Sabita J. Soneji (CA Bar No. 224262) Tanya Koshy (CA Bar No. 277095) ENDORSED TYCKO & ZAVAREEI LLP FILED 1970 Broadway, Suite 1070 ALAWEDA COUNTY 3 Oakland, CA 9punit4612 28 W19 Telephone: (510) 254-6808 Facsimile: (202) 973-0950 CLERK OF THE SUPERIOR COURT ssoneji@tzlegal.com By: ERICA BAKER, Deputy tkoshy@tzlegal.com 6 7 Counsel for Plaintiffs and the Proposed Class 8 9 SUPERIOR COURT OF THE STATE OF CALIFORNIA 10 COUNTY OF ALAMEDA FAXER 11 LENAY JOHNSON AND LAMAR MOSLEY, 12 RG19004671 individually and on behalf of themselves and all 13 Case No. others similarly situated, Plaintiffs, 14 (JURY TRIAL DEMANDED) 15 **CLASS ACTION COMPLAINT** EXTRA SPACE STORAGE INC., 16 Defendant. 17 18 19 20 21 22 23 24 25 26 27 28

Plaintiffs Lenay Johnson and Lamar Mosley ("Plaintiffs"), on behalf of themselves and all others similarly situated, bring this Class Action Complaint against Defendant Extra Space Storage Inc. ("Extra Space" or "Defendant"). Plaintiffs, by their counsel, make the following allegations pursuant to the investigation of their counsel and based upon information and belief, except as to allegations specifically pertaining to themselves and their counsel, which are based on personal knowledge.

INTRODUCTION

- 1. Extra Space engages in a deceptive bait-and-switch scheme: It lures consumers into leasing Extra Space's storage units by advertising competitive rental rates, while hiding the fact that it will hike up those rental rates shortly after consumers have signed leases.
- 2. Extra Space advertises rental rates for its storage units without describing them as "promotional" or "introductory," giving the impression to consumers that these rates are the true rental rates and represent what they will pay if they sign leases.
- 3. While Extra Space represents to consumers that it may raise rental rates to keep up with "rising costs," it discloses to investors and other industry stakeholders that it raises rental rates to generate more profit.
- 4. Indeed, while Extra Space hikes up a consumer's rental rate after she signs a lease, claiming that the increase is due to "rising costs," it continues to advertise a lower rate for the same size unit to lure other consumers into signing leases.
- 5. Extra Space knows that reasonable consumers would be unlikely to sign leases with Extra Space if they knew that the rental rates to which they agreed in their leases were only temporary and that Extra Space planned to increase their rates in a matter of months to generate additional profit, not in order to keep with up "rising costs."
- 6. Extra Space also knows that it can increase rental rates after reasonable consumers have signed leases, because, at that point, reasonable consumers—having paid non-refundable administration fees, organized their belongings, and paid for moving costs—are unlikely to terminate their leases and restart the process with other storage facilities.

- 7. By advertising competitive rental rates, increasing those rates after a consumer has expended substantial time and money, and falsely representing that rate increases are due to "rising costs," Extra Space has raked in millions of dollars in revenue at the expense of consumers.
- 8. Plaintiffs bring this lawsuit on behalf of themselves and the class of consumers who suffered damages after they rented storage units with Extra Space that they would not have otherwise rented, at rates to which they would otherwise not have agreed, had they not been drawn in by Extra Space's advertised rental rates.
- 9. Extra Space's misleading bait-and-switch scheme constitutes false and misleading advertising in violation of California's Unfair Competition Law (the "UCL") (Cal. Bus. & Prof. Code § 17200), California's False Advertising Law (the "FAL") (Cal. Bus. & Prof. Code § 17500) and California's Consumer Legal Remedies Act (the "CLRA") (Cal. Civ. Code §§ 1750 et seq.).

THE PARTIES

- 10. Plaintiff Lenay Johnson is a resident of Hawthorne, California.
- 11. Plaintiff Lamar Mosley is a resident of Oakland, California.
- 12. Defendant Extra Space, Inc. is a Maryland corporation with its headquarters and principal place of business in Utah.

