

ENTERED

September 30, 2025

Nathan Ochsner, Clerk

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

RYNEASHA MARIE ARASHAY REED AND	§	
JOHNATHAN ARTHURTON,	§	
<i>Plaintiffs,</i>	§	
	§	
v.	§	CIVIL ACTION NO. 4:25-CV-2471
	§	
KIA FINANCE AMERICA, ET AL.,	§	
<i>Defendants.</i>	§	

MEMORANDUM AND RECOMMENDATION

Plaintiffs, proceeding pro se and in forma pauperis, filed a Complaint on May 27, 2025 asserting claims for breach of contract and violations of UCC Article 3 against Defendants Kia Finance America (Kia), TrueAccord Corporation (TrueAccord), Reliant Capital Solutions (RCS), CreditNinja LLC, Receivables Management Partners LLC (RMP), Midland Credit Management LLC (MCM), Hyundai Capital America, Inc. d/b/a Kia Finance America (Hyundai), and CreditNinja Lending LLC (CreditNinja).¹ ECF 1. Pending before the Court are:²

- Defendant MCM's Motion to Dismiss Pursuant to Fed. R. Civ. P. 12(b)(6) (ECF 19);

¹ The District Judge referred this case to the undersigned Magistrate Judge pursuant to 28 U.S.C. § 636(b)(1)(A) and (B), the Cost and Delay Reduction Plan under the Civil Justice Reform Act, and Federal Rule of Civil Procedure 72. ECF 20.

² Plaintiffs' claims against Defendant RCS have been dismissed with prejudice. ECF 44.

- Joint Motion of Defendants Hyundai and CreditNinja to Dismiss Plaintiffs' Complaint Pursuant to Fed. R. Civ. P. 12(b)(6) (ECF 24);
- Defendant TrueAccord's Motion to Dismiss (ECF 26);
- Plaintiff's Motion for Hearing on Default Judgment to the Honorable Judge of the Court (ECF 28); and
- Defendant Receivables Management Partners, LLC's (RMP's) Motion to Dismiss (ECF 47).

Plaintiffs filed a Response to MCM's Motion and MCM filed a Reply. ECF 25; ECF 29. TruAccord filed a Response to Plaintiff's Motion for Hearing on Default Judgment. ECF 32. Plaintiffs did not file a Response to the Joint Motion or TrueAccord's Motion. Plaintiff's deadline to file a response to RMP's Motion, filed on September 16, 2025, has not yet expired. However, Plaintiff's claims against RMP fail for the same reasons stated herein and the Court has authority to dismiss the claims sua sponte pursuant to 29 U.S.C. § 1915.

Mail sent to Plaintiffs has recently been returned to the Court as undeliverable. ECF 27; ECF 35; ECF 36. "A pro se litigant must provide the court with a physical address (i.e., a post office box is not acceptable) and is responsible for keeping the clerk advised in writing of his or her current physical address." *Shah v. Novelis*, No. 23-40231, 2024 WL 1739753, at *2 (5th Cir. Apr. 23, 2024) (citing Loc. R. S.D. Tex. 11). Therefore, all the above Motions are ripe for determination.

I. Background

Plaintiffs Complaint is short on facts and improperly includes rambling citations to legal authorities and argument. *See Wirsche v. Bank of Am., N.A.*, No. 7:13-CV-528, 2013 WL 6564657, at *1 n.10 (S.D. Tex. Dec. 13, 2013) (cautioning plaintiff that “a complaint is not a brief and should not be cluttered with unnecessary case citations”). Although not expressly alleged, it appears that one or both Plaintiffs purchased a vehicle financed through Hyundai. Plaintiffs allege that they sent Kia Finance America and Midland Credit Management “a restrictive endorsement on their payoff sheet . . . structured as a UCC Article 3 Negotiable Instrument” and Defendants did not response or honor Plaintiffs’ “payment.” *See generally* ECF 1. Plaintiff Arthurton is a serial filer who has filed or attempted to file multiple lawsuits this year.³

