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15 **Pending admission*

16 UNITED STATES DISTRICT COURT
17 EASTERN DISTRICT OF CALIFORNIA
18 FRESNO DIVISION

19 KARLA AYALA, an individual, on behalf
20 of herself and all others similarly situated,

21 Plaintiff,

22 vs.

23 VALLEY FIRST CREDIT UNION,

24 Defendant.

Case No.: 22-cv-398

**COMPLAINT FOR VIOLATIONS OF 42
U.S.C. § 1981 AND CALIFORNIA
STATE LAW; INJUNCTIVE AND
DECLARATORY RELIEF AND
DAMAGES**

CLASS ACTION

DEMAND FOR JURY TRIAL

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1 Plaintiff Karla Ayala (“Plaintiff” or “Ayala”), individually and on behalf of all others
2 similarly situated, by her attorneys brings the following allegations, based upon information and
3 belief, against Defendant Valley First Credit Union (“Defendant” or “Valley First”):

4 **INTRODUCTION**

5 1. Defendant Valley First follows a policy of denying full access to membership
6 and financial products to applicants who are not United States citizens or Lawful Permanent
7 Residents (“LPRs”).

8 2. Plaintiff and members of the Class she seeks to represent were and are unable to
9 access Defendant’s financial services without unequal conditions imposed upon them based on
10 their immigration status. Plaintiff brings this case against Valley First for unlawful
11 discrimination on the basis of alienage in violation of the Civil Rights Act of 1866, as codified at
12 42 U.S.C. § 1981 (“Section 1981”), and the Unruh Civil Rights Act, as codified at California
13 Civil Code §§ 51, *et seq.*

14 **JURISDICTION AND VENUE**

15 3. This Court has subject matter jurisdiction over Plaintiff’s Section 1981 claims
16 under 28 U.S.C. § 1331, 28 U.S.C § 1343(a)(3) and (4), and 28 U.S.C. § 1357. This Court has
17 supplemental jurisdiction over Plaintiff’s state law claims under 28 U.S.C. § 1367.

18 4. This court has jurisdiction under 28 U.S.C. §§ 2201 and 2202, the Declaratory
19 Judgments Act, and Federal Rules of Civil Procedure 57 and 65 to grant the declaratory and
20 injunctive relief requested by Plaintiffs.

21 5. Venue is proper in this district under 28 U.S.C. § 1391(b)(2) because a substantial
22 part of the events giving rise to the claims occurred in this district.

23 **PARTIES**

24 **Plaintiff**

25 6. Plaintiff Karla Ayala is a resident of Turlock, California and has been a DACA
26 recipient since 2012. As a DACA recipient, Plaintiff Ayala is authorized to work in the United
27 States and has a Social Security Number. Plaintiff Ayala resided in Turlock on the date she

1 applied for membership with Defendant, and on the date she applied for a personal loan from
2 Defendant and was unlawfully denied.

3 7. Plaintiff and members of the Class she seeks to represent were subjected to the
4 violations described in this Complaint.

5 **Defendant**

6 8. Defendant Valley First is a member-owned credit union that serves the California
7 Central Valley.

8 9. Valley First is headquartered in Modesto, California and maintains eight locations
9 in the Central Valley.

10 10. Membership is available to those who live, work, worship, or attend school in the
11 Central Valley. Other individuals can apply for membership, banking services, and products if
12 they are employed with a specific employer group or are an immediate family member of a
13 current member at the credit union.

14 11. Valley First offers consumers a range of financial and credit products, including
15 savings and checking accounts, personal loans, auto loans, home equity loans, and home
16 mortgages.

17 **STATEMENT OF FACTS**

18 12. This action is brought on behalf of Plaintiff and members of the proposed Plaintiff
19 Class. This class seeks damages, declaratory and injunctive relief.

20 **Plaintiff Ayala**

21 13. Plaintiff Ayala is a recipient of DACA, and has been since 2012. Since that time,
22 she has continuously possessed an employment authorization card and a Social Security Number.

23 14. In or around October 2021, Valley First hired Plaintiff Ayala to work as a virtual
24 teller for the credit union's headquarters in Modesto, California.

25 15. In late October 2021, Plaintiff Ayala applied for a personal loan through the
26 Valley First website. On November 1, 2021, a Valley First loan service specialist, Amanda
27 Edwards, sent Plaintiff Ayala an email informing her that her application for a \$7,000 personal

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1 loan had been approved. Edwards instructed Plaintiff Ayala that to receive the loan, she had to
2 become a member of the credit union, open a savings account, pay a membership fee and upload
3 a copy of her Social Security Card.

