

CLASS ACTION COMPLAINT

1. Plaintiff David Peterson ("Plaintiff"), by his attorneys, makes the following allegations pursuant to the investigation of counsel and upon information and belief, except as to the allegations specifically pertaining to himself and his counsel, which are based on personal knowledge:

NATURE OF THE ACTION

- 2. This is a consumer class action against The Scotts Miracle-Gro Company and The Scotts Company, LLC (collectively referred to herein as "Scotts" or "Defendants") in connection with Scotts' misrepresentations and omissions in the marketing, sale, and advertising of Scotts Lawn Fertilizer Plus 5.17% Iron ("GreenMax").
- 3. GreenMax contains a high concentration of iron which is known to rust in the presence of oxygen and water. Defendants boast that compared to other fertilizer products, GreenMax "Contains Triple the Iron for Fast Extreme Greening." As a result of its high iron content, GreenMax causes unsightly rust stains on concrete and wood surfaces surrounding the grass upon which GreenMax is intended to be used.
- 4. In its advertising, marketing, and packaging of GreenMax, Scotts falsely informs consumers that rust stains on hard surfaces will be prevented merely by sweeping the surrounding areas where GreenMax is applied. When used as directed, however, GreenMax still causes unsightly rust stains.
- 5. GreenMax's largest competitor in the iron-based lawn fertilizer market is Ironite® Mineral Supplement ("Ironite®"). The manufacturer of Ironite® informs consumers that "IRONITE WILL STAIN," (emphasis in original) and admits that "staining may be impossible to prevent" if concrete surfaces are wet when the product is applied.

 Scotts makes no such statement on the GreenMax packaging, even though GreenMax contains a much higher concentration of iron than Ironite®.
 - By virtue of their false and misleading representations and omissions,
 Defendants have violated the Magnuson-Moss Warranty Act, California statutes including

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the Consumers Legal Remedies Act, Cal. Civ. Code §§ 1750 et seq., the Unfair Competition Law, Cal. Bus. & Prof. Code §§ 17200, et seq., the False Advertising Law, Cal. Bus. & Prof. Code §§ 17500, et seq., and express and warranties under California law and have been unjustly enriched at the expense of Plaintiff and Class members. This action seeks restitution to Plaintiff and the Class (defined in ¶ 28 herein) for the purchase price of GreenMax, as well as injunctive relief, damages, restitution, attorneys' fees and costs.

PARTIES

7. Plaintiff is a citizen of California, residing in Riverside County, California. In November 2012, Plaintiff purchased a 16.80 lb, bag of GreenMax at a Home Depot retail store in Temecula, California for a purchase price of approximately \$20.00 for his personal Prior to his purchase, Plaintiff reviewed the Quick Start Guide on the product packaging, which provided that staining of hard surfaces would be prevented by sweeping those areas after application of GreenMax. Plaintiff saw this representation prior to and at the time of purchase, and understood it as a representation and warranty that when used as directed GreenMax would not stain the hard surfaces of his property. Plaintiff relied on this representation and warranty in deciding to purchase GreenMax. Accordingly, this representation and warranty was part of the basis of the bargain, in that he would not have purchased GreenMax had he known that the product would cause unsightly rust stains when used as directed. In reliance on the representation and warranty, Plaintiff paid a tangible increased cost for GreenMax, which was worth less than a product that does not cause such rust stains. Plaintiff also understood that in making the sale, Home Depot was acting with the knowledge and approval of Scotts and/or as the agent of Scotts. Plaintiff further understood that the purchase involved a direct transaction between himself and Scotts, because the product came with Scotts' representation and warranty that the product would not cause stains when used as directed. Plaintiff followed Scotts' directions on the Quick Start Guide. However, GreenMax still left unsightly rust stains on his property. In an effort to remove these stains, plaintiff purchased a product called Iron Out. However, Iron Out did nothing to remove the unsightly rust stains caused by Plaintiff's use of GreenMax as directed. Plaintiff suffered damages in addition to the purchase price of the GreenMax product, because the product caused staining on the concrete surfaces of his property. Plaintiff incurred costs in connection with the purchase of a stain removal product which did not remove the unsightly rust stains caused by his use of GreenMax.

