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IN THE UNITED STATES DISTRICT COURT

FOR THE DISTRICT OF ARIZONA

Sara M. Reed, Plaintiff vs. CHDB Law LLP, an Arizona limited liability partnership; Charlene Cruz and John Doe Cruz, husband and wife; Does I-X, Defendants	No. **VERIFIED COMPLAINT** **JURY TRIAL DEMANDED**

Plaintiff alleges as follows:

PRELIMINARY STATEMENT

1. This action arises under the Federal Fair Debt Collection Practices Act, *15 U.S.C. § 1692*, *et seq*. (the "**FDCPA**"). In enacting the FDCPA, Congress found that debt collectors' use of abusive, deceptive, and unfair debt collection practices contributed to personal bankruptcies, marital instability, the loss of jobs, and invasions of individual privacy. *See 15 U.S.C. § 1692(a)*. Congress further found that existing laws and procedures for redressing these injuries were inadequate to protect consumers. *See 15 U.S.C. § 1692(b)*. The purpose of the FDCPA is to eliminate abusive debt collection practices by debt collectors, to ensure that those debt collectors who refrain from using abusive debt

collection practices are not competitively disadvantaged, and to promote consistent State action to protect consumers against debt collection abuses.

2. In October 2012, the United States Bureau of Consumer Financial Protection (the "**CFPB**") found that debt collection is a multi-billion-dollar industry that directly affects many consumers. The CFPB found that in 2012, approximately 30 million individuals had debt subject to the collections process. The CFPB further found that by collecting consumer debt, collectors reduce creditors' losses from non-repayment and thereby help to keep credit accessible and more affordable to consumers. However, the CFPB found that illegal debt collection causes consumers substantial harm. If collectors falsely represent amounts owed, consumers may pay debts they do not owe to stop collection efforts because they are unsure how much they owe or cannot afford to pay an attorney to assist in their defense. In addition, consumers may unintentionally yield their rights by waiving the statute of limitations on debt claims for which the relevant limit periods have expired. Unlawful collection practices can cause significant reputational damage, invade personal privacy, and inflict emotional distress. Among the possible consequences, a collector's inappropriate interference with a consumer's employment relationships can also impair the consumer's ability to repay debts. *See Rules and Regulations of the Bureau of Consumer Financial Protection, Summary of the Final Rule. 12 CFR Part 1090.*

3. Of interesting note, the CFPB found that Federal consumer financial law promotes fair competition in the debt collection marketplace. To the extent that unfair, deceptive, or abusive practices increase collectors' recovery rate, debt collectors that avoid such practices could be at a competitive disadvantage. By placing important parameters on debt collection activities, the FDCPA helps to ensure that those who refrain from improper practices in debt collection are not thereby competitively disadvantaged. *See Footnote 26 to Rules and Regulations of the Bureau of Consumer Financial Protection, Summary of the Final Rule. 12 CFR Part 1090.*

4. As part of its regulations regarding collection of debts and enforcement of the FDCPA, the CFPB has enacted a rule stating: "A debt collector must not bring or threaten to bring a legal action against a consumer to collect a time-barred debt." *12 C.F.R. § 1006.26(b)*.

JURISDICTION & VENUE

5. Jurisdiction of this Court arises under *28 U.S.C. § 1331*, *28 U.S.C. § 1337* and pursuant to *15 U.S.C. § 1692k(d)*.

6. This action arises from Defendants' violations of the FDCPA, and the same nucleus of operative facts also gives rise to related state tort claims, which this Court has jurisdiction over under *28 U.S.C. § 1367*.

7. Venue is proper in this District because the acts and transactions occurred here, Plaintiff resides here, and Defendants transact business here.

PARTIES

8. Plaintiff is a natural person who resides in the City of Phoenix, County of Maricopa, State of Arizona, and is a "consumer" as that term is defined under *15 U.S.C. § 1692a(3)*.

9. Upon information and belief, Defendant CHDB Law LLP is an Arizona professional limited liability company and a collection agency of consumer debts operating in the City of Phoenix, County of Maricopa, State of Arizona ("**CHDB**").

10. Defendant Charlene Cruz ("**Cruz**") is a natural person residing in Maricopa County, Arizona and is employed by and a partner of CHDB as a debt collector at all times relevant herein.

11. Upon information and belief, Defendant Cruz and John Doe Cruz are a married couple residing in Maricopa County, Arizona. At all times mentioned herein, Defendant Cruz acted as agent for, on behalf of, and in furtherance of Cruz's marital community.

