

Shutts Helps Nonbank Lender Secure Dismissal of Class Action Brought by PPP Loan Applicant

12.8.21 | MEDIA MENTION



Law360 reports that a California federal judge dismissed with prejudice a putative class action against nonbank lender Fountainhead Commercial Capital LLC, which had been accused by the plaintiff of prioritizing high-dollar applicants for federal Paycheck Protection Program (PPP) loans. This case --one of the first of its kind --initially focused on whether PPP lenders were obligated to process loans on a first-come, first-served basis.

Throughout, Shutts & Bowen Partners Daniel Stabile and Peter A. Rahaghi vigorously defended Fountainhead, maintaining that the lawsuit was baseless – especially since the overwhelming majority of Fountainhead’s PPP

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borrowers were in the smallest loan size categories under Coronavirus Aid, Relief and Economic Security (CARES) Act.

The plaintiff in fact filed three versions of their complaint; the initial complaint was abandoned, followed by a First Amended Complaint that Judge Dean D. Pregerson of the U.S. District Court for the Central District of California dismissed without prejudice. The plaintiff then filed a Second Amended Complaint. Last week, Judge Pregerson found that the plaintiff failed to properly plead its claims and granted Fountainhead's motion to dismiss the plaintiff's Second Amended Complaint with prejudice.

To read the full article, please [click here](#).

About Daniel Stabile

Daniel Stabile is a partner in the Miami office of Shutts & Bowen LLP, where he is a member of the Financial Services Practice Group. The firm's Financial Services Practice Group has been recognized by Chambers USA as a Band 1 banking and financial practice area since its first publication. In the financial services arena, Daniel represents financial institutions in internal and governmental/SRO investigations, enforcement proceedings, civil litigations, and arbitrations.

About Peter A. Rahaghi

Peter A. Rahaghi is a partner in the Miami office of Shutts & Bowen LLP, where he is a member of the Financial Services Practice Group. He practices in the areas of commercial finance, asset securitization and corporate law. In the course of his commercial finance practice, he has represented industry participants in all aspects of

asset-based financings, including syndicated senior secured revolving credit facilities, term loan facilities and multi-seller commercial paper conduit transactions.