- 8. Defendant The Scotts Miracle-Gro Company ("Scotts MG") is a publicly-traded Ohio corporation with its corporate headquarters located at 14111 Scottslawn Road, Marysville, Ohio, 43041. Scotts is the world's largest marketer of branded consumer lawn and garden products, including a variety of fertilizers.
- 9. Defendant The Scotts Company LLC ("Scotts LLC") is an Ohio limited liability company headquartered in Marysville, Ohio. Scotts LLC is a wholly-owned subsidiary of Scotts MG.

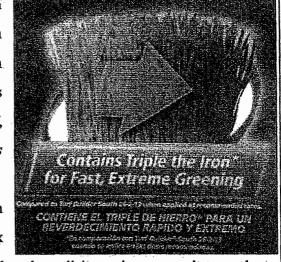
JURISDICTION AND VENUE

- 10. This Court has subject matter jurisdiction under 28 U.S.C. § 1332 (diversity jurisdiction) and supplemental jurisdiction over Plaintiff's state law claims pursuant to 28 U.S.C. § 1367.
- 11. Specifically, the Class Action Fairness Act, 28 U.S.C. § 1332(d), provides that federal jurisdiction exists for class actions when the following exist: 1) there are at least 100 class members in the proposed plaintiff classes, 2) the combined claims of all class members exceed \$5 million, exclusive of interest and costs, and there is "minimal diversity" meaning any class member is a citizen of a different state that any defendant.
- 12. All three conditions for jurisdiction under the Class Action Fairness Act exist in this case, as Plaintiff and most class members are generally citizens of California, and the defendants are citizens of Ohio.
- 13. This Court has personal jurisdiction over Defendants because they conduct substantial business in California, such that Defendants have significant, continuous and pervasive contacts with the State of California.

14. Venue is proper in this judicial district pursuant to 28 U.S.C. § 1391, as Defendants do business throughout this district, and a substantial part of the events giving rise to Plaintiff's claims took place within this judicial district, including his purchase of GreenMax.

FACTUAL ALLEGATIONS

- 15. Scotts sells numerous lawn and garden products in California to consumers, including GreenMax. GreenMax is a fertilizer intended to help consumers grow grass on their lawns faster and greener than the natural greening process.
- 16. What sets GreenMax apart from most of its competitor's products is its high concentration of iron. Indeed, GreenMax's iron content is its primary selling point. In its GreenMax advertising and on the package itself, Defendants boast that GreenMax "Contains Triple the Iron for Fast Extreme Greening."
- 17. Most fertilizer products contain less than 2% iron. In contrast, GreenMax



- contains a whopping 5.17% iron, which is higher than all its major competitor products. Ironite® Mineral Supplement, the largest competitor to GreenMax in the high iron fertilizer market, contains only 4.5% iron.
- 18. High iron fertilizers represent only a small portion of the larger lawn fertilizer market, in part because they cause unsightly stains on hard surfaces surrounding the grass due to a chemical reaction between iron and oxygen and water or air moisture. The chemical process is unavoidable.
- 19. The packaging for GreenMax provides users with instructions about how to properly apply GreenMax and prevent rust stains. These instructions are set forth in a

"Quick Start Guide," which informs the consumers that "You're just three simple steps away from a beautiful Scotts® lawn." First, consumers are instructed to fill a spreader with the appropriate amount of fertilizer in accordance with the amounts described on the packaging. Second, they are told to "apply evenly to a wet or dry lawn." Lastly, users are instructed to clean up, and expressly warrants that "sweeping product from hard surfaces onto the lawn keeps product on the grass and prevents staining." (Emphasis in original).

20. After these three steps are completed, the packaging says: "You're Done.

What's Next? People or pets may reenter immediately after the product is applied."



Start Guide, including the clean-up instructions listed in step three, will prevent staining is untrue. Indeed, GreenMax causes unsightly rust-like stains to consumers' property even though they complied with Scotts' clean-up instructions.

22. Scotts' official website and a number of retailer websites are replete with a litany of complaints by GreenMax consumers stating that even when following the

directions on the Quick Start Guide, GreenMax caused unsightly rust stains on their property.

