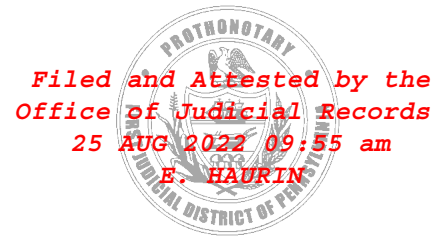


Christopher T. Dey
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PA Attorney No. 330000



Office of Attorney General
1600 Arch Street, Third Fl
Philadelphia, PA 19103
717-787-9707
Attorney for Plaintiff

COMMONWEALTH OF PENNSYLVANIA	:	PHILADELPHIA COUNTY
By Attorney General Josh Shapiro,	:	COURT OF COMMON PLEAS
	:	CIVIL TRIAL DIVISION
	:	CIVIL ACTION—EQUITY
	:	
Plaintiff,	:	Case No. _____
	:	
vs.	:	_____ Term, 2022
	:	
PROG LEASING, LLC d/b/a/ PROGRESSIVE	:	
LEASING, 264 W Data Dr, Draper, Utah 84020,	:	
	:	
Defendant.	:	

NOTICE TO DEFEND

You have been sued in court. If you wish to defend against the claims set forth in the following pages, you must take action within twenty (20) days after this complaint and notice are served, by entering a written appearance personally or by attorney and filing in writing with the court your defenses or objections to the claims set forth against you. You are warned that if you fail to do so the case may proceed without you and a judgment may be entered against you by the court without further notice for any money claimed in the complaint or for any other claim or relief requested by the plaintiff. You may lose money, property, or other rights important to you.

You should take this paper to your lawyer at once. If you do not have a lawyer or cannot afford one, go to or telephone the office set forth below to find out where you can get legal help.

Philadelphia County Bar Association
1101 Market Street
Philadelphia, PA 19107
Phone (215) 238-6300
www.philadelphiabar.org
PA Bar Association: www.pabar.org

AVISO

Le han demandado a usted en la corte. Si usted quiere defenderse de estas demandas expuestas en las paginas siguientes, usted tiene veinte (20) dias de plazo al partir de la fecha de la demanda y la notificacion. Hace falta ascantar una comparencia escrita o en persona o con un abogado y entregar a la corte en forma escrita sus defensas o sus objeciones a las demandas en contra suya sin previo aviso o notificacion. Ademias, la corte puede decidir a favor del demandante y requiere que usted cumpla con todas las provisiones de esta demanda. Usted puede perder dinero o sus propiedades u otros derechos importantes para usted.

Lleve esta demands a un abogado inmediatamente. Si no tiene abogado o si no tiene el dinero suficiente de pagar tal servicio. Vaya en persona o llame por telefono a la oficina cuya direccion se encuentra escrita abajo para averiguar donde se puede conseguir asistencia legal.

**Asociacion De Licenciados
De Filadelfia
Servicio De Referencia E
Informacion Legal
1101 Market St., 11th Piso
Filadelfia, Pennsylvania 19107
(215) 238-6333**

**THIS IS NOT A COMPULSORY ARBITRATION
CASE**

This case has been brought by the Commonwealth under the Pennsylvania Unfair Trade Practices and Consumer Protection Law, 73 P.S. §§ 201-1, *et seq.* **AN ASSESSMENT OF DAMAGES HEARING IS REQUIRED.**

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LEASING, 264 W Data Dr, Draper, Utah 84020,	:	
	:	
Defendant.	:	

COMPLAINT

AND NOW, comes the Commonwealth of Pennsylvania by Attorney General Josh Shapiro (hereinafter “Commonwealth” or “Plaintiff”), and brings this action on behalf of the Commonwealth of Pennsylvania pursuant to the Unfair Trade Practices and Consumer Protection Law, 73 P.S. §§ 201-1, et seq. (hereinafter “Consumer Protection Law”), to restrain by temporary and/or permanent injunction unfair methods of competition or unfair or deceptive acts or practices

in the conduct of any trade or commerce declared unlawful by Section 201-3 of the Consumer Protection Law.

The Commonwealth has reason to believe that Defendant is using, has used, or is about to use methods, acts, or practices declared unlawful by Section 201-3 of the Consumer Protection Law; and that citizens of the Commonwealth are suffering and will continue to suffer harm unless the acts and practices complained of herein are enjoined. The Commonwealth believes that the public interest is served by seeking a permanent injunction from this Honorable Court to restrain the methods, acts, and practices of Defendant, as set forth below.