12. Defendants are engaged in the collection of debts from consumers. Defendants regularly attempt to collect consumer debts alleged to be due to another. Defendants are "debt collectors" as defined by the FDCPA, *15 U.S.C. § 1692a(6)*.

13. Defendants Does I-X are persons, corporations, or other legal entities whose true names are unknown to Plaintiff, but Plaintiff believes and alleges that they caused and/or contributed to the events complained of herein. At such time as the identity of these Defendants becomes known, Plaintiff will seek leave to amend this Complaint to identify them as same.

14. The acts, omissions, representations, and understandings hereinafter alleged were either done by, agreed to, or ratified by Defendants herein, whether named or unnamed, and Defendants benefited either directly or indirectly from the acts, omissions, representations and understandings hereinafter alleged. As a result of the benefit derived and the agreement to or ratification of the acts, omissions, representations and understandings, Defendants are jointly and severally liable for the acts, omissions, representations and understandings alleged herein.

FACTUAL ALLEGATIONS

15. Sometime in 2013, CHDB, formerly known as Carpenter, Hazlewood, Delgado & Bolen, LLP, filed a complaint against Plaintiff on behalf of its client Paradise Valley Terrace II Homeowners Association ("**Creditor**") in the Desert Ridge Justice Court, Maricopa County, Arizona, as Justice Court Case No. CC2013-135808RC.

16. Creditor's aforementioned complaint sought a judgment against Plaintiff for unpaid homeowners association assessments, which are a consumer debt.

17. On or about February 13, 2014, the Desert Ridge Justice Court issued a default judgment in favor of Creditor and against Plaintiff in the approximate amount of $2,932.27 plus ongoing interest.

18. On or about November 21, 2014, Defendant CHDB, on behalf of Creditor, transferred the aforementioned default judgment to the Maricopa County Superior Court, Case No. TJ2014-009300.

19. On November 25, 2014, Defendant CHDB, on behalf of Creditor, caused the transferred judgment to be recorded with the Maricopa County Recorder's Office as Instrument No. 2014-0780056, a copy of which is attached hereto as Exhibit "1" (the "**Original Judgment**").

20. Under *A.R.S. § 12-1551*, Defendants had 10 years to execute on or otherwise enforce the Original Judgment.

21. Under *A.R.S. § 12-1551*, the last day for Defendants to execute or otherwise enforce the Original Judgment was February 12, 2024.

22. Defendants were precluded from executing or issuing any other process on the Original Judgment unless it was timely renewed by affidavit in accordance with *A.R.S. § 12-1612*.

23. Under *A.R.S. § 12-1612(B)*, Defendants, on behalf of Creditor, were required to file a renewal affidavit within the 90 days preceding the February 12, 2014, expiration date of the Original Judgment.

24. On or about November 12, 2024 at approximately 9:14 a.m., and well after enforcement of the Original Judgment had expired under *A.R.S. § 12-1551*, Plaintiff telephoned Defendant CHDB to inquire about the expired Original Judgment and how it was impacting her ability to obtain a home equity line of credit. Plaintiff spoke with a receptionist at Defendant CHDB, who took a message. The receptionist that Plaintiff spoke to did not disclose that Defendant CHDB was a debt collector and did not provide any of the other required disclosures under the FDCPA.

25. On or about November 12, 2024 at approximately 11:13 a.m., an employee of Defendant CHDB returned Plaintiff's call. The employee asked some questions of Plaintiff, and in the middle of the call, finally provided the required disclosures under the

FDCPA. During this call, Plaintiff inquired about the balance of Original Judgment, and the employee responded that the amount was around $10,000 after interests and fees.

26. During the call on November 12, 2024 with Defendant CHDB, Plaintiff verbally requested validation of the debt set forth in the Original Judgment and provided the CHDB's employee with Plaintiff's email address.

27. Plaintiff never received such written validation of the debt set forth in the Original Judgment.

28. On or about November 21, 2024, and more than 10 years after the Original Judgment had been entered, Defendant Cruz, on behalf of Defendant CHDB and on behalf of Creditor, executed and acknowledged under oath a "Judgment Renewal Affidavit" relating to the Original Judgment.