- 23. Consumers have complained as follows:
- I read all reviews about stains so I was extra careful to sweep my driveway after application. Next day we had rain and spots appeared all over my driveway. Will have to spend more money removing the stains than cost of product. My lawn looked ok, but no different than other scotts fertilizers. Was not worth buying.
- I was extremely careful to try not to get the fertilizer on my drive way and sidewalk
 as I had read all the bad reviews about the staining. Like always, I blew everything
 off after I was done with the yard and even swept along the edges of the grass like
 the instructions say to do. It didn't matter. The pieces are so small that you can't
 possibly get them all.
- I bought Scott's GreenMax and applied it per the directions with a Scott's Edge Guard spreader. I then swept the concrete drove and walks and then used my blower to be sure it was all off the concrete. Next morning I had rust streaks everywhere. The label warnings are grossly understated and I NEVER WOULD HAVE USED THE PRODUCT HAD I REALIZED THE EXTENT OF THE DAMAGE IT CAN CAUSE. I now have to figure a way to remove the stains waiting to let it fade is NOT an option! I WILL NEVER USE THIS AGAIN NO MATTER WHAT THE RESULTS ON THE GRASS ARE! My wife is in tears and I am furious!
- Although the instructions say the grass can be wet or dry, there is nothing mentioned about the horrible rust staining that this product causes to wet surfaces other than grass. I spread GreenMax during a light rain. I tried to sweep off the driveway and such but the damage was done. I have horrible rust stains on my driveway, sidewalk, landscape rocks, house siding, and pool deck. I have spent several hours and dollars trying different methods to remove the stains. The stains have not faded at all. Not the smallest bit. Even if my lawn were to turn into the greenest green, nobody would

- notice it due to the ugly rust stains covering everything. The rust stains even cover the street and gutters from where the rain washed it away. It's a good, permanent reminder of where the runoff goes.
- If you use this you will get a great lawn, but you will have so many stains on your concrete, (as if you use Ironite). I sweep the concrete (driveway and sidewalk) very, very well. I had read the reviews and was aware of the staining problems, but like they say hard head makes a soft..... I thought that if I sweep well, it would be fine. Nope, I applied it before rain and the granules from the lawn ran onto the driveway and sidewalk. I have to buy a rust remover to get rid of all the stains.
- ...applied /max and swept.... (needed to sweep off every little granuel..just 1 would leave a bad stain especially with just a little water over spray Thursday today watered 7am.... Stains all over. Just sick totally unexpected Scotts user I decided to do the max green instead of the regular.. Big mistake Do not use near concrete at least 10 ft. or just use the std stuff...wife called Scotts..because I was MAD.
- 24. Since Plaintiff filed the initial complaint in this action, Scotts' customers have continued to complain about the product, noting:
 - 5/2/2014- I purchased this Green Max Fertilizer in the hopes of helping my lawn; however, it ruined my concrete. I applied it before it rained so that it would soak in. The bag instructions only states "sweeping product from hard surfaces onto the lawn keeps product on the grass and prevents staining." When I went outside today, I was totally surprised (and not in a good way) as my sidewalk and driveway turned a horrible golden orange. How does sweeping this fertilizer onto the lawn help taking into consideration that rain runs from a lawn onto the sidewalk. Scotts really needs to put a bigger statement of CAUTION on its bag. When people fertilize their lawns, they definitely do not expect the fertilizer to ruin everything else surrounding the lawn. I will never again use Scotts.

- 5/24/2014- I do not recommend this product. The potion of the product that landed on my driveway, stained it permanently. I had to pay a professional cleaner to come out to my house because no matter what I tried I couldn't get it out. Unfortunately, the professional cleaner was also unsuccessful, so now I have a stained driveway and brick pavers. I will never buy this product again. Stick with the turf builder in the summer and the bonus S when temperatures are cooler.
- 4/25/2014... after four days that included one day of rain on the third day, I was shocked to see bad orange stains on the concrete. I immediately searched on the Internet for orange stains resulting from Green Max. It appeared to be quite a common issue among Green Max customers. Thankfully after some searching, I was able to find a product that could remove the stains. I tested a small portion of unsightly concrete and was happy to see that it reduced the harsh orange of the stain. Unfortunately the product is not cheap and it takes a good deal of time and work to remove the stain. I estimate that it will take me around 6 to 7 hours this weekend to remove the majority of the orange stain from the concrete. I am not happy about this but what makes me more upset is that there seems to be no warning on the Green Max product page and no clear indication on the Green Max bag of potential stain problems. I'm sure this potential problem is common knowledge among those that have experience with fertilizer, but this was an unwelcome surprise to someone that doesn't. I would avoid this.
- 25. Scotts has actual knowledge that GreenMax's high iron content stains hard surfaces, including (but not limited to) driveways, walkways, patios, porches, decks, and other surfaces even when users strictly comply with the Quick Start Guide on GreenMax's packaging. ¹

Defendants claim they has changed its practices, however the product still has the mispresentation.

