UNITED STATES DISTRICT COURT FOR THE DISTRICT OF CONNECTICUT

Ovetta Reid v. Arnaud Lokay et al.

Civil No. 3:25-cv-00997 (KAD) (TOF) (D. Conn. Dec. 9, 2025) · No. 3:25-cv-00997 (KAD) (TOF) · Decided December 9, 2025

SUMMARY

The document is a ruling granting Ovetta Reid leave to proceed in forma pauperis and a magistrate judge's recommended ruling on initial review under 28 U.S.C. § 1915. The court concludes that Reid's claims concerning the financing of a vehicle purchase, including claims under federal criminal statutes and the Truth in Lending Act, fail to state a claim. It recommends dismissal without prejudice and leave to file an amended complaint complying with Federal Rule of Civil Procedure 8.

CASE DETAILS

COURT	United States District Court for the District of Connecticut
WRITING FOR THE COURT	Thomas O. Farrish
JURISDICTION	United States District Court for the District of Connecticut
DECIDED	December 9, 2025
DOCKET	3:25-cv-00997 (KAD) (TOF)
DISPOSITION	other
PROCEDURAL POSTURE	Pro se plaintiff moved for leave to proceed in forma pauperis. The magistrate judge granted that motion and issued a recommended ruling that the complaint be dismissed without prejudice after initial review under 28 U.S.C. § 1915.
STANDARD OF REVIEW	On initial review of an IFP complaint under 28 U.S.C. § 1915(e)(2), the court accepts well-pleaded factual allegations as true, disregards conclusory allegations, liberally construes a pro se pleading, and dismisses claims that are frivolous, fail to state a plausible claim, seek relief from an immune defendant, or fall outside the court's jurisdiction.
PRECEDENTIAL VALUE	nonprecedential

TOPICS

civil procedure · consumer protection · truth in lending · fair debt collection · arbitration

PRACTICE AREAS

civil procedure · consumer protection · truth in lending · fair debt collection · contracts · arbitration · remedies

QUESTIONS PRESENTED

1. Whether Reid qualified to proceed in forma pauperis under 28 U.S.C. § 1915(a).
2. Whether the complaint stated a private civil claim based on federal criminal mail-fraud statutes.
3. Whether Reid stated a claim for rescission under the Truth in Lending Act, 15 U.S.C. § 1635.
4. Whether Reid plausibly alleged violations of TILA, Regulation Z, or related disclosure requirements.
5. Whether Reid stated claims under 20 U.S.C. § 1078 or 15 U.S.C. § 1662.
6. Whether Reid plausibly alleged fraud or misrepresentation and whether the federal court had jurisdiction over such state-law claims.
7. Whether Reid plausibly alleged a refusal to arbitrate sufficient to support an order compelling arbitration under 9 U.S.C. § 4.

HOLDINGS

1. A plaintiff qualifies for IFP status when the financial affidavit shows that paying the filing fees would constitute a serious hardship and interfere with providing life's necessities.
2. An IFP complaint must be dismissed when it is frivolous, fails to state a plausible claim, seeks relief from an immune defendant, or falls outside the court's jurisdiction; factual allegations are accepted as true, but conclusory allegations are not.
3. A private plaintiff may not initiate a federal criminal prosecution or obtain civil relief under the federal mail-fraud statute absent a private right of action.
4. Reid could not state a rescission claim under 15 U.S.C. § 1635 because the statute concerns transactions secured by a principal dwelling, not an automobile, and because any rescission right would have expired three business days after consummation.
5. Reid failed to state a plausible TILA or Regulation Z claim because the contract disclosed the material credit terms and optional GAP protection, and she identified no specific disclosure violation.
6. Reid failed to state a claim under 20 U.S.C. § 1078 because that statute concerns federal student-loan financing and has no apparent application to an automobile purchase.
7. Reid failed to state a claim under 15 U.S.C. § 1662 because the statute regulates advertising of specified down payments and installment amounts, not the mere requirement or oral communication of a down payment during an individual sale.
8. The complaint did not state a plausible common-law fraud, negligent-misrepresentation, or innocent-misrepresentation claim, and the court lacked a jurisdictional basis to hear such state-law claims.
9. Reid did not plausibly allege a refusal to arbitrate sufficient for relief under 9 U.S.C. § 4 because the contract required her to send a dispute notice to Credit Acceptance Corporation, not merely letters to

Seaview and Lokay.

