

**THE LEGAL AID SOCIETY OF THE DISTRICT OF COLUMBIA AND TYCKO &  
ZAVAREEI LLP FILE CLASS ACTION AGAINST USA DISCOUNTERS FOR  
UNCONSCIONABLE SALES PRACTICES AND USURY**

**FOR IMMEDIATE RELEASE**

Washington, DC (April 30, 2015) – A patron of the retail chain USA Discounters, now known as USA Living, filed a class action lawsuit this week in District of Columbia Superior Court alleging that the company’s high-interest loans on high-cost furniture and electronics violate usury laws and laws prohibiting unfair and deceptive sales practices. USA Discounters has locations in Washington, D.C. and in close proximity to each of the country’s 11 largest military bases and targets government employees and military members as its primary customers.

The class action lawsuit was filed by Demera Gaskins as a counterclaim in a small claims matter that USA Discounters had initiated against Ms. Gaskins in an attempt to collect on purchases she made at its D.C. store. In her class action counterclaim, Ms. Gaskins alleges that USA Discounters’ massive mark-ups on furniture and electronics are actually hidden interest charges designed to evade usury laws limiting high-interest loans. For example, the pleading alleges that the washing machine USA Discounters sold to Ms. Gaskins for \$999, retailed for \$550—a mark-up of almost double. The claim alleges that this sales price markup is actually a finance charge in disguise, and also violates D.C.’s Consumer Protection Procedures Act.

Jeffrey Kaliel, a partner with Tycko & Zavareei LLP and one of the counsel representing Ms. Gaskins, stated, “The company’s practices are shocking—even more so since they target our nation’s military members and government employees. A young soldier or marine walks into a USA Discounters store to buy a laptop computer worth \$600, and he walks out owing \$3,000 to the company, most of which is made of mark-ups, credit insurance, and extended warranties that pad the company’s pockets.”

The counterclaim also alleges that on top of these huge hidden finance charges, USA Discounters’ loans are, as a matter of corporate policy, routinely larded with large fees for virtually useless credit insurance and warranties—the cost of which mostly represent kickbacks to the company. The fees for credit insurance and warranties can add as much as 50% to the cost of the already-marked-up goods. The counterclaim alleges the deceptive sale of expensive credit insurance to consumers without their consent, and without disclosing to consumers that USA Discounters receives the vast majority of premiums on those policies as a “commission.”

Ms. Gaskins also complains of costly and useless warranty products on sales without a consumer’s informed consent—and alleges that USA Discounters repeatedly sold “extended warranty” products on items already covered by manufacturer’s warranties. Indeed, counsel for Ms. Gaskins reviewed the 70 debt collection lawsuits filed by USA Discounters in D.C. Superior Court in 2014. A staggering 84% of the contracts at issue in those cases featured charges for supposed “optional” credit insurance and 90% included charges for “optional” warranties.

“USA Discounters preys on the poorest and most economically vulnerable members of our community. Its unfair sales and aggressive debt collection practices can have a devastating impact on families living in poverty,” remarked Heather Latino, an attorney with the Legal Aid Society of the District of Columbia who also represents Ms. Gaskins. “The money that USA Discounters pockets because of its usurious and unfair practices, is money that would otherwise go to housing, feeding, and caring for struggling individuals and families.”

Ms. Gaskins seeks to represent all individuals who had similar experiences at USA Discounters. Legal Aid and Tycko & Zavareei are representing Gaskins, and urge consumers, including military members and government employees, who made purchases at USA Discounters to learn more about their legal rights. For additional inquiries, please contact Jeffrey Kaliel (Tycko & Zavareei LLP) at 202-973-0900.