- 26. Scotts also has knowledge that the property damage caused by GreenMax will not go away over time. In its boilerplate response to repeated customer complaints about GreenMax, Scotts admits that "[s]unlight and water will help to fade the iron stains from the product on outdoor surfaces, but will not completely remove them." (Emphasis added).
- 27. Scotts also has knowledge that costly and extraordinary measures are necessary in order to remove the stains to consumers' hard surfaces caused by GreenMax. In the same boiler plate response to customer complaints, Scotts identifies a number of rust removing products that the complainants can purchase (at their own expense), to remove the unsightly rust stains caused by the use of GreenMax. Scotts notes:

While not endorsed or guaranteed by Scotts, the following products have shown to be effective at removing iron stains from regular concrete and are registered for this use: Signature Concrete Rust Remover, Goof Off Rust Stain Remover Outdoors or Super Iron Out Outdoor.

- 28. In addition, Scotts stated in a brief filed in this action that it has revised its label to provide additional warnings and admits that "THIS PRODUCT WILL STAIN SIDEWALKS DRIVEWAYS AND OTHER CONCRETE OR HARD SURFACES...."

 Scotts' revision suggests that its previous label was insufficient to properly inform consumers of the product's inherent staining properties.
- 29. Moreover, Scotts has failed to recall or even sticker the product labels that it has introduced into the marketplace containing the false and misleading statements and omissions.
- 30. Despite its knowledge, Scotts does not inform consumers of those improperly labeled products that GreenMax will and does stain. To the contrary, the Quick Start Guide described above expressly warrants that compliance with the Quick Start Guide, including the clean-up instructions, will prevent staining.

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32. Plaintiff and other California consumers have suffered two kinds of harm from their use of GreenMax. First, the product that consumers purchased was worth less than they paid, because they paid for a product that would not stain if the directions were followed and received a product whose staining can be impossible to prevent. Second, Plaintiff and California consumers suffered further damage by having to pay (at their own expense) to remove the stains from their damaged property caused by GreenMax by purchasing stain removal substances, hiring professionals to remove the stains, or suffer with unsightly rust stains on their property.

CLASS ACTION ALLEGATIONS

- 33. Plaintiff seeks to represent a class defined as all persons who purchased GreenMax within the state of California for personal or household use, excluding those who purchased the product for resale (the "Class").
- 34. This proceeding is properly maintainable as a class action pursuant to Federal Rule of Civil Procedure 23(b)(3) because questions of law and fact common to class members predominate over questions affecting only individual members, and a class action is superior to other methods for fairly and efficiently adjudicating the controversy.
- 35. Members of the Class are so numerous that their individual joinder herein is impracticable. Plaintiff estimates that the total number of Class members exceeds one hundred thousand. The precise number of Class members and their identities are unknown

- 51. CLRA § 1770(a)(5) prohibits "[r]epresenting that goods or services have sponsorship, approval, characteristics, ingredients, uses, benefits, or quantities which they do not have or that a person has a sponsorship, approval, status, affiliation, or connection which he or she does not have." Defendants have violated this provision by making misrepresentations in the Quick Start Guide that sweeping after use will prevent staining.
- 52. CLRA § 1770(a)(7) prohibits "[r]epresenting that goods or services are of a particular standard, quality, or grade, or that goods are of a particular style or model, if they are of another." Defendants have violated this provision by making misrepresentations in its Quick Start Guide that sweeping after use will prevent staining.
- 53. CLRA § 1770(a)(9) prohibits "advertising goods or services with intent not to sell them as advertised." Defendants violated this provision by making misrepresentations in the Quick Start Guide that sweeping after use will prevent staining.
- 54. Plaintiff and the Class members suffered injuries caused by Defendants' false and/or misleading representations because: (a) they would not have purchased GreenMax if they had known that staining can be impossible to avoid; (b) they paid a premium price for the product based on Defendants' express warranty; (c) GreenMax did not have the characteristics, uses or benefits as promised; and (d) many of them were required to incur expenses in connection with the removal of unsightly rust stains caused by GreenMax.
- 55. On March 19, 2014, prior to the filing of this Complaint, a CLRA notice letter was served on Defendants that complied in all respects with California Civil Code § 1782(a). Plaintiff, by and through his counsel, sent Defendants his letter via certified mail, return receipt requested, advising Defendants they were in violation of the CLRA and must correct, repair, replace, or otherwise rectify the goods alleged to be in violation of CLRA § 1770.

