

LOCKRIDGE GRINDAL NAUEN P.L.L.P.

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UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF CALIFORNIA

HYDE-EDWARDS SALON & SPA,  
Individually and on Behalf of All  
Others Similarly Situated,

Plaintiff,

v.

JPMORGAN CHASE & CO. and  
JPMORGAN CHASE BANK, N.A.,

Defendants.

) Case No. **'20CV0762 DMS MDD**

) **CLASS ACTION COMPLAINT**

) **FOR:**

) **DEMAND FOR JURY TRIAL**

- )
- ) 1) California False Advertising Law,  
California Business & Professions  
Code §§17500, et seq.;
- ) 2) Unfair Competition Law, California  
Business & Professions Code  
§§17200, et seq.;
- ) 3) Fraudulent Concealment;
- ) 4) Breach of Fiduciary Duty; and
- ) 5) Negligence

## NATURE OF THE ACTION

1  
2  
3 1. Plaintiff Hyde-Edwards Salon and Spa (“Plaintiff”), individually and  
4 on behalf of all others similarly situated, by and through its undersigned attorneys,  
5 brings this Class Action Complaint and jury demand against Defendants JPMorgan  
6 Chase & Co. and JPMorgan Chase Bank, N.A. (“Defendants”), for their unlawful  
7 acts and/or intentional practices of making false, misleading, and deceptive  
8 representations and omissions concerning their processing of economic assistance  
9 via the Federal Paycheck Protection Program (“PPP”), by engaging in conduct  
10 prohibited by law and regulations with customers and clients, and by otherwise  
11 engaging in sharp business practices.

12 2. Defendants made false, misleading, and deceptive material statements  
13 and omissions to consumers and small business owners who were in need of  
14 financial relief and assistance as a result of the COVID-19 pandemic that they would  
15 administer, process, and grant loans in accordance with applicable Small Business  
16 Administration regulations.

17 3. Specifically, Defendants knew that all loans through the PPP were vital  
18 to Plaintiff and the Class members and critically time-sensitive given that the total  
19 amount of PPP funds were limited and the amount Defendants could loan pursuant  
20 to the PPP was capped. Defendants, as an approved lender agreed to comply with all  
21 applicable rules, requirements and guidelines.<sup>1</sup> Defendants, however, intentionally  
22 ignored the equitable and critical guideline that loans would be processed on a “first  
23 come, first served” basis as required by the PPP. Instead, in order to protect their  
24 financial gains, Defendants prioritized the processing of larger loans over smaller  
25 loans and loans for which Defendants risked greater exposure in the event of a  
26 business failure over loans where the risk exposure was less. For instance,

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27 <sup>1</sup> [https://www.sba.gov/sites/default/files/2020-04/PPP--Agreement-for-New-](https://www.sba.gov/sites/default/files/2020-04/PPP--Agreement-for-New-Lenders-Banks-Credit-Unions-FCS-w-seal-fillable.pdf)  
28 [Lenders-Banks-Credit-Unions-FCS-w-seal-fillable.pdf](https://www.sba.gov/sites/default/files/2020-04/PPP--Agreement-for-New-Lenders-Banks-Credit-Unions-FCS-w-seal-fillable.pdf)

1 Defendants prioritized processing the loans for large restaurant chains such as Ruth's  
2 Chris Steakhouse (approved \$20 million on April 7), Shake Shack (\$10 million),  
3 Potbelly Sandwich Shop (approved \$10 million on April 6), and Texas Taco Cabana  
4 (approved \$10 million on April 8).<sup>2</sup>

5 4. Defendants not only decided to line their own pockets at the expense of  
6 Plaintiff and the Class members, they affirmatively chose to not disclose to any small  
7 business owner that they were prioritizing larger business loans and not following  
8 the PPP's official guidelines of "first come, first served." This was further  
9 wrongdoing as Plaintiff and the Class members could have decided to apply for the  
10 PPP assistance through another financial institution. Defendants' material  
11 misrepresentations and omissions ensured that there was no arms-length transaction  
12 between Plaintiff and the Class Members and otherwise violated the Small Business  
13 Administration's ("SBA") regulatory code of ethics.

14 5. Moreover, no reasonable consumer would have expected Defendants to  
15 prioritize the larger businesses in contradiction to the PPP guidelines and rules.

16 6. Defendants' misrepresentations, omissions and wrongdoing caused  
17 substantial injury to small businesses such as Plaintiff and the Class members who  
18 were thus unable to benefit from the economic assistance.

#### 19 JURISDICTION AND VENUE

20 7. This Court has subject matter jurisdiction over all causes of action  
21 under the Class Action Fairness Act of 2005 and 28 U.S.C. §1332, pursuant to which  
22 this Court has diversity jurisdiction because Plaintiff and the Class members are  
23 citizens of states different than Defendants and because the amount in controversy  
24 exceeds the sum or value of \$5,000,000.