29. The acts and omissions of Defendant Cruz were committed within the time and space limits of her agency relationship with Defendant CHDB. By committing these acts and omissions against Plaintiff, Defendant Cruz was motivated to benefit her employer and principals at CHDB. As such, Defendant CHDB is therefore liable to Plaintiff through the *Doctrine of Respondeat Superior* for the acts, errors, and omissions by Defendant Cruz, including without limitations to violations of all of the causes of actions set forth herein, in the attempts to collect this time-barred debt from Plaintiff.

30. On or about November 22, 2024, and unbeknownst to Plaintiff, Defendants filed the aforementioned Judgment Renewal Affidavit with the Maricopa County Superior Court, Case No. TJ2014-009300.

31. The filing of the aforementioned Judgment Renewal Affidavit with the Maricopa County Superior Court on November 22, 2024 was not within 90 days preceding the expiration of the Original Judgment as required under *A.R.S. § 12-1612(B)*.

32. On or about November 22, 2024, and unbeknownst to Plaintiff, Defendants caused the recordation of the aforementioned Judgment Renewal Affidavit with the

Maricopa County Recorder's Office as Instrument No. 2024-0628236, a copy of which is attached hereto as Exhibit "2" (the "**Judgment Renewal Affidavit**").

33. The wrongful recorded Judgment Renewal Affidavit acts as a lien or encumbrance against Plaintiff's real property located at 2434 E. Marilyn Road, Phoenix, AZ 85032 ("**Plaintiff's Real Property**").

34. In August of 2025, Plaintiff applied for a job with Dovely, Inc. ("**Dovely**"), which is a company that helps consumers repair their credit.

35. Had Dovely hired Plaintiff, Plaintiff's work would have entailed helping other consumers repair their credit.

36. As part of Plaintiff's prospective employment with Dovely, Inc., Plaintiff would have started earning an annual wage of $80,000.00 per year, along with being entitled to additional benefits and bonuses with the company.

37. Dovely conditionally offered Plaintiff employment, pending a background check of Plaintiff.

38. On or about August 24, 2025, Dovely informed Plaintiff it had discovered that Defendants had filed and recorded the Judgment Renewal Affidavit.

39. On or about August 28, 2025, Dovely informed Plaintiff that it could not hire her as a result of the Judgment Renewal Affidavit being filed with the Maricopa County Superior Court and recorded with the Maricopa County Recorder's Office.

40. It was only as a result of Plaintiff's conversation with Dovely on or about August 28, 2025 that Plaintiff learned for the very first time that the Original Judgment had been renewed by virtue of the Judgment Renewal Affidavit being filed with the Maricopa County Superior Court and recorded with the Maricopa County Recorder's Office.

41. All of the above-described conduct violated numerous and multiple provisions of the FDCPA, including but not limited to *15 U.S.C. §§ 1692d, 1692e,* and *1692f*, amongst others.

42. As a result of Defendants' wrongful filing and recording of the Judgment Renewal Affidavit, Plaintiff suffered damages in the form of incurring attorney fees and court costs, anger, anxiety, emotional distress, fear, frustration, upset, humiliation, confusion, and embarrassment, as well as suffering from unjustified and abusive invasions of personal privacy.

43. In addition, the acts and omissions of all Defendants were committed within the time and space limits of their agency relationship with Creditor, their client. By committing these acts and omissions against Plaintiff, Defendants were motivated to benefit Creditor. As such, Creditor is therefore liable to Plaintiff through the *Doctrine of Respondeat Superior* for the acts, errors, and omissions by Defendants related to Counts Two and Three set forth in this Complaint. Accordingly, Plaintiff may seek leave of the Court to include Creditor as a defendant-party with respect to Counts Two or Three, or file a separate lawsuit against Creditor in Maricopa County Superior Court.

COUNT ONE

VIOLATIONS OF THE FAIR DEBT COLLECTION PRACTICES ACT

15 U.S.C. § 1692 et seq.

44. Plaintiff incorporates by reference all of the above paragraphs of this Complaint as though fully stated herein.

45. Defendants wrongfully and untimely filed and recorded the Judgment Renewal Affidavit, all in violation of Arizona's statute of limitations regarding judgments and renewals thereof.

46. The foregoing acts and omissions of Defendants constitute numerous and multiple violations of the FDCPA, including without limitation wrongfully attempting to collect an unenforceable and time-barred debt, and other false or misleading representations and unfair practices related to the collection of a consumer debt.

47. The foregoing acts and omissions caused Plaintiff damages, including without limitation being disqualified for employment with Dovely, her prospective employer and severe emotional distress.