The Commonwealth also seeks restitution pursuant to Section 201-4.1 of the Consumer Protection Law. The Commonwealth also seeks appropriate civil penalties pursuant to Section 201-8(b) of the Consumer Protection Law and requests injunctive relief, costs, and other appropriate equitable relief as redress for violations of the Consumer Protection Law.

In support of this action, the Commonwealth respectfully represents the following:

INTRODUCTION

1. Defendant fails to comply with the hang tag provisions of the Pennsylvania Rental-Purchase Agreement Act, 42 Pa.C.S.A. §§ 6901, *et seq.* (“RPAA”); as a result, Pennsylvania consumers are entering into illegal rental-purchase agreements for personal property without being provided the statutorily mandated disclosure required to be affixed to that property.

2. At all times relevant and material hereto, Defendant engages in trade and commerce within the Commonwealth of Pennsylvania by offering financing to consumers who purchase goods from Pennsylvania merchants.

3. The RPAA is applicable to all rental-purchase agreements written for Pennsylvania consumers.

4. Section 6908(b) of the RPAA requires that “[a]ll property displayed or offered under a rental-purchase agreement shall have stamped on or affixed to the property” all of the following information:

- a. The amount of the rental payment.
- b. The cash price of the property.
- c. The total number and amount of rental payments necessary to acquire ownership of the property that is the subject of the rental-purchase agreement.
- d. The cost of lease services.

42 Pa.C.S.A. § 6908(b).¹

5. Property displayed or offered under Defendant’s rental-purchase agreements do not have stamped on or affixed to the property three of the four required items: the amount of the rental payment (a), the total number and amount of rental payments necessary to acquire ownership of the property that is the subject of the rental-purchase agreement (c), and the cost of the lease services (d).

6. Instead, only the cash price of the property that is displayed or offered under Defendant’s rental-purchase is stamped or affixed to the property.

¹ On July 11, 2022, the Governor approved an amendment to the RPAA (HB 2709 or Act No. 82 of 2022). On September 9, 2022, when the amendment takes effect, the RPAA’s requirement to have disclosures physically stamped or affixed to property offered for rental purchase will apply only to property displayed at physical locations where 50% or more of revenue is derived from rental-purchase agreements. As of September 9, 2022, the RPAA’s physical hang tag requirement will no longer apply to most rental purchase agreements offered by the Defendant. Under the newly amended RPAA, instead of the physical disclosure requirement, all lessors, including the Defendant, that offer rental-purchase agreements for property displayed at physical locations where less than 50% of revenue is derived from rental-purchase agreements will be required to (1) “separately disclose the information required under subsection (b) to a consumer, by electronic means or otherwise,” (2) make the disclosures available “in multiple languages,” and (3) “confirm that a prospective lessee has viewed and affirmatively acknowledge the disclosures required under subsection (b) prior to presenting a rental purchase agreement to the prospective lessee for execution.” 42 Pa.C.S.A. § 6908(b.2) (effective September 9, 2022).

JURISDICTION

7. This Court has original jurisdiction over this action pursuant to Section 931 of the Judicial Code, 42 Pa. C.S. § 931(a).

8. This Court has personal jurisdiction over the Defendant pursuant to Section 5322 of the Judicial Code, 42 Pa.C.S.A §5322(a)(1), (2), (3), (4), (9) and (10).

VENUE

9. Venue lies with this Court pursuant to Pa. R.C.P. 1006(a)(1).

PARTIES

10. Plaintiff is the Commonwealth of Pennsylvania by Attorney General Josh Shapiro, with offices located at 1600 Arch St, Third Floor, Philadelphia, PA 19103.

11. Defendant Prog Leasing, LLC d/b/a Progressive Leasing is a Delaware limited liability company with its principal place of business at 256 W Data Drive, Draper, UT 84020. Defendant Prog Leasing, LLC is also registered as a foreign business corporation with the Pennsylvania Department of State.

FACTS

I. Defendant Enters Into Rent-To-Own Agreements With Pennsylvania Consumers

12. Defendant partners with Pennsylvania retailers (“merchants”) to offer, market, and/or sell rental-purchase agreements to Pennsylvania consumers and subsequently services and collects on such rental-purchase agreements.

13. Consumers who utilize rent-to-own transactions are disproportionately minorities, younger, less educated, low-income, and live in urban areas.

14. Many of Defendant’s customers have poor credit or no credit, and they have difficulty obtaining financing for purchases.