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27 <sup>2</sup> Since receiving the \$10 million loan, Shake Shack has announced that it will return  
28 the entire amount of the loan. (<https://www.businessinsider.com/ruths-chris-potbelly-chains-tk-million-in-small-business-loans-2020-4>) (last accessed April 22, 2020)



1 institution that provides investment, commercial, and private banking; asset  
2 management; and credit card services.

### 3 FACTUAL ALLEGATIONS

4 14. As a result of the rapidly increasing number of cases and countries  
5 affected by COVID-19, on March 11, 2020, the World Health Organization's  
6 ("WHO") Director-General declared COVID-19 as a pandemic.

7 15. In response to the rapid spread of COVID-19 throughout California, on  
8 March 19, 2020, California's Governor Gavin Newsom issued Executive Order N-  
9 33-20 ("Order"), which ordered California residents to stay at home.

10 16. The Order allowed certain "essential services" to remain open,  
11 including banks, gas stations, pharmacies, grocery stores, and state and local  
12 government functions.

13 17. However, the Order closed dine-in restaurants, entertainment venues,  
14 public events and gatherings, and hair and nail salons.

15 18. On March 27, 2020, President Trump signed the Coronavirus Aid,  
16 Relief, and Economic Security ("CARES") Act into law, including the provision of  
17 \$376 billion in economic assistance to small businesses.

18 19. The CARES Act was intended to provide direct economic assistance to  
19 workers and *businesses on a first come, first served basis*, and to preserve U.S. jobs.

20 20. The CARES Act created certain economic programs designed to  
21 provide financial assistance to small business owners, including the PPP.

22 21. The PPP was designed to help small business owners cover the costs  
23 associated with retaining their employees during the COVID-19 pandemic by  
24 providing 100% federally guaranteed loans. Additionally, the loans may be  
25 forgiven, they carry no SBA fees, and loan repayment can be deferred for six months.

26 22. Small businesses are eligible to apply for a loan through the PPP if they  
27 have been harmed by the COVID-19 pandemic between February 15, 2020 and June  
28

1 30, 2020. Loans are retroactive to February 15, 2020, in order to provide assistance  
2 to workers who were already laid off.

3 23. While the loans were guaranteed by the federal government, small  
4 business owners need to apply for such loans through private banks.

5 24. Because each loan will be registered under a Taxpayer Identification  
6 Number, small business owners could only apply once for a loan through the PPP so  
7 if a bank was unwilling or did not treat each business on a first come, first served  
8 basis, an applicant was left with little recourse.

9 25. According to the U.S. Small Business Administration Office of  
10 Advocacy, in 2018, the country had 30.2 million small businesses, representing  
11 99.9% of all U.S. businesses and 47.5% of all employees in the U.S.<sup>3</sup>

12 26. Of the 30.2 million small businesses in the U.S., 22 million are  
13 individually operated, with no employees other than the owner.<sup>4</sup>

14 27. In 2018, the average loan amount backed by the SBA was \$107,000.<sup>5</sup>

15 28. Beginning on April 3, 2020, small businesses and sole proprietorships  
16 could apply for and receive loans through the PPP. Beginning on April 10, 2020,  
17 independent contractors and self-employed individuals could apply for and receive  
18 such loans. The last day to apply for and receive a loan through the PPP is June 30,  
19 2020.

20 29. Loans through the PPP were time-sensitive as they were to be  
21 administered on a “first-come, first-served” basis. Consequently, loans should have  
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23

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24 <sup>3</sup> [https://www.sba.gov/sites/default/files/advocacy/2018-Small-Business-Profiles-](https://www.sba.gov/sites/default/files/advocacy/2018-Small-Business-Profiles-US.pdf)  
25 [US.pdf](https://www.sba.gov/sites/default/files/advocacy/2018-Small-Business-Profiles-US.pdf) (last accessed April 21, 2020)

26 <sup>4</sup> <https://www.chamberofcommerce.org/small-business-statistics/> (last accessed  
27 April 21, 2020)

28 <sup>5</sup> <https://www.valuepenguin.com/average-small-business-loan-amount> (last  
accessed April 21, 2020)

1 been considered by banks in the order in which they were received, rendering the  
2 loan amount insignificant.<sup>6</sup>

3 30. Lenders of PPP loans earned varying percentages of origination fees,  
4 based on the loan amount: five percent on loans not more than \$350,000; three  
5 percent on loans more than \$350,000 but less than \$2,000,000; and one percent on  
6 loans more than \$2,000,000.<sup>7</sup>

7 31. Despite the first come, first served mandate and because of the tiered  
8 percentage-based origination fees, lenders were financially incentivized to approve  
9 of larger loans ahead of smaller ones: one percent fees on a \$5,000,000 loan would  
10 earn a bank \$50,000 while five percent on a \$350,000 loan would earn \$17,500.

