to communicate to the credit agency that the debt, which had to do  
2 with his admitted default on two home loans and resulting home foreclosure, was  
3 now disputed, would have resulted in any decrease in credit score. Plaintiff also  
4 fails to allege what was inaccurate or disputed about the debt and how a  
5 communication that it was disputed would have resulted in a better credit score.  
6 These hypothetical or conjectural damages without more are insufficient to support  
7 a claim under the UCL.

8 This leaves Plaintiff's claim that he was forced to pay attorneys' fees as well  
9 as transportation and gasoline to the law firm as well as other costs to prosecute the  
10 case against Defendants. However, the gravamen of Plaintiff's claim is that  
11 Defendants contacted him directly instead of the attorney he had already retained to  
12 help him deal with the debt collection process. If, in fact, all a plaintiff had to do to  
13 allege standing was to allege attorneys' fees in pursuing the suit, every Plaintiff  
14 would be able to allege standing. Attorneys' fees and costs of the suit are  
15 insufficient.


16 Since Plaintiff fails to allege economic injury as a result of Chase's actions,  
17 Chase's Motion to Dismiss Count Nine is **GRANTED** with leave to amend.

#### 18 **IV. CONCLUSION**

19 For the foregoing reasons, Defendant Vital Recovery's Motion to Dismiss  
20 Count Nine (ECF No. 18) is **GRANTED IN PART**, with leave to amend, and  
21 **DENIED IN PART**. Defendant Chase's Motion to Dismiss Counts Two and Nine  
22 (ECF No. 11) is **GRANTED** with leave to amend. If Plaintiff chooses to file an  
23 amended complaint, he must do so no later than September 26, 2014. This Order  
24 vacates and supersedes the prior Order issued by this Court (ECF No. 26).

25 **IT IS SO ORDERED.**

26  
27 **DATED: August 27, 2014**

28   
**Hon. Cynthia Bashant**  
**United States District Judge**