15. A typical rent-to-own transaction entails the renting of personal property—including but not limited to furniture, mattresses, appliances, and electronics—pursuant to periodic rental payments that are self-renewing with the option to purchase the property either by continuing to pay rent for a specific period of time or by early payment of some specified portion of the remaining lease payments.

16. Defendant's rental-purchase agreements are for the use of personal property by an individual primarily for personal, family, or household purposes for an initial period of four (4) months or less and are automatically renewable with each rental payment after the initial period and permit the lessee to acquire ownership of the property.

17. Defendant does not operate its own brick and mortar stores.

18. Instead, Defendant partners and markets its rent-to-own payment plans through, or in cooperation with, traditional and e-commerce retailers.

19. Defendant currently offers rent-to-own payment plans in forty-five (45) states including Pennsylvania.

20. In Pennsylvania, Defendant partners with hundreds of merchants including, but not limited to, furniture stores and mattress stores, to offer point-of-sale rent-to-own transactions.

21. Defendant's partnerships with Pennsylvania merchants are formalized pursuant to merchant agreements.

22. Merchants that partner with Defendant offer rental-purchase agreements for some or all of the store's merchandise.

23. If the consumer chooses to enter a rental-purchase agreement, they enter into an agreement with Defendant. Defendant purchases the item to be rented pursuant to the rental-

purchase agreement from the merchant. Defendant then rents the merchandise to the consumer pursuant to the terms of the rental-purchase agreement.

24. Defendant's default rental-purchase agreement length is twelve (12) months and consumers are automatically enrolled in the default rental-purchase agreement.

25. Consumers can acquire the rented property in two ways:

- a. by making all payments as scheduled in the rental-purchase agreement over the course of a twelve (12) month period; or
- b. By exercising the early payment option which always costs more than the retailer's cash price.

26. In Pennsylvania, the maximum cost of Defendant's rent-to-own services cannot exceed the cash price of the property. RPAA, 42 Pa.C.S.A. § 6905(a).

27. For example, if the retail cash price for a mattress were \$1,000, the full cost of the rental-purchase agreement with Defendant would be \$1,000. Thus, in a standard rental-purchase agreement, the consumer in this example would pay \$2,000 to the Defendant over the course of twelve (12) months before he or she owned the mattress.

28. In this example, expressed as an annual interest rate, the cost of lease services is 152%.

29. Defendant has previously entered and continues to enter into rental-purchase agreements with Pennsylvania consumers.

II. For All Rental Purchase Agreements Consummated Prior to September 9, 2022, Pennsylvania Law Requires Businesses Entering Rent-To-Own Agreements to Attach Complete Purchase Information to All Merchandise

30. The RPAA and Consumer Protection Law protect consumers by granting them certain rights and by imposing on lessors like the Defendant certain responsibilities.

31. One such responsibility imposed on lessors is to provide consumers with a physical “hang tag” attached to the merchandise that contains a breakdown of the costs associated with renting-to-own the merchandise.

32. Section 6908(b) of the RPAA provides that “[a]ll property displayed or offered under a rental-purchase agreement shall have stamped on or affixed to the property” all of the following information:

- a. The amount of the rental payment, 42 Pa.C.S.A. § 6908(b)(1);
- b. The cash price of the property, 42 Pa.C.S.A. § 6908(b)(2);
- c. The total number and amount of rental payments necessary to acquire ownership of the property that is the subject of the rental-purchase agreement, 42 Pa.C.S.A. § 6908(b)(3); and
- d. The cost of the lease services, 42 Pa.C.S.A. § 6908(b)(4).

33. Defendant enters into rental-purchase agreements with Pennsylvania consumers subject to the requirements of the Consumer Protection Law and RPAA.

34. Defendant’s business practices comply with neither the Consumer Protection Law nor the RPAA.

35. Consumers may enter rental-purchase agreements with Defendant to obtain merchandise, yet that property is not stamped or affixed with the amount of the rental payment, the cost of the lease services, or the total number and amount of rental payments necessary to acquire ownership.

36. Defendant, including those acting on behalf of Defendant or at the direction of Defendant, do not stamp or affix to property offered under Defendant’s rental-purchase agreements with the information required by Section 6908(b) of the RPAA.

37. At most, the subject merchandise offered under Defendant's rental-purchase agreements is stamped or affixed with the cash price of the property being displayed or offered.

38. Defendant consistently ignores the other requirements of Section 6908(b) of the RPAA and does not stamp or affix to the property the amount of the rental payment, the cost of the lease services, and the total number and amount of rental payments necessary to acquire ownership.