11 32. The SBA tracked the numbers of approved loans and dollars for both  
12 the first 10 days of the PPP (April 3-13, first chart) and through the last 3 days  
13 (through April 16, second chart).<sup>8</sup>

Loan Size	Approved Loans	Approved Dollars	% of Count	% of Amount
\$150K and Under	725,058	\$37,178,984,187	70.05%	15.02%
>\$150K - \$350K	156,590	\$35,735,615,983	15.13%	14.44%
>\$350K - \$1M	102,473	\$59,291,602,643	9.90%	23.95%
>\$1M - \$2M	31,176	\$43,278,883,532	3.01%	17.48%
>\$2M - \$5M	16,516	\$49,288,997,593	1.60%	19.91%
>\$5M	3,273	\$22,769,309,582	0.32%	9.20%

- Overall average loan size is \$239,152.

23 <sup>6</sup> SMALL BUSINESS ADMINISTRATION Interim Final Rule §m [Docket No.  
24 SBA-2020-0015] 13 CFR Part 120 Business Loan Program Temporary Changes;  
Paycheck Protection Program RIN 3245-AH34.

25 <sup>7</sup> <https://home.treasury.gov/system/files/136/PPP%20Lender%20Information%20Fact%20Sheet.pdf> (last accessed April 22, 2020)

26 <sup>8</sup> <https://www.sba.gov/sites/default/files/2020-04/PPP%20Report%20SBA%204.14.20%20-%20-%20-%20Read-Only.pdf> and  
27 <https://www.sba.gov/sites/default/files/2020-04/PPP%20Deck%20copy.pdf> (last  
28 accessed April 22, 2020)



Loan Size	Approved Loans	Approved Dollars	% of Count	% of Amount
\$150K and Under	1,229,893	\$58,321,791,761	74.03%	17.04%
>\$150K - \$350K	224,061	\$50,926,354,675	13.49%	14.88%
>\$350K - \$1M	140,197	\$80,628,410,796	8.44%	23.56%
>\$1M - \$2M	41,238	\$57,187,983,464	2.48%	16.71%
>\$2M - \$5M	21,566	\$64,315,474,825	1.30%	18.79%
>\$5M	4,412	\$30,897,983,582	0.27%	9.03%

- Overall average loan size is \$206K.

33. Not only was the overall average loan size greater during the first ten days of the PPP (see charts above: \$239,152 vs. \$206,000), but the number of approved loans for applications under \$350,000 was significantly greater in the last three days before PPP funds ran out when compared to the first ten days: 881,648 approved loans in the first ten days versus 1,453,954 approved loans as of the last day PPP funds were available. In the period between April 14 through April 16, 572,306 more loans were approved, representing a 65% increase over those approved during the first ten days.

34. That 65% increase is even more telling when compared with the difference in approved loans for applications above \$2,000,000 for the same period. In the first ten days, 19,789 loans were approved versus 25,978 loans approved as of the last day PPP funds were available, meaning that between April 14-16, 6,189 loans were approved, equaling a 31% increase over those approved during the first ten days.

35. With such varying data, it's clear that lenders such as Defendants did not process loans on a "first come, first served" basis as required by the PPP, but that the loan amount and possible loan failure exposure to the Defendants influenced when the application was processed by the Bank and submitted for approval.

36. For example, Defendants quickly approved four loans equaling \$50 million in loans to large restaurant chains Ruth's Chris Steakhouse (approved \$20



1 million on April 7), Shake Shack (\$10 million), Potbelly Sandwich Shop (approved  
2 \$10 million on April 6), and Texas Taco Cabana (approved \$10 million on April 8).<sup>9</sup>

3 37. Plaintiff learned of the CARES Act and PPP when it was passed and  
4 signed into law by President Trump.

5 38. On approximately March 17, 2020, Plaintiff's business closed in  
6 accordance with San Diego County's Shelter in Place Order.

7 39. On approximately April 8, 2020, Plaintiff submitted an application for  
8 loan assistance through the PPP with Defendants. Plaintiff applied for a loan through  
9 the PPP in order to keep employees on the payroll, as well as to pay rent and other  
10 approved expenses. Plaintiff chose to submit a loan application with Defendants  
11 because it conducts all business banking with them.

12 40. On that same day, Plaintiff received an e-mail communication from  
13 Defendants acknowledging receipt of its loan application.

14 41. On April 19, 2020, Plaintiff received an e-mail communication stating  
15 its application was in Stage 2 of the review process, but that PPP funds were no  
16 longer available. There has been no further communication from Defendants about  
17 the status of Plaintiff's loan application.

18 42. Because Plaintiff submitted an application for a loan through the PPP  
19 with Defendants, it was denied access to funds that would have helped it survive the  
20 Stay at Home Order and resulting business closure and economic crisis and was  
21 prevented from seeking assistance from a different lender.