JURISDICTION AND VENUE

- 13. This Court has personal jurisdiction over Extra Space because Extra Space has sufficient minimum contacts with the state of California and Plaintiffs' claims arise from those minimum contacts. Specifically, Plaintiffs' claims against Extra Space arise out of its conduct within the State of California.
- 14. This Court has subject matter jurisdiction over this class action pursuant to Code of Civ. Proc. § 410.10, Bus. & Prof. Code § 17204, and the California Constitution.
- 15. Venue is proper in the Superior Court for the County of Alameda, in that Extra Space transacted business within the County, and many of the alleged unlawful acts and omissions likely took place within this County.

FACTUAL ALLEGATIONS COMMON TO ALL CLAIMS

16. Extra Space, the second largest storage facility company in the country, employs a deceptive bait-and-switch scheme to lure in consumers.

"We are hitting the sweet spot," Kirk said regarding the company's rate increases on existing customers. Extra Space is able to raise rates on customers up to 10 percent with little pushback, he said.

"Let's be realistic about this. If you are renting a unit and you find out your rent is going up \$15, you are not likely to rent a U-Haul truck, pack up your stuff, go down the street, unpack your stuff and return the truck just to save 15 bucks," Kirk said, "Most people won't go through the effort to do that."

Harris, Extra Space finds "sweet spot" on rent increases (May 3, 2016) SpareFoot, attached as Exhibit A (emphasis added).

- 25. Extra Space also discloses to its investors that raising rents is a substantial part of its revenue growth strategy, and is not related to "rising costs." In a call to investors to discuss its fourth quarter and year-end earnings for 2017, Extra Space's Chief Executive Officer Joseph Margolis explained that "[s]trong occupancy together with increased rental rates to new and existing customers led to same-store revenue growth for the year of 5.1%, [net operating income] growth of 6.9%"²
- 26. Such false and misleading advertising, where the deception is revealed only after a consumer has invested resources to rent a storage unit, is actionable under California consumer protection laws.
- 27. Extra Space's deceptive pricing practices also divert business to Extra Space that would have otherwise gone to its competitors.
- 28. Rental rates of storage units leased by Extra Space are material to consumers. And the fact that Extra Space advertises a rental rate for a storage unit and then increases the rate months after a consumer signs a lease—while still advertising the same lower rate for the same-size unit—is also material to consumers.
 - 29. Unsurprisingly, many consumers have been duped by Extra Space's bait-and-switch

² (Extra Space Storage Q4 Earnings Call Transcript (Feb. 21, 2018) Seeking Alpha [as of Jan. 28. 2019] ["We projected 2017 would be characterized by a gradual return towards historical and sustainable revenue and NOI growth levels. That is exactly what happened. Strong occupancy together with increased rental rates to new and existing customers led to same-store revenue growth for the year of 5.1%, NOI growth of 6.9% and core FFO growth of 13.8%."]; see also id. ["Throughout the quarter, we increased rates to new customers in the low to mid single digits, and we continue our existing customer rate increase program without changes."].)

advertising into leasing storage units from Extra Space. Consumers nationwide have complained, in a consistent fashion, about Extra Space's 2 30. 3 bait-and-switch scheme: "I rented a unit about 3 months ago and just got a notice in the mail let me know 4 they were increasing my rent by 58%. I was paying \$224 a month and they want \$354 now! I went online and the online price for the same unit is \$42 a month 5 cheaper. I went in to try to have them fix this and they were unable to do anything stating that supply and demand caused the rate hike. Be warned that their rates 6 posted will go massively up without little to no warning." Jason of Placentia, CA (April 5, 2018)³ 7 8 "I have been with this rip off company for too many years. I'm sick and tired of the price changes every six months. I think I'm going to call my local news 9 WAVYTV10 and ask them to do a report. I suggest anyone who sees this and know what I'm talking about does the same. I have never been with a company 10 who does this. I'm in the military I pay on time and have been with them forever. The facility I am in is nice and fairly convenient to where I live. This price jacking 11 is insane! Please report them to every possible social media and consumer reports 12 - Tameaka of Virginia Beach, VA (August 23, 2018)⁴ 13 "New place and have low monthly rates to start BUT, I just got a 15% 14 increase in monthly rate after being there only 5 months. So, Chicago has no protections on rent increases and storage companies know that you must rent 15 a truck and move the stuff out. Also, I have had many times at this location where I can not [sic] get into the garage space because moving companies are 16 allowed to block the garage from other paying customers." - Victor Z. of Chicago, IL (April 5, 2017)⁵ 17 All consumers who have been enticed into leasing storage units from Extra Space by the 31. 18 pricing practices described in this Complaint have suffered damage as a result of Extra Space's bait-19 and-switch advertising. Plaintiffs bring this action to represent those consumers who leased from Extra 20 Storage and suffered damages in the amount of the difference between the increased rental rates and 21 the original rental rates to which Plaintiffs and Class members agreed in their leases, in amounts that 22 will be proven at trial. 23 24 25 ³ (Extra Space Storage, Consumer Affairs < https://www.consumeraffairs.com/movers/extra-space-26 self-storage.html?page=2> [as of Jan. 28, 2019].) ⁴ (Extra Space Storage, Consumer Affairs https://www.consumeraffairs.com/movers/extra-space- 27 self-storage.html> [as of Jan. 28, 2019].) (Extra Space Storage, Yelp < available at https://www.yelp.com/biz/extra-space-storage-chicago-34?osq=Extra+Space+Storage> [as of Jan. 28, 2019].)