48. As a result of each Defendant's violations of the FDCPA, Plaintiff is entitled to actual damages from Defendants pursuant to *15 U.S.C. § 1692k(a)(1)*; statutory damages in an amount up to $1,000.00 pursuant to *15 U.S.C. § 1692k(a)(2)(A)*; and, reasonable attorney's fees and costs pursuant to *15 U.S.C. § 1692k(a)(3)*.

WHEREFORE, Plaintiff prays that judgment be entered against Defendants, jointly and severally:

A. For an award of actual damages pursuant to *15 U.S.C. § 1692k(a)(1)* against Defendants in an amount proven at trial;

B. For an award of statutory damages of no less than $1,000.00 pursuant to *15 U.S.C. § 1692k(a)(2)(A)* against Defendants;

C. For an award of costs of litigation and reasonable attorneys' fees pursuant to *15 U.S.C. §1692k(a)(3)* against Defendants; and

D. For such other and further relief as may be just and proper.

<u>COUNT TWO</u>

ABUSE OF PROCESS

49. Plaintiff incorporates by reference all of the above paragraphs of this Complaint as though fully stated herein.

50. Arizona recognizes the tort of abuse of process, which requires: (a) a willful act in the use of judicial process (b) for an ulterior purpose not proper in the regular conduct of the proceedings. *Crackel v. Allstate Ins. Co.*, 208 Ariz. 252, 257, 92 P.3d 882, 887 (Ct. App. 2004).

51. Defendants intentionally and willfully caused the Judgment Renewal Affidavit to be executed, acknowledged, and filed with the Maricopa County Superior Court beyond the deadline established under *A.R.S. § 12-1612(B)*.

52. The only purpose for untimely executing, acknowledging, and filing the Judgment Renewal Affidavit in violation of *A.R.S. §§ 12-1551* and *1612(B)* was to unlawfully attempt to collect a time-barred debt by giving the perception that the Original Judgment was lawfully renewed under the judicial process and validly enforceable, which was false.

53. As a result of Defendants' abuse of process, Plaintiff is entitled to actual and consequential damages, including Plaintiff's emotional distress.

54. Plaintiff is also entitled to punitive damages in light of Defendants' egregiousness and outrageous conduct, along Defendants' vast experience in the consumer collection practice.

WHEREFORE, Plaintiff prays that judgment be entered against Defendants, jointly and severally:

A. For Plaintiff's special and general damages, the amount of which will be proven at trial.
B. For an award of punitive damages;
C. For an award of costs of litigation and reasonable attorneys' fees as permitted under any applicable law; and
D. For such other and further relief as may be just and proper.

COUNT THREE

WRONGFUL RECORDING OF FALSE DOCUMENT UNDER A.R.S. § 33-420

55. Plaintiff incorporates by reference all of the above paragraphs of this Complaint as though fully stated herein.

56. Under *A.R.S. § 33-420(A)*: "A person purporting to claim an interest in, or a lien or encumbrance against, real property, who causes a document asserting such claim to be recorded in the office of the county recorder, knowing or having reason to know that the document is forged, groundless, contains a material misstatement or false claim or is otherwise invalid is liable to the owner or beneficial title holder of the real property for the

sum of not less than five thousand dollars, or for treble the actual damages caused by the recording, whichever is greater, and reasonable attorney fees and costs of the action."

57. For the reasons set forth above, Defendants' wrongful recordation of the Judgment Renewal Affidavit acts as a lien or encumbrance against Plaintiff's Real Property.

58. For the reasons set forth above, Defendants knew or had reason to know that the recorded Judgment Renewal Affidavit was forged, groundless, contains a material misstatement or false claim or is otherwise invalid.

59. As a result of Defendants' actions, Plaintiff incurred substantial damages.

WHEREFORE, Plaintiff prays that judgment be entered against Defendants, jointly and severally:

A. For Plaintiff's special and general damages as permitted under A.R.S. § 33-420, the amount of which will be proven at trial;
B. For an award of punitive damages;
C. Releasing and terminating the lien or encumbrance that exists by virtue of the recorded Judgment Renewal Affidavit;
D. For an award of costs of litigation and reasonable attorneys' fees as permitted under any applicable law; and
E. For such other and further relief as may be just and proper.

DATED this 19th day of November, 2025.

LAW OFFICE OF SCOTT W. HYDER, PLC

By: /s/ Scott W. Hyder
Scott W. Hyder, AZ Bar No. 017282
Counsel for Plaintiff