22 43. Defendants claim they worked tirelessly to ensure as many clients  
23 received PPP funds as possible, and that loan applications were processed and  
24 approved "in the same general order" in which they received the initial online form.<sup>10</sup>

25 \_\_\_\_\_  
26 <sup>9</sup> Since receiving the \$10 million loan, Shake Shack has announced that it will return  
27 the entire amount of the loan. ([https://www.businessinsider.com/ruths-chris-  
28 potbelly-chains-tk-million-in-small-business-loans-2020-4](https://www.businessinsider.com/ruths-chris-potbelly-chains-tk-million-in-small-business-loans-2020-4)) (last accessed April 22,  
2020)

<sup>10</sup> <https://recovery.chase.com/cares1> (last accessed April 22, 2020)

1           44. However, Defendants misled and deceived their clients, including  
2 Plaintiff, into believing applications for loans through the PPP were processed in the  
3 order received with no regard to loan amount, when in fact the loan amount certainly  
4 influenced the order in which loans were processed and approved.

5           45. If Defendants had not misled and deceived their small business clients,  
6 such clients could have submitted their applications for loans through the PPP with  
7 other lenders that were following the required “first come, first served” application  
8 processing order. Because small businesses were only allowed to submit one  
9 application for PPP loans, they could not go to another lender for assistance.

10           46. Defendants knew their clients trusted them and believed they would  
11 administer the PPP as required, but chose to exploit their clients’ trust. As a result  
12 of Defendants’ greed and focus on their own financial incentives, countless small  
13 businesses were prevented from benefitting from the program designed to help them  
14 survive during the COVID-19 pandemic.

15           **DEFENDANTS’ MISREPRESENTATIONS AND OMISSIONS VIOLATED**  
16                                   **CALIFORNIA LAW**

17           47. Defendants violated California law by engaging in fraudulent, unfair  
18 and unlawful business practices.

19           48. Defendants wrongfully and unfairly chose to put their financial  
20 interests before Plaintiff and the Class Members despite agreeing to comply with all  
21 rules, regulations and requirements issued concerning PPP loans.

22           49. Furthermore, the statements provided by and/or made by Defendants to  
23 Plaintiffs and the Class Members did not disclose Defendants’ practice or policy that  
24 larger businesses PPP loan applications should take priority.

**PLAINTIFF'S RELIANCE WAS  
REASONABLE AND FORESEEN BY DEFENDANTS**

50. Defendants knew the vital importance of the PPP loans to Plaintiff and the Class Members. Defendants also knew for many these loans were required to ensure the viability of these businesses going forward.

51. When deciding to submit a PPP loan application, Plaintiff reasonably relied on Defendants' material misrepresentations and omissions.

52. A reasonable consumer would consider if a lender was not going to follow the "first come, first serve" guideline in deciding what bank to submit a PPP loan application through.

**CLASS ACTION ALLEGATIONS**

53. Plaintiff brings this action individually and on behalf of the following Class pursuant to Rule 23:

All eligible persons or entities in the State of California who applied for a loan under the PPP with Defendants and whose applications were not processed by Defendants in accordance with SBA regulations and requirements or California law.

54. Excluded from the proposed class are Defendants, any parent companies, subsidiaries, and/or affiliates, officers, directors, legal representatives, employees, co-conspirators, all governmental entities, and any judge, justice, or judicial officer presiding over this matter.

55. This action is brought and may be properly maintained as a class action. There is a well-defined community of interests in this litigation and the members of the Class are easily ascertainable.

56. The members in the proposed class are so numerous that individual joinder of all members is impracticable, and the disposition of the claims of the Class members in a single action will provide substantial benefits to the parties and Court.

1           57. Questions of law and fact common to Plaintiff and the Class include,  
2 but are not limited to, the following:

- 3                   (a) Whether Defendants violated the regulations for  
4                   administering, processing, and handling loans through the  
5                   PPP;
- 6                   (b) Whether Defendants made false, misleading, and deceptive  
7                   misrepresentations and omissions regarding their  
8                   administration, processing, and handling of the applications  
9                   for loans from small businesses through the PPP;
- 10                  (c) Whether Defendants failed to adhere to the administer,  
11                  process, and handle loans on a “first come, first served” basis  
12                  as required by the PPP;
- 13                  (d) Whether Defendants administered, processed, and handled  
14                  larger loans before smaller loans;
- 15                  (e) Whether Defendants violated various California laws;
- 16                  (f) Whether Defendants engaged in false advertising;
- 17                  (g) Whether Defendants fraudulently concealed material facts  
18                  from their clients;
- 19                  (h) Whether Defendants’ conduct was negligent per se;
- 20                  (i) Whether Defendants breached a fiduciary duty;
- 21                  (j) Whether Plaintiff and members of the Class are entitled to  
22                  statutory and punitive damages; and
- 23                  (k) Whether Plaintiff and the members of the Class are entitled to  
24                  declaratory and injunctive relief.