I. Motion to Dismiss Standards

To survive a Rule 12(b)(6) motion to dismiss, the plaintiff must plead “enough facts to state a claim to relief that is plausible on its face.” *Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 570 (2007). “A claim has facial plausibility when the plaintiff pleads factual content that allows the court to draw the reasonable inference that the

³ *See State of Texas v. Arthurton*, 4:25-mc-01250 (motion to proceed in forma pauperis denied); *Arthurton v. Brick*, 4:25cv1415 (dismissed in part, remanded in part); *Arthurton v. Central Pub. Control*, 4:25cv2719 (terminated as moot); *Arthurton v. CarMax Auto Finance*, 4:25cv0974 (motions to dismiss pending); *Arthurton v. Grissom*, 4:25cv1516 (motion to proceed in forma pauperis filed with no attached complaint);

defendant is liable for the conduct alleged.” *Ashcroft v. Iqbal*, 556 U.S. 662, 678 (2009); *Gonzalez v. Kay*, 577 F.3d 600, 603 (5th Cir. 2009). In reviewing a motion to dismiss under Federal Rule of Civil Procedure 12(b)(6), this Court accepts all well-pleaded facts as true, viewing them in the light most favorable to the plaintiff. *Alexander v. AmeriPro Funding, Inc.*, 48 F.3d 68, 701 (5th Cir. 2017) (citing *Martin K. Eby Constr. Co. v. Dallas Area Rapid Transit*, 369 F.3d 464, 467 (5th Cir. 2004)). However, the court does not apply the same presumption to conclusory statements or legal conclusions. *Iqbal*, 556 U.S. at 678-79.

The Court construes the Complaint of pro se plaintiffs liberally. *Badaiki v. Schlumberger Holdings Corp.*, 512 F. Supp. 3d 741, 744 (S.D. Tex. 2021) (pro se filings must be “liberally construed” and “held to less stringent standards than formal pleadings drafted by lawyers.” (citations omitted)). However, even pro se Plaintiffs must state a plausible claim for relief under Rule 12(b)(6). *See Chhim v. Univ. of Texas at Austin*, 836 F.3d 467, 469 (5th Cir. 2016) (acknowledging that courts hold pro se plaintiffs to a more lenient standard than lawyers and holding “pro se plaintiffs must still plead factual allegations that raise the right to relief above the speculative level”).

In addition, when plaintiffs have been granted leave to proceed in forma pauperis, as in this case,⁴ a court “shall dismiss the case at any time if the court

⁴ See Civil Action No. 4:25-mc-01397.

determines” that the case is frivolous or malicious or fails to state a claim on which relief may be granted. 28 U.S.C. § 1915(e)(2)(B)(i)-(ii); *Provino v. Suisse*, No. 1:21-CV-143, 2021 WL 3751163, at *2 (E.D. Tex. July 28, 2021) (recommending sua sponte dismissal under 28 U.S.C. § 1915(e)(2) because “Plaintiff’s claims are improbable, attenuated, unsubstantial, frivolous, and devoid of merit.”).

II. Analysis

A. Plaintiff’s Motion for Hearing is denied.

Plaintiff Reed filed a Motion for Hearing on a Motion for Default Judgment that she never actually filed against TrueAccord. ECF 28. For that reason alone the Motion is moot. In addition, TrueAccord filed its Motion to Dismiss on July 22, 2025, two days before Plaintiff filed the Motion for Hearing. TrueAccord has not “failed to plead or otherwise defend” this action as required for entry of default pursuant to Federal Rule of Civil Procedure 55(a). Therefore, the Court ORDERS that Plaintiff’s Motion for Hearing is DENIED.