4 16. On or around November 4, 2021, Plaintiff Ayala applied for membership and a
5 savings account with Valley First through its online portal. Valley First denied Plaintiff Ayala
6 the ability to establish membership. Plaintiff Ayala immediately sent an email to Edwards
7 informing her of the denial.

8 17. On or around November 5, 2021, Plaintiff Ayala received a voicemail from
9 Edwards, who told Ayala that Valley First “is unable to establish membership with a work-only
10 social security number, so we are unable to fund your loan.” Plaintiff Ayala emailed Edwards,
11 stating “I saw that I did not get approved for [a] loan, I just wanted to make sure even if I work
12 for VFCU I won’t get approved?” Edwards responded: “That is correct. I brought it to my
13 manager[’]s attention and it was taken further up. I am sorry.”

14 18. On or around November 14, 2021, Valley First sent Plaintiff Ayala an “Adverse
15 Action Notice.” Under “Principal Reason(s) for Credit Denial, Termination, or Other Action
16 Taken,” the box for “You are not eligible for membership in this credit union” is marked.

17 19. Plaintiff Ayala suffered harm as a result of Valley First’s denial of membership
18 and of her loan application because of her alienage and immigration status. Valley First’s denial
19 of her application caused Plaintiff Ayala to suffer damages, including emotional distress and
20 potential negative effects on her credit score.

21 20. Valley First’s denial of her application caused Plaintiff Ayala to feel the
22 deleterious effects of discrimination.

23 **Valley First’s Policies Are Unlawful and Harmed Plaintiffs**

24 21. Valley First’s denial of membership and services because of its limited and
25 arbitrary alienage and immigration status requirements is a violation of 42 U.S.C. § 1981.

26 22. Valley First’s denial of membership and services to Plaintiff because of her
27 alienage and immigration status violates the California Unruh Civil Rights Act.

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1 23. There is an actual and substantial controversy between Plaintiff and Valley First.

2 **CLASS ACTION ALLEGATIONS**

3 24. Plaintiff incorporates by reference the allegations raised in all preceding
4 paragraphs.

5 25. Plaintiff brings this action on behalf of herself and all others similarly situated
6 under Rule 23 of the Federal Rules of Civil Procedure.

7 26. Plaintiff seeks to represent the following class, composed of, and defined as
8 follows:

9 All persons who attempted to apply for membership or a financial product
10 from Valley First but were denied full and equal consideration by Valley
11 First on the basis of their alienage or immigration status.

12 27. Plaintiff may amend the above class definition as permitted or required by this
13 Court. This action has been brought and may be properly maintained as a class action under the
14 provisions of Rule 23 of the Federal Rules of Civil Procedure because all of the prerequisites for
15 class treatment are met.

16 **Rule 23(a)(1) – Numerosity**

17 28. The potential members of the Class as defined are so numerous that joinder is
18 impracticable.

19 29. On information and belief, Defendant's records will provide information as to the
20 number and location of the Class Members, which will allow the class to be ascertained.

21 **Rule 23(a)(2) – Common Questions of Law and Fact**

22 30. There are questions of law and fact common to the Class predominating over any
23 questions affecting only Plaintiff or any other individual Class Members.

24 31. These common questions of law and fact include, without limitation:

25 a. Whether it is Valley First's policy to reject applicants for financial products
26 because they are not U.S. citizens or permanent residents;

27 b. Whether Valley First violated 42 U.S.C. § 1981 by denying the full and equal
28 right to contract to Plaintiff and the Class Members on the basis of alienage;

1 c. Whether Valley First violated the California Unruh Civil Rights Act by denying
2 full and equal access to its services to Plaintiff and the Class Members on the basis of their
3 immigration statuses;

4 d. Whether Plaintiff and the Class Members are entitled to declaratory, injunctive,
5 and other equitable relief; and

6 e. Whether Plaintiff and the Class Members are entitled to damages and any other
7 available relief.

8 **Rule 23(a)(3) – Typicality**

9 32. The claims of the named Plaintiff are typically of the claims of the Class.
10 Plaintiff and all Class Members sustained injuries and damages arising out of and caused by
11 Defendant’s common course of conduct and common policies in violation of federal and
12 California laws, regulations, and statutes as alleged here.

13 **Rule 23(a)(4) – Adequacy of Representation**

14 33. Plaintiff will fairly and adequately represent and protect the interests of the Class
15 Members.

16 34. Plaintiff has retained counsel competent and experienced in complex litigation
17 and discrimination class actions.

18 **Rule 23(b)(2) – Declaratory, Equitable, and Injunctive Relief**

19 35. Class certification is appropriate because Valley First has acted and/or refused to
20 act on grounds generally applicable to the Class Members. Valley First’s actions make
21 appropriate declaratory, equitable, and injunctive relief with respect to Plaintiff and the Class
22 Members as a whole.

23 36. Valley First excludes Class Members outright from banking products and services
24 on the basis of alienage and immigration status. The Class Members are entitled to declaratory,
25 equitable, and injunctive relief to end Valley First’s common, unfair, and discriminatory policies.

26 **Rule 23(b)(3) – Superiority of Class Action**

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1 37. A class action is superior to other available means for the fair and efficient
2 adjudication of this controversy. Individual joinder of all Class Members is not practicable, and
3 questions of law and fact common to the Class predominate over any questions affecting only
4 individual Class Members. Each member of the proposed Class has been damaged and is
5 entitled to recovery by reason of Defendant's unlawful policies and practices of discriminating
6 on the basis of immigration status and denying full and equal access to Defendant's services.

7 38. No other litigation concerning this controversy has been commenced by Class
8 Members.

9 39. Class action treatment will allow those similarly-situated persons to litigate their
10 claims in the manner that is most efficient and economical for the parties and the judicial system.
11 It is unlikely that Class Members have any interest in individually controlling separate actions in
12 this case. The Class Members have been damaged and are entitled to recovery of statutory
13 penalties under the Unruh Civil Rights Act and other damages because of Valley First's
14 discriminatory policies. Damages are capable of measurement on a class-wide basis. Plaintiff
15 and Class Members will rely on common evidence to resolve their legal and factual questions,
16 including the applicable membership and banking policies and practices in the relevant period.

17 40. Plaintiff is unaware of any difficulties that are likely to be encountered in the
18 management of this action that would preclude its maintenance as a class action. The benefits of
19 maintaining this action on a class basis far outweigh any administrative burden in managing the
20 class action. Conducting the case as a class action would be far less burdensome than
21 prosecuting numerous individual actions.

22 **FIRST CLAIM FOR RELIEF**
23 **Alienage Discrimination**
(42 U.S.C. § 1981)

24 41. Plaintiff incorporates by reference the allegations raised in all preceding
25 paragraphs.

26 42. Plaintiff brings this claim on her own behalf and on behalf of the Class.
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1 43. Plaintiff and Class Members are persons within the jurisdiction of the United
2 States.

3 44. Plaintiff and Class Members are non-citizens.

4 45. Plaintiff and Class Members have the right to make and enforce contracts in the
5 United States and are entitled to the full and equal benefits of the law.

6 46. Defendant conducts business in the United States and, as such, is obligated to
7 comply with the provisions of 42 U.S.C. § 1981.

8 47. Defendant intentionally discriminated against Plaintiff and members of the Class
9 on the basis of alienage by denying them the opportunity to become members and acquire
10 financial products.

11 48. Defendant intentionally discriminated against Plaintiff and members of the Class
12 by interfering with their right to make and enforce contracts for membership and banking
13 products on the basis of alienage.

14 49. Plaintiff and Class Members have no plain, adequate, or complete remedy at law
15 to redress the wrongs alleged here. Plaintiff and Class Members request that the Court issue a
16 permanent injunction ordering Defendant to alter its membership and banking policies and
17 practices to prevent further violations on the basis of alienage.

18 50. Plaintiff and Class Members are now suffering, and will continue to suffer,
19 irreparable injury from Valley First's discriminatory acts and omissions.

20 **SECOND CLAIM FOR RELIEF**
21 **Violation of the Unruh Civil Rights Act**
22 **(California Civil Code §§ 51, *et seq.*)**

23 51. Plaintiff incorporates by reference the allegations raised in all preceding
24 paragraphs.

25 52. Plaintiff brings this claim on her own behalf and on behalf of the Class.

26 53. Defendant conducts business within the jurisdiction of the State of California and,
27 as such, is obligated to comply with the provisions of the Unruh Act, California Civil Code §§
28 51, *et seq.*

- 1 vi. That this Court award statutory and compensatory damages to Plaintiff and the
2 Class Members in an amount to be determined at trial;
- 3 vii. That this court award to Plaintiff and Class Members reasonable attorneys' fees
4 and costs to the extent allowable by law; and
- 5 viii. For such other and further relief as the Court deems just and proper.

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7 Dated: June 1, 2022

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9 Respectfully submitted,

MEXICAN AMERICAN LEGAL DEFENSE
AND EDUCATIONAL FUND

10 /s/ Andres Holguin-Flores

11 Andres Holguin-Flores

12 Thomas A. Saenz

13 Deylin O. Thrift-Viveros

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14 *Attorneys for Plaintiff and the Proposed Class*

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ClassAction.org

This complaint is part of ClassAction.org's searchable class action lawsuit database and can be found in this post: [Valley First Credit Union Denied Loan to DACA Recipient Based on Immigration Status, Lawsuit Claims](#)