39. Defendant controls the activities of its merchants with respect to their offering, advertising, marketing, and enrollment of Pennsylvania consumers in Defendant's rental-purchase agreements.

40. The Commonwealth believes and therefor avers that Defendant does not direct, instruct, and/or require its Pennsylvania merchant partners to stamp or affix the above referenced information to the property displayed or offered under Defendant's rental-purchase agreements.

41. The Commonwealth believes and therefor avers that Defendant does not terminate its merchant partnerships with, or take any corrective action against, its merchants who fail to stamp or affix the above referenced information to the property displayed or offered under Defendant's rental-purchase agreements.

42. Due to Defendant's failures to properly stamp and/or tag the property with the disclosures required by RPAA, consumers who are enrolled in Defendant's rental-purchase agreements are not aware of the high leasing fee they are obligated to pay pursuant to the terms of Defendant's rental-purchase agreements.

III. Defendant Did Not and Does Not Attach Complete Purchase Information to All Merchandise

43. Defendant continues to violate the RPAA and Consumer Protection Law.

44. At all times relevant and material hereto, Defendant has willfully used the unfair methods, acts, and practices complained of herein.

45. In September and October of 2021, agents employed by the Office of the Attorney General of the Commonwealth of Pennsylvania, Bureau of Consumer Protection, visited numerous merchant locations in Pennsylvania where Defendant's advertising was displayed and where agents were able to enter the store and observe the merchandise.

46. The Commonwealth's agents inspected the property offered under rental-purchase agreements for information stamped on or affixed to property, as required by the RPAA.

47. Agents consistently observed noncompliance with the RPAA.

48. Agents found that property that was available under rental-purchase agreements only contained hang tags with the cash price of the property, and failed to contain the amount of the rental payment, the cost of the lease services, and the total number and amount of rental payments necessary to acquire ownership of the property.

49. Of all the stores visited, only two stores had partial compliance with the RPAA.

COUNT I – VIOLATIONS OF THE RPAA AND CONSUMER PROTECTION LAW

DEFENDANT FAILED TO STAMP ON OR AFFIX TO PROPERTY DISPLAYED OR OFFERED UNDER RENTAL-PURCHASE AGREEMENTS WITH CERTAIN INFORMATION PERTAINING TO THE RENTAL-PURCHASE TRANSACTION

50. The preceding paragraphs are incorporated herein as though fully set forth below.

51. Section 6902 of the RPAA defines a "lessor" as "[a] person who, in the ordinary course of business, regularly offers to rent or arranges for personal property to be rented pursuant to a rental-purchase agreement." 42 Pa.C.S.A. § 6902.

52. Defendant is a lessor of personal property through rental-purchase agreements.

53. Section 6908(b) of the RPAA provides that “[a]ll property displayed or offered under a rental-purchase agreement shall have stamped on or affixed to the property” all of the following information:

- a. The amount of the rental payment, 42 Pa.C.S.A. § 6908(b)(1);
- b. The cash price of the property, 42 Pa.C.S.A. § 6908(b)(2);
- c. The total number and amount of rental payments necessary to acquire ownership of the property that is the subject of the rental-purchase agreement, 42 Pa.C.S.A. § 6908(b)(3); and
- d. The cost of the lease services, 42 Pa.C.S.A. § 6908(b)(4).

54. Defendant is violating Section 6908(b) of the RPAA by engaging in the following conduct:

- a. Defendant fails to stamp or affix, or cause to be stamped or affixed, the amount of the rental payment, the total number and amount of rental payments necessary to acquire ownership of the property that is the subject of the rental-purchase agreement, and the cost of the lease services to all property that is displayed or offered under the rental-purchase agreement; and
- b. Defendant fails to instruct, direct, and/or require that its merchants stamp or affix the aforementioned information to all property that is displayed or offered under the rental-purchase agreements.

55. Defendant is thereby directly liable for failing to stamp or affix, or cause to be stamped or affixed, the required information.

56. Defendant is vicariously liable, and jointly and severally liable, for the misconduct of its merchant partners who, while acting as lessors under the RPAA and within the scope of their

authority to market rental-purchase agreements on behalf of Defendant, are violating Section 6908(b) of the RPAA by failing to stamp or affix the amount of the rental payment, the total number and amount of rental payments necessary to acquire ownership of the property that is the subject of the rental-purchase agreement, and the cost of the lease services to all property that is displayed or offered under the rental-purchase agreement.