B. All of Plaintiff’s claims should be dismissed with prejudice under Rule 12(b)(6) and 28 U.S.C. § 1915(e).

Accepting Plaintiffs’ factual allegations, the few there are, as true, Plaintiffs have failed to state a plausible claim for relief. Plaintiffs’ claims are based on the flatly rejected theory, common among followers of the “sovereign citizen” movement, that a plaintiff can relieve itself of a contractual debt obligation simply by tendering some fictional form of payment and declaring the plaintiff is no longer

indebted to the defendant. *See Wirsche*, 2013 WL 6564657, at *2 (stating in a case attempting to avoid mortgage foreclosure that sovereign citizen “teachings have never worked in a court of law—not a single time. In this case, the only way to avoid foreclosure is to avoid purchasing a home subject to a mortgage, or to avoid defaulting on such a mortgage following proper notice and opportunity to cure. Magic legal words cannot dispel this harsh financial reality”).

Plaintiffs’ Complaint fails to allege facts showing any contract exists, under U.C.C. 3 or otherwise, or has been breached by any Defendant. *See Mullins v. TestAmerica, Inc.*, 564 F.3d 386, 418 (5th Cir. 2009) (stating that the essential elements of a breach of contract claim under Texas law are: “(1) the existence of a valid contract; (2) performance or tendered performance by the plaintiff; (3) breach of the contract by the defendant; and (4) damages sustained by the plaintiff as a result of the breach,” citing *Aguilar v. Segal*, 167 S.W.3d 443, 450 (Tex. App.—Houston [14th Dist.] 2005, pet. denied)). To the extent Plaintiffs claim they have satisfied a debt through tender of document they call a “restrictive endorsement,” their claim is frivolous. *See Chavis v. T-Mobile US, Inc.*, No. A-23-CV-1513-DII-SH, 2024 WL 150734, at *4 and n.2 (W.D. Tex. Jan. 11, 2024) (noting that courts have “uniformly found” that a “bill of exchange” and similarly styled documents “created by a private citizen cannot be used as legal tender in the United States,” citing multiple cases).

C. Leave to amend would be futile.

Leave to amend is reviewed for abuse of discretion, and where amendment would be futile, there can be no abuse of discretion. *Yan v. Taylor*, No. 24-10288, 2024 WL 4579606, at *1 (5th Cir. Oct. 25, 2024). Although courts often grant pro se litigants leave to amend before dismissal with prejudice, denial of leave to amend is justified amendment would be futile. *See Mason v. Fremont Inv. & Loan*, 671 F. App'x 880, 883 (5th Cir. 2016) (approving denial of leave to amend where a proposed amendment would be futile). The nature of Plaintiffs' allegations in the Complaint demonstrate that any attempt to amend the claims would be futile.

III. Conclusion and Recommendation

For the reasons set forth above, the Court

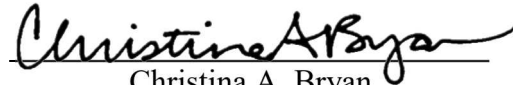
RECOMMENDS that Defendant MCM's Motion to Dismiss Pursuant to Fed. R. Civ. P. 12(b)(6) (ECF 19); the Joint Motion of Defendants Hyundai and CreditNinja to Dismiss Plaintiffs' Complaint Pursuant to Fed. R. Civ. P. 12(b)(6) (ECF 24); Defendant TrueAccord's Motion to Dismiss (ECF 26); and RMP's Motion to Dismiss (ECF 47) be GRANTED. The Court further RECOMMENDS that this case be dismissed with prejudice as to all Defendants pursuant to Rule 12(b)(6) and 28 U.S.C. § 1915.

The Court further

ORDERS that Plaintiff's Motion for Hearing on (unfiled) Default Judgment (ECF 28) is DENIED.

The Clerk of the Court shall send copies of the memorandum and recommendation to the respective parties, who will then have fourteen days to file written objections, pursuant to 28 U.S.C. § 636(b)(1)(C). Failure to file written objections within the time period provided will bar an aggrieved party from attacking the factual findings and legal conclusions on appeal. *Douglass v. United Servs. Auto. Ass'n*, 79 F.3d 1415, 1428-29 (5th Cir. 1996) (en banc), superseded by statute on other grounds.

Signed on September 30, 2025, at Houston, Texas.


Christina A. Bryan
United States Magistrate Judge