25           58. Defendants engaged in a course of common conduct that gave rise to  
26 the legal rights sought to be enforced by Plaintiff individually and on behalf of the  
27 other members of the Class. Identical statutory violations and business practices and  
28

1 harms are involved. Individual questions, if any, are not prevalent in comparison to  
2 the numerous common questions that dominate this action.

3 59. Plaintiff's claims are typical of those of the members of the Class  
4 because they are based on the same underlying facts, events, and circumstances  
5 relating to Defendants' conduct.

6 60. Plaintiff will fairly and adequately represent and protect the interests of  
7 the Class, has no interests incompatible with the interests of the Class, and has  
8 retained counsel competent and experienced in class action, consumer protection,  
9 and false advertising litigation.

10 61. Class treatment is superior to other options for resolution of the  
11 controversy because the relief sought for each member of the Class is small such  
12 that, absent representative litigation, it would be infeasible for members of the Class  
13 to redress the wrongs done to them.

14 62. Questions of law and fact common to the Class predominate over any  
15 questions affecting only individual members of a Class.

16 63. As a result of the foregoing, class treatment is appropriate.

17 **CLAIMS FOR RELIEF**

18 **COUNT I**

19 **Violation of California's False Advertising Law, California Business &**  
20 **Professions Code §§17500, *Et Seq.*, Against Defendants on Behalf of the Class**

21 64. Plaintiff incorporates by reference and realleges each and every  
22 allegation contained above, as though fully set forth herein.

23 65. California's False Advertising Law ("FAL") prohibits the performance  
24 of services, professional or otherwise "which [are] untrue or misleading." Cal. Bus.  
25 & Prof. Code §17500.

26 66. As set forth herein, Defendants' misrepresentations and omissions that  
27 they were working tirelessly to administer, process, and handle loan applications  
28 through the PPP in order to provide assistance to as many clients as possible and that

1 they were otherwise following the requirements of the PPP was literally false,  
2 misleading, and likely to deceive the public.

3 67. Defendants knew or reasonably should have known that all these claims  
4 were untrue or misleading.

5 68. Plaintiff and the Class members are entitled to statutory, injunctive, and  
6 equitable relief in the amount of money in their respective PPP loan application.

7 **COUNT II**

8 **Violation of California's Unfair Competition Law, California Business &**  
9 **Professions Code §§17200, *Et Seq.*, Against Defendants on Behalf of the Class**

10 69. Plaintiff incorporates by reference and realleges each and every  
11 allegation contained above, as though fully set forth herein.

12 70. The Unfair Competition Law ("UCL") prohibits any unlawful, unfair,  
13 or fraudulent business act or practice." Cal. Bus. & Prof. Code §17200.

14 **Fraudulent**

15 71. Defendants' misrepresentations and related omissions that they were  
16 working tirelessly to administer, process, and handle loan applications through the  
17 PPP in order to provide assistance to as many clients as possible and that they were  
18 otherwise following the requirements of the PPP are literally false, misleading, and  
19 likely to deceive the public.

20 **Unlawful**

21 72. As alleged herein, Defendants have advertised and represented their  
22 administration of loans through the PPP, such that Defendants' actions as alleged  
23 herein violate at least the following law:

24 (a) The False Advertising Law, California Business & Professions  
25 Code §§17500, *et seq.* (the "FAL").

26 **Unfair**

27 73. Defendants' conduct with respect to the administration, processing, and  
28 handling of the applications from small businesses for loans through the PPP was

1 unfair because Defendants' conduct was immoral, unethical, unscrupulous, or  
 2 substantially injurious to their clients. The utility of their conduct, if any, does not  
 3 outweigh the gravity of harm to their victims.

4 74. Defendants' conduct with respect to the administration, processing, and  
 5 handling of the applications from small businesses for loans through the PPP was  
 6 also unfair because in order to maximize its financial gain associated with loans  
 7 through the PPP, it prioritized larger loans over smaller ones while deceiving and  
 8 misleading small business owners into believing their loans were processed on a  
 9 "first come, first served" basis, as dictated by the PPP.

10 75. In accordance with California Business & Professions Code §17203,  
 11 Plaintiff seeks an order enjoining Defendants from continuing to conduct business  
 12 through fraudulent or unlawful acts and practices and to discharge the funds they  
 13 received from the PPP to Plaintiff and the Class members.

### 14 **COUNT III**

#### 15 **Fraudulent Concealment Against Defendants on Behalf of the Class**

16 76. Plaintiff incorporates by reference and realleges each and every  
 17 allegation contained above, as though fully set forth herein.

