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COURT RULES THAT LOS ANGELES FINANCING COMPANY MUST PAY \$6.2 MILLION FOR DISCRIMINATION AGAINST WOMEN

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 has ordered a Los Angeles-based loan company to pay more than \$6 million in penalties for using a credit risk analysis that automatically penalized female loan applicants based solely on their gender.

In a case brought by the Department of Fair Employment and Housing, the court had earlier determined that M & N Financing discriminated against women by using a spreadsheet that automatically added a point to the risk analysis when the borrower was female. When the borrower was male, no points were added to the risk analysis.

M & N would then pay used car dealerships less for cars purchased by women, but would collect payments and interest on the full amount, meaning it would keep more of the money for cars purchased by women.

“M & N made money it wasn’t entitled to because of stereotypical views about women,” said DFEH Director Kevin Kish. “Discrimination against consumers based on their gender is unfair and wrong, and the court’s order makes clear that it is also bad business.”

During its year-long investigation into M & N Financing 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 for women borrowers, the men associated with those loans (co-signers), and 127 Southern California automobile dealers involved in Retail Installment Sales Contracts purchased by M & N from October 17, 2012 through July 2, 2014. The Court also issued an order halting the discriminatory practice, requiring training, notification of the violation to auto dealers, revision of company policies, and reporting of loan data to the Court and DFEH for a period of five years.

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 and human trafficking. For more information, visit the Department’s Web site at www.dfeh.ca.gov.