THE EXPERIENCES OF THE NAMED PLAINTFFS

Plaintiff Lamar Mosley

- 32. Plaintiff Lamar Mosley rented a storage unit in April 2018 at Extra Space's facility located at 6401 San Leandro Street, Oakland, California 94621 at a monthly rate of \$127. Mr. Mosley needed a storage unit because he had recently moved from Lathrop, California to Oakland, California, and his new home in Oakland could not hold all of his and his family's belongings. Though there were storage facilities closer to his home, Mr. Mosley rented with Extra Space because of its competitive pricing. At the time he was considering renting with Extra Space, an Extra Space employee at the 6401 San Leandro Street location advised that Mr. Mosley could either get a free month's rent or commit to a low rate if he rented "long term." The employee also advised that Extra Space would not arbitrarily raise rates and would only raise his rate to cover costs.
- 33. Five months later, in September 2018, Mr. Mosley's rate went up from \$127 to \$146. Mr. Mosley did not get any notice of the rental increase. Rather, Mr. Mosley received an email from Extra Space notifying him of his new billing statement, which included the increased rental rate.
- 34. Because of the expense and time it would take to find a new storage facility and move his belongings from Extra Space to another facility, Mr. Mosley continued to rent with Extra Space despite the rate increase.
- 35. Extra Space's deceptive advertised rental rate was a substantial factor in causing Mr. Mosley's decision to lease a unit.
- 36. That is, if Mr. Mosley had known at the time he rented that Extra Space had a practice of increasing rental rates for all consumers who rent storage units within a few months, for reasons unrelated to rising costs, he would not have rented with Extra Space.
- 37. Moreover, if Mr. Mosley had known that the purpose of the increase in his rental rate was to increase profits, not to keep up with rising costs as represented, he would not have continued to lease a storage unit with Extra Space.
- 38. Because of Extra Space's past deception, Mr. Mosley will be unable to rely on Extra Space's advertising in the future. As a result, he will not lease another unit, even though he would like to.
 - 39. If Extra Space's true rental rate was advertised from the outset, and did not increase for

reasons other than rising costs as represented, Mr. Mosley would likely lease a unit with Extra Space in the future.

Plaintiff Lenay Johnson

- 40. Plaintiff Lenay Johnson rented a storage unit in March 2018 at Extra Space's facility located at 17575 S. Western Avenue, Gardena, California, 90248 at a monthly rate of \$205. Ms. Johnson needed a storage unit because she had recently moved in with her mother.
- 41. Ms. Johnson was told by an Extra Space employee at the at 17575 S. Western Avenue, Gardena, California, 90248 location that her rate would only go up because of rising costs.
- 42. Four months later, in July 2018, Ms. Johnson received a postcard in the mail notifying her that her rate would go up from \$205 to \$236 on August 17, 2018.
- 43. Because of the expense and time it would take to find a new storage facility and move her belongings from Extra Space to another facility, Ms. Johnson continued to rent with