57. Section 6909(a) of the RPAA provides that a violation of the RPAA is deemed a violation of the Consumer Protection Law. 42 Pa.C.S.A. § 6909(a).

58. The aforementioned acts and practices constitute unfair methods of competition and/or unfair or deceptive acts or practices as prohibited by Section 201-3 of the Consumer Protection Law, as defined by Section 201-2(4) of said Law including, without limitation:

- a. Section 201-2(4)(v), by representing that goods or services have sponsorship, approval, characteristics, ingredients, uses, benefits or quantities that they do not have;
- b. Section 201-2(4)(ix), by advertising goods or services with intent not to sell them as advertised; and
- c. Section 201-2(4)(xxi), by engaging in any other fraudulent or deceptive conduct which creates a likelihood of confusion or of misunderstanding.

73 P.S. § 201-2(4)(v), (ix) and (xxi).

59. The above-described conduct has been willful and is unlawful under Section 201-3 of the Consumer Protection Law, 73 P.S. § 201-3.

60. The Commonwealth believes that the citizens of Pennsylvania are suffering and will continue to suffer harm unless the acts and practices complained of herein are permanently enjoined.

PRAYER FOR RELIEF

WHEREFORE, the Commonwealth respectfully requests this Honorable Court to issue an Order:

- A. Declaring Defendant's conduct, as set forth in this Complaint, to be in violation of the RPAA and the Consumer Protection Law;
- B. Declaring all rental purchase agreements entered by Defendant prior to September 9, 2022 to be invalid unless the rental purchase was made at a location that where all property offered for rental-purchase had stamped or affixed all of the information and in the form required by 42 Pa.C.S.A. § 6908(b);
- C. Declaring such agreements described in Paragraph B to be instead retail installment contracts for which the maximum interest rate is six percent (6%) per annum;
- D. Declaring Defendant's conduct, as set forth in this Complaint, to be a willful violation of the Consumer Protection Law;
- E. Pursuant to Section 201-4 of the Consumer Protection Law, permanently enjoining Defendant and all other persons acting on Defendant's behalf, directly or indirectly, from violating the Consumer Protection Law;
- F. Permanently enjoining Defendant and all other persons and merchants acting on their behalf, directly or indirectly, from violating the Rental-Purchase Agreement Act as amended;
- G. Pursuant to Section 201-4 of the Consumer Protection Law, directing the rescission or reformation of rental-purchase agreements where necessary to redress injury to all consumers who previously signed or will sign rental purchase agreements with Defendant prior to September 9, 2022;

- H. Pursuant to Section 201-4.1 of the Consumer Protection Law, directing Defendant to credit and/or refund to consumers all amounts charged in excess of the cash price of the property;
- I. Directing Defendant, pursuant to Section 201-4.1 of the Consumer Protection Law, to make full restitution to all consumers who have suffered other losses as a result of the acts and practices alleged in this Complaint and any other acts or practices which violate the Consumer Protection Law.
- J. Directing Defendant, pursuant to Section 201-8(b) of the Consumer Protection Law, to pay civil penalties in the amount of one thousand dollars (\$1,000) for each and every violation of the Consumer Protection Law, and three thousand dollars (\$3,000) for each such violation involving a victim age sixty (60) or older;
- K. Directing Defendant to pay the Commonwealth for the costs of its investigation and prosecution of this action; and
- L. Granting such other relief as the Court deems necessary and appropriate.

[Signature Page Follows]

For the Plaintiff:

COMMONWEALTH OF PENNSYLVANIA
OFFICE OF ATTORNEY GENERAL

JOSH SHAPIRO
ATTORNEY GENERAL

Date: August 25, 2022

By: /s/ Christopher Dey

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PROG LEASING, LLC d/b/a/ PROGRESSIVE	:	
LEASING, 264 W Data Dr, Draper, Utah 84020,	:	
	:	
Defendant.	:	

VERIFICATION

I, Melissa M. Ritzman, hereby state that I am a Senior Civil Investigator with the Pennsylvania Office of Attorney General, Bureau of Consumer Protection and am authorized to make this verification on behalf of the Plaintiff in the within action. I hereby verify that the facts set forth in the foregoing Complaint are true and correct to the best of my knowledge or information and belief.

I understand that the statements contained herein are subject to the penalties of 18 Pa. C.S. § 4904 relating to unsworn falsification to authorities.

Date: August 25, 2022

/s/ Melissa M. Ritzman
Melissa M. Ritzman
Senior Civil Investigator