18 77. Defendants fraudulently concealed material facts they had a legal duty  
 19 to disclose to Plaintiff and the Class members regarding their administration,  
 20 processing, and handling of the loans through the PPP. These material facts known  
 21 by Defendants were:

- 22 (a) The order of how applications for loans through the PPP would
- 23 actually be processed and granted;
- 24 (b) That the processing and granting of larger loans would be
- 25 given priority over smaller loans or loans where there was
- 26 greater exposure to the bank over loans where there was less
- 27 exposure; and
- 28



1 (c) The applications for loans through the PPP would not be  
2 processed or granted in accordance with the PPP.

3 78. Defendants intentionally and knowingly omitted this information to  
4 induce Plaintiff and the Class members to submit applications for loans through the  
5 PPP with them.

6 79. Defendants knew the concealment or nondisclosure of these facts  
7 regarding the true nature of how the PPP loan applications were going to be  
8 administered, processed, and handled were material to their clients because they  
9 contradicted the representations made by Defendants in their statements and  
10 marketing.

11 80. Defendants had a legal duty to disclose this information because  
12 Defendants knew the representations made in their statements and marketing created  
13 a false impression unless these omitted material facts were disclosed to Plaintiff and  
14 the Class members, especially as the Government was stating it would be done on a  
15 first come, first serve bases.

16 81. Plaintiff and the Class members had no knowledge of the true nature of  
17 how the PPP loan applications were going to be administered, processed, and  
18 handled based on Defendants' fraudulent concealment and nondisclosures, and they  
19 had no ability to discover the omitted information prior to submitting their loan  
20 applications. Given the deceptive manner in which Defendants chose to omit or not  
21 disclose material information concerning the true nature of how they were  
22 administering, processing, and handling PPP loan applications, Plaintiff and the  
23 Class members were injured.

24 82. As a direct and proximate result of Defendants' conduct, Plaintiff and  
25 the Class members suffered actual damages in that they submitted applications for  
26 loans through the PPP with Defendants and because they could only apply for such  
27 loans once, were prevented from seeking assistance from another lender.  
28





**JURY DEMAND**

Plaintiff demands a trial by jury on all issues so triable.

**PRAYER FOR RELIEF**

Wherefore, Plaintiff, individually and on behalf of all others similarly situated, respectively requests relief against Defendants as set forth below:

A. Certifying the proposed Class; appointing Plaintiff as Class representative; and its undersigned counsel as Class counsel;

B. An order requiring Defendants to bear the costs of class notice;

C. An order enjoining Defendants from administering, processing, or handling loans through the PPP inconsistent with or in violation of the PPP;

D. An order awarding declaratory relief, and any further retrospective or prospective injunctive relief permitted by law or equity, including enjoining Defendants from continuing the unlawful practices as alleged herein, and injunctive relief to remedy Defendants' past conduct;

E. An order requiring Defendants to disgorge or return all monies, revenues, and profits obtained by means of any wrongful or unlawful act or practice;

F. An order requiring Defendants to pay punitive damages on any count so allowable;

G. An order requiring Defendants to pay all statutory damages permitted under the counts alleged herein;

1 H. An order awarding attorneys' fees and costs, including the costs of pre-  
2 suit investigation, to Plaintiff and the Class members; and

3 I. An order providing for all other such equitable relief as may be just and  
4 proper.  
5

6  
7 Dated: April 22, 2020

LOCKRIDGE GRINDAL NAUEN P.L.L.P.

8  
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## CIVIL COVER SHEET

The JS 44 civil cover sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. (SEE INSTRUCTIONS ON NEXT PAGE OF THIS FORM.)

**I. (a) PLAINTIFFS**

HYDE-EDWARDS SALON & SPA, Individually and on Behalf of All Others Similarly Situated

(b) County of Residence of First Listed Plaintiff San Diego, CA  
(EXCEPT IN U.S. PLAINTIFF CASES)

(c) Attorneys (Firm Name, Address, and Telephone Number)  
Rebecca A. Peterson, Lockridge Grindal Nauen P.L.L.P., 100  
Washington Ave. S., Suite 2200, Minneapolis, MN 55401  
(612-339-6900)

**DEFENDANTS**

JPMORGAN CHASE & CO., and  
JPMORGAN CHASE BANK, N.A.

County of Residence of First Listed Defendant \_\_\_\_\_  
(IN U.S. PLAINTIFF CASES ONLY)

NOTE: IN LAND CONDEMNATION CASES, USE THE LOCATION OF  
THE TRACT OF LAND INVOLVED.