product based on Defendants' false and/or misleading representations and omissions; (c) 1 2 GreenMax did not have the characteristics, uses or benefits as promised; and (d) many of them were required to incur expenses in connection with the removal of unsightly rust 3 stains caused by GreenMax and/ or suffered irreversible property damage. 5 /// /// 6 7 65. As a result, Plaintiff and the Class seek restitution either in the full amount of the purchase price of GreenMax or the difference in value between the product purchased and the product as actually marketed, advertised. 9 10 FOURTH CAUSE OF ACTION 11 (False Advertising Law ("FAL"), Calif. Bus. & Prof. Code §§ 17500 et seq.) 12 13 66. Plaintiff repeats the allegations in the foregoing paragraphs as if fully set forth 14 herein. 15 67. Plaintiff brings this cause of action on behalf of the members of the Class against Defendants. 16 17 68. California's FAL, Bus. & Prof. Code §§ 17500, et seq., makes it "unlawful for any person to make or disseminate or case to be made or disseminated before the public 18 19 in this state, ... in any advertising device ... or in any other manner or means whatever, 20 including over the Internet, any statement, concerning ... personal property or services, 21 professional or otherwise, or performance or disposition thereof, which is untrue or 22 misleading and which is known, or which by the exercise of reasonable care should be known, to be untrue or misleading." 23 24 69. Defendants committed acts of false advertising, as defined by FAL § 17500. by making the misrepresentations about the Quick Start Guide. 25 26 70. Defendants knew or should have known, through the exercise of reasonable care that the misrepresentations about the Quick Start Guide were untrue and misleading. 27 28 FIRST AMENDED COMPLAINT

FIRST AMENDED COMPLAINT

required to incur expenses in connection with the removal of unsightly rust stains caused by 1 2 GreenMax. 3 SIXTH CAUSE OF ACTION 4 (Breach of Implied Warranty of Merchantability, Cal. Com. Code § 2314) 5 Plaintiff repeats the allegations in the foregoing paragraphs as if fully set forth 78. 6 herein. 7 Plaintiff brings this cause of action on behalf of the members of the Class 79. 8 against Defendants. 9 80. Defendants, as the designers, manufacturers, marketers, distributors, and/or 10 sellers impliedly warranted in the Quick Start Guide that GreenMax would not leave . 11 unsightly rust stains on Plaintiff's and the Class's real property if they followed the Quick 12 Start Guide. 13 81. Defendants breached the warranty implied in the contract for the sale of 14 GreenMax in that GreenMax could not pass without objection in the trade under the 15 contract description, the goods were not of fair average quality within the description, and 16 the goods were unfit for their intended and ordinary purpose. As a result, Plaintiff and the 17 Class members did not receive the goods as impliedly warranted by Defendants to be 18 merchantable. 19 In reliance upon Defendants' skill and judgment and the implied warranties of 82. 20 fitness for the purpose, Plaintiff and the Class members purchased GreenMax for use as 21 fertilizer with the expectation that it would not stain their homes and/or real property. 22 83. Plaintiff and the Class did not alter GreenMax. 23 GreenMax was defective when it left the exclusive control of Defendants. 84. 24 85. Defendants knew that GreenMax would be purchased and used without 25 additional testing for efficacy by Plaintiff and the Class members. 26 27 28

1 RELIEF DEMANDED 2 WHEREFORE, Plaintiff, individually and on behalf of all others similarly situated, 3 seeks judgment against Defendants, as follows: A. For an order certifying the Class as a class under Rule 23 of the Federal Rules of 4 5 Civil Procedure and naming Plaintiff as representative of the Class and Plaintiff's 6 attorneys as Class Counsel to represent the Class; B. For an order declaring the Defendants' conduct violates the statutes referenced 7 8 herein; 9 C. For an order finding in favor of Plaintiff's and the Class on all accounts asserted 10 herein; and 11 D. For an award of restitution, actual, consequential, incidental, and punitive damages, 12 injunctive relief, pre and post-judgment interest, attorneys' fees, costs and 13 disbursements. 14 JURY DEMAND 15 Plaintiff demands a trial by jury on all causes of action and issues that so triable. 16 17 Date: June 9, 2014 Respectfully submitted: 18 aday hore 19 20 Adam Rose 21 22 23 24 25 26 27 28 FIRST AMENDED COMPLAINT