

UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF CALIFORNIA

Holm v. Acima Credit Digital, LLC

Holm · No. 3:24-CV-02345-GPC-DTF · Decided March 27, 2025

SUMMARY

The United States District Court for the Southern District of California granted Plaintiff Gaberick Holm’s motion for leave to file an amended complaint against Acima Credit Digital, LLC. The court concluded that the proposed amendments were not futile and that Defendant had not shown prejudice, leaving for later consideration whether the rental purchase agreement constituted consumer credit subject to the Military Lending Act and whether arbitration applied.

CASE DETAILS

COURT	United States District Court for the Southern District of California
JURISDICTION	United States District Court for the Southern District of California
DECIDED	March 27, 2025
DOCKET	3:24-CV-02345-GPC-DTF
DISPOSITION	other
PROCEDURAL POSTURE	Plaintiff moved under Federal Rule of Civil Procedure 15(a)(2) for leave to amend a putative class-action complaint to add facts concerning whether Defendant's purported leases were consumer credit agreements covered by the Military Lending Act and to clarify the putative classes. Defendant opposed on futility and prejudice grounds.
STANDARD OF REVIEW	Leave to amend under Rule 15(a)(2) is committed to the district court's discretion and is generally granted freely when justice so requires. Futility is assessed by whether no set of facts could be proved under the proposed amendment that would constitute a valid claim or defense; prejudice to the opposing party is the touchstone of the Rule 15(a) inquiry.
PRECEDENTIAL VALUE	unpublished district court order

TOPICS

- motion to amend
- civil procedure
- military law
- consumer protection
- arbitration

PRACTICE AREAS

civil procedure

consumer protection

military law

contracts

arbitration

QUESTIONS PRESENTED

1. Whether the proposed amendments were futile because Plaintiff could not prove facts establishing a valid Military Lending Act claim.
2. Whether allowing amendment would unfairly prejudice Defendant by delaying or requiring relitigation of its arbitration motion.
3. Whether Plaintiff should be granted leave under Federal Rule of Civil Procedure 15(a)(2) to file an amended complaint.

HOLDINGS

1. The proposed amendment was not futile because the dispute over whether Defendant's rental purchase agreement was a consumer credit agreement subject to the Military Lending Act could support a valid claim if Plaintiff proved facts establishing that classification.
2. Defendant failed to demonstrate prejudice from the proposed amendment.
3. Plaintiff was entitled to leave to file an amended complaint.

KEY QUOTATIONS

"Five factors are taken into account to assess the propriety of a motion for leave to amend: bad faith, undue delay, prejudice to the opposing party, futility of amendment, and whether the plaintiff has previously amended the complaint." (at 2)

"The single most important factor is whether prejudice would result to the non-movant as a consequence of the amendment." (at 2)

"At this stage of the litigation, the Court is not ruling on the sufficiency of the proposed pleadings, but only on whether 'no set of facts' can be proven that would constitute a valid and sufficient claim." (at 5)

"In sum, the Court concludes that the Foman factors support Plaintiff's motion for leave to file an amended complaint." (at 6)

FACTUAL BACKGROUND

Plaintiff alleged that Defendant's lending practices violated the Military Lending Act and the Truth in Lending Act. The alleged Military Lending Act violations included charging interest above the 36% Military Annual Percentage Rate cap, failing to provide required disclosures, including a class-action ban and jury-trial waiver, and requiring binding arbitration. Plaintiff sought to amend to add facts bearing on whether Defendant's purported rental purchase agreements were actually consumer credit agreements subject to the Military Lending Act and to clarify the putative classes.

PROCEDURAL HISTORY

Plaintiff filed a putative class action in San Diego Superior Court alleging violations of the Military Lending Act and the Truth in Lending Act. Defendant removed the action to federal court on federal-question grounds and later filed a motion to dismiss the class claims and stay the individual claims in favor of arbitration. The parties paused briefing on that motion pending resolution of Plaintiff's motion for leave to amend. The district court granted leave to amend and ordered Plaintiff to file the amended complaint within five days.

DISPOSITION

other

REMAND INSTRUCTIONS

Plaintiff shall file an amended complaint within five days of the order. The hearing set for April 11, 2025 was vacated.

CASES CITED

- *Foman v. Davis*, 371 U.S. 178, 182 (1962)
- *DCD Programs, Ltd. v. Leighton*, 833 F.2d 183, 186-87 (9th Cir. 1987)
- *United States v. Webb*, 655 F.2d 977, 979 (9th Cir. 1981)
- *Int'l Ass'n of Machinists & Aerospace Workers v. Republic Airlines*, 761 F.2d 1386, 1390 (9th Cir. 1985)
- *Johnson v. Buckley*, 356 F.3d 1067, 1077 (9th Cir. 2004)
- *Bowles v. Reade*, 198 F.3d 752, 757-58 (9th Cir. 1999)
- *Eminence Cap., LLC v. Aspeon, Inc.*, 316 F.3d 1048, 1052 (9th Cir. 2003)
- *William Inglis & Sons Baking Co. v. ITT Continental Baking Co., Inc.*, 668 F.2d 1014, 1053 n.68 (9th Cir. 1981)
- *Lopez v. Smith*, 203 F.3d 1122, 1127 (9th Cir. 2000) (en banc)
- *Noll v. Carlson*, 809 F.2d 1446 (9th Cir. 1987)
- *Missouri ex rel. Koster v. Harris*, 847 F.3d 646, 656 (9th Cir. 2017)
- *Netbula, LLC v. Distinct Corp.*, 212 F.R.D. 534, 539 (N.D. Cal. 2003)
- *Green Valley Corp. v. Caldo Oil Co.*, No. 09cv4028-LHK, 2011 WL 1465883, at *6 (N.D. Cal. Apr. 18, 2011)
- *Clarke v. Upton*, 703 F. Supp. 2d 1037, 1043 (E.D. Cal. 2010)
- *Breier v. N. Cal. Bowling Proprietors' Ass'n*, 316 F.2d 787, 790 (9th Cir. 1963)
- *Taylor v. Alore, LLC*, No. C19-5086-BHS, 2019 WL 4058980, at *2 (W.D. Wash. Aug. 27, 2019)
- *Morongo Band of Mission Indians v. Rose*, 893 F.2d 1074, 1079 (9th Cir. 1990)
- *Peterson v. California*, No. 1:10-cv-01132-SMS, 2011 WL 3875622, at *3 (E.D. Cal. Sept. 1, 2011)
- *Fremantlemedia N. Am., Inc. v. AXA Ins.*, 2010 WL 11601204, at *3 (C.D. Cal. Nov. 5, 2010)
- *United States v. United States Healthcare Ins. Co.*, 848 F.3d 1161, 1184 (9th Cir. 2017)