Attorneys (If Known)

**'20CV0762 DMS MDD**

**II. BASIS OF JURISDICTION** (Place an "X" in One Box Only)

- ☐ 1 U.S. Government Plaintiff
- ☐ 2 U.S. Government Defendant
- ☐ 3 Federal Question  
(U.S. Government Not a Party)
- ☒ 4 Diversity  
(Indicate Citizenship of Parties in Item III)

**III. CITIZENSHIP OF PRINCIPAL PARTIES** (Place an "X" in One Box for Plaintiff and One Box for Defendant)

- |                                         | PTF                                   | DEF                        |                                                               | PTF                        | DEF                                   |
|-----------------------------------------|---------------------------------------|----------------------------|---------------------------------------------------------------|----------------------------|---------------------------------------|
| Citizen of This State                   | <input checked="" type="checkbox"/> 1 | <input type="checkbox"/> 1 | Incorporated or Principal Place of Business In This State     | <input type="checkbox"/> 4 | <input type="checkbox"/> 4            |
| Citizen of Another State                | <input type="checkbox"/> 2            | <input type="checkbox"/> 2 | Incorporated and Principal Place of Business In Another State | <input type="checkbox"/> 5 | <input checked="" type="checkbox"/> 5 |
| Citizen or Subject of a Foreign Country | <input type="checkbox"/> 3            | <input type="checkbox"/> 3 | Foreign Nation                                                | <input type="checkbox"/> 6 | <input type="checkbox"/> 6            |

**IV. NATURE OF SUIT** (Place an "X" in One Box Only)

Click here for: [Nature of Suit Code Descriptions.](#)

CONTRACT	TORTS	FORFEITURE/PENALTY	BANKRUPTCY	OTHER STATUTES
<input type="checkbox"/> 110 Insurance <input type="checkbox"/> 120 Marine <input type="checkbox"/> 130 Miller Act <input type="checkbox"/> 140 Negotiable Instrument <input type="checkbox"/> 150 Recovery of Overpayment & Enforcement of Judgment <input type="checkbox"/> 151 Medicare Act <input type="checkbox"/> 152 Recovery of Defaulted Student Loans (Excludes Veterans) <input type="checkbox"/> 153 Recovery of Overpayment of Veteran's Benefits <input type="checkbox"/> 160 Stockholders' Suits <input type="checkbox"/> 190 Other Contract <input type="checkbox"/> 195 Contract Product Liability <input type="checkbox"/> 196 Franchise	<b>PERSONAL INJURY</b> <input type="checkbox"/> 310 Airplane <input type="checkbox"/> 315 Airplane Product Liability <input type="checkbox"/> 320 Assault, Libel & Slander <input type="checkbox"/> 330 Federal Employers' Liability <input type="checkbox"/> 340 Marine <input type="checkbox"/> 345 Marine Product Liability <input type="checkbox"/> 350 Motor Vehicle <input type="checkbox"/> 355 Motor Vehicle Product Liability <input type="checkbox"/> 360 Other Personal Injury <input type="checkbox"/> 362 Personal Injury - Medical Malpractice	<b>PERSONAL INJURY</b> <input type="checkbox"/> 365 Personal Injury - Product Liability <input type="checkbox"/> 367 Health Care/Pharmaceutical Personal Injury Product Liability <input type="checkbox"/> 368 Asbestos Personal Injury Product Liability <b>PERSONAL PROPERTY</b> <input checked="" type="checkbox"/> 370 Other Fraud <input type="checkbox"/> 371 Truth in Lending <input type="checkbox"/> 380 Other Personal Property Damage <input type="checkbox"/> 385 Property Damage Product Liability	<input type="checkbox"/> 422 Appeal 28 USC 158 <input type="checkbox"/> 423 Withdrawal 28 USC 157 <b>PROPERTY RIGHTS</b> <input type="checkbox"/> 820 Copyrights <input type="checkbox"/> 830 Patent <input type="checkbox"/> 835 Patent - Abbreviated New Drug Application <input type="checkbox"/> 840 Trademark <b>SOCIAL SECURITY</b> <input type="checkbox"/> 861 HIA (1395ff) <input type="checkbox"/> 862 Black Lung (923) <input type="checkbox"/> 863 DIWC/DIWW (405(g)) <input type="checkbox"/> 864 SSID Title XVI <input type="checkbox"/> 865 RSI (405(g))	<input type="checkbox"/> 375 False Claims Act <input type="checkbox"/> 376 Qui Tam (31 USC 3729(a)) <input type="checkbox"/> 400 State Reapportionment <input type="checkbox"/> 410 Antitrust <input type="checkbox"/> 430 Banks and Banking <input type="checkbox"/> 450 Commerce <input type="checkbox"/> 460 Deportation <input type="checkbox"/> 470 Racketeer Influenced and Corrupt Organizations <input type="checkbox"/> 480 Consumer Credit <input type="checkbox"/> 490 Cable/Sat TV <input type="checkbox"/> 850 Securities/Commodities/Exchange <input type="checkbox"/> 890 Other Statutory Actions <input type="checkbox"/> 891 Agricultural Acts <input type="checkbox"/> 893 Environmental Matters <input type="checkbox"/> 895 Freedom of Information Act
<b>REAL PROPERTY</b> <input type="checkbox"/> 210 Land Condemnation <input type="checkbox"/> 220 Foreclosure <input type="checkbox"/> 230 Rent Lease & Ejectment <input type="checkbox"/> 240 Torts to Land <input type="checkbox"/> 245 Tort Product Liability <input type="checkbox"/> 290 All Other Real Property	<b>CIVIL RIGHTS</b> <input type="checkbox"/> 440 Other Civil Rights <input type="checkbox"/> 441 Voting <input type="checkbox"/> 442 Employment <input type="checkbox"/> 443 Housing/Accommodations <input type="checkbox"/> 445 Amer. w/Disabilities - Employment <input type="checkbox"/> 446 Amer. w/Disabilities - Other <input type="checkbox"/> 448 Education	<b>PRISONER PETITIONS</b> <b>Habeas Corpus:</b> <input type="checkbox"/> 463 Alien Detainee <input type="checkbox"/> 510 Motions to Vacate Sentence <input type="checkbox"/> 530 General <input type="checkbox"/> 535 Death Penalty <b>Other:</b> <input type="checkbox"/> 540 Mandamus & Other <input type="checkbox"/> 550 Civil Rights <input type="checkbox"/> 555 Prison Condition <input type="checkbox"/> 560 Civil Detainee - Conditions of Confinement	<b>FEDERAL TAX SUITS</b> <input type="checkbox"/> 870 Taxes (U.S. Plaintiff or Defendant) <input type="checkbox"/> 871 IRS—Third Party 26 USC 7609	<input type="checkbox"/> 375 False Claims Act <input type="checkbox"/> 376 Qui Tam (31 USC 3729(a)) <input type="checkbox"/> 400 State Reapportionment <input type="checkbox"/> 410 Antitrust <input type="checkbox"/> 430 Banks and Banking <input type="checkbox"/> 450 Commerce <input type="checkbox"/> 460 Deportation <input type="checkbox"/> 470 Racketeer Influenced and Corrupt Organizations <input type="checkbox"/> 480 Consumer Credit <input type="checkbox"/> 490 Cable/Sat TV <input type="checkbox"/> 850 Securities/Commodities/Exchange <input type="checkbox"/> 890 Other Statutory Actions <input type="checkbox"/> 891 Agricultural Acts <input type="checkbox"/> 893 Environmental Matters <input type="checkbox"/> 895 Freedom of Information Act <input type="checkbox"/> 896 Arbitration <input type="checkbox"/> 899 Administrative Procedure Act/Review or Appeal of Agency Decision <input type="checkbox"/> 950 Constitutionality of State Statutes
		<b>LABOR</b> <input type="checkbox"/> 710 Fair Labor Standards Act <input type="checkbox"/> 720 Labor/Management Relations <input type="checkbox"/> 740 Railway Labor Act <input type="checkbox"/> 751 Family and Medical Leave Act <input type="checkbox"/> 790 Other Labor Litigation <input type="checkbox"/> 791 Employee Retirement Income Security Act		
		<b>IMMIGRATION</b> <input type="checkbox"/> 462 Naturalization Application <input type="checkbox"/> 465 Other Immigration Actions		