KEY QUOTATIONS

> *"a complaint fails to state a claim when it does not include "sufficient factual matter, accepted as true, to state a claim to relief that is plausible on its face.""* (Section II.A)

> *"private citizens cannot prosecute criminal actions in federal court."* (Section II.B.1)

> *"the obligor shall have the right to rescind the transaction until midnight of the third business day following the consummation of the transaction. . . ."* (Section II.B.2)

> *"a party aggrieved by the alleged failure, neglect, or refusal of another to arbitrate under a written agreement"* (Section II.C.2)

FACTUAL BACKGROUND

Reid purchased a 2019 Hyundai Sonata from Seaview Motors and Repair, LLC, through its agent Arnaud Lokay, under an installment contract requiring a $2,500 down payment and seventy-two monthly payments. The contract disclosed an annual percentage rate, finance charge, amount financed, total payments, payment schedule, and optional GAP protection, and Seaview immediately assigned the contract to Credit Acceptance Corporation. Reid later sent letters seeking rescission, repayment, and arbitration, alleging that the defendants violated federal consumer-credit laws and misrepresented the required down payment and amount financed.

PROCEDURAL HISTORY

Ovetta Reid filed a federal complaint against Seaview Motors and Repair, LLC and Arnaud Lokay concerning the financing and purchase of a 2019 Hyundai Sonata, together with an in forma pauperis motion. The matter was referred by District Judge Kari A. Dooley to Magistrate Judge Thomas O. Farrish. The magistrate judge granted IFP status but recommended dismissal without prejudice because the asserted claims were either implausible, unavailable under the cited statutes, or outside federal jurisdiction.

DISPOSITION

other

CASES CITED

- Ortiz v. Tinnerello, No. 3:22-cv-1318 (AWT) (TOF), 2023 WL 11842871, at *1 (D. Conn. Mar. 22, 2023)
- Potnick v. E. State Hosp., 701 F.2d 243, 244 (2d Cir. 1983) (per curiam)
- Fiebelkorn v. United States, 77 Fed. Cl. 59, 61 (2007)
- Adkins v. E.I. DuPont de Nemours & Co., 335 U.S. 331, 339 (1948)
- Fridman v. City of N.Y., 195 F. Supp. 2d 534, 537 (S.D.N.Y. 2002)
- Neitzke v. Williams, 490 U.S. 319, 324 (1989)
- Yong Qin Luo v. Mikel, 625 F.3d 772, 775 (2d Cir. 2010) (per curiam)
- Ashcroft v. Iqbal, 556 U.S. 662, 678 (2009)

- Bell Atlantic Corp. v. Twombly, 550 U.S. 544, 555-56 (2007)
- Rosa v. Doe, 86 F.4th 1001, 1007 (2d Cir. 2023)
- Lerman v. Bd. of Elections, 232 F.3d 135, 139-40 (2d Cir. 2000)
- Phillips v. Girdich, 408 F.3d 124, 130 (2d Cir. 2005)
- Chavis v. Chappius, 618 F.3d 162, 170 (2d Cir. 2010)
- Genao v. St. Nicholas Hous. Dev., No. 19-cv-2477 (CM), 2019 WL 2225752, at *1 (S.D.N.Y. May 22, 2019)
- Linda R.S. v. Richard D., 410 U.S. 614, 619 (1973)
- Conn. Action Now, Inc. v. Roberts Plating Co., 457 F.2d 81, 87 (2d Cir. 1972)
- Hill v. Didio, 191 F. App'x 13, 14 (2d Cir. 2006) (summary order)
- Singletary v. Sunbit Now, LLC, No. 24-cv-877 (JAG), 2025 WL 2427165, at *5 (E.D. Va. Aug. 22, 2025)
- Strubel v. Comenity Bank, 842 F.3d 181, 186 (2d Cir. 2016)
- Catalano v. MarineMax, 690 F. Supp. 3d 123, 136 (E.D.N.Y. 2023)
- Munoz v. JLO Auto., Inc., No. 3:19-cv-01793 (MPS), 2020 WL 6607789, at *2 (D. Conn. Nov. 12, 2020)
- Anderson v. Carvana, 4:21-cv-1173 (HEA), 2022 WL 13948296, at *2 (E.D. Mo. Oct. 24, 2022)
- Johnnycake Mountain Assocs. v. Ochs, 104 Conn. App. 194, 204 n.13 (2007), cert. denied, 286 Conn. 906 (2008)
- Sturm v. Harb Dev., LLC, 298 Conn. 124, 144 (2010)
- Kokkonen v. Guardian Life Ins. Co. of Am., 511 U.S. 375, 377 (1994)
- Coppola Const. Co. v. Hoffman Enters. Ltd. P'ship, 309 Conn. 342, 351-52 (2013)
- Kramer v. Petisi, 285 Conn. 674, 684 n.9 (2008)
- Nowak v. Ironworkers Loc. 6 Pension Fund, 81 F.3d 1182, 1187 (2d Cir. 1996)
- Hartford Acc. & Indem. Co. v. Equitas Reinsurance Ltd., 200 F. Supp. 2d 102, 108 (D. Conn. 2002)
- Downing v. Merrill Lynch, Pierce, Fenner & Smith, Inc., 725 F.2d 192, 195 (2d Cir. 1984)
- Cuoco v. Moritsugu, 222 F.3d 99, 112 (2d Cir. 2000)