**V. ORIGIN** (Place an "X" in One Box Only)

- ☒ 1 Original Proceeding
- ☐ 2 Removed from State Court
- ☐ 3 Remanded from Appellate Court
- ☐ 4 Reinstated or Reopened
- ☐ 5 Transferred from Another District (specify)
- ☐ 6 Multidistrict Litigation - Transfer
- ☐ 8 Multidistrict Litigation - Direct File

**VI. CAUSE OF ACTION**

Cite the U.S. Civil Statute under which you are filing (Do not cite jurisdictional statutes unless diversity):  
Class Action Fairness Act of 2005 and 28 U.S.C. §1332

Brief description of cause:

Defendants' misleading and deceptive statements regarding its administration of loan assistance through PPP

**VII. REQUESTED IN COMPLAINT:**

☒ CHECK IF THIS IS A CLASS ACTION UNDER RULE 23, F.R.Cv.P.

DEMAND \$ \_\_\_\_\_

CHECK YES only if demanded in complaint:

JURY DEMAND: ☒ Yes ☐ No

**VIII. RELATED CASE(S) IF ANY**

(See instructions):

JUDGE \_\_\_\_\_

DOCKET NUMBER \_\_\_\_\_

DATE

04/22/2020

SIGNATURE OF ATTORNEY OF RECORD

s/ Rebecca A. Peterson

FOR OFFICE USE ONLY

RECEIPT # \_\_\_\_\_

AMOUNT \_\_\_\_\_

APPLYING IFP \_\_\_\_\_

JUDGE \_\_\_\_\_

MAG. JUDGE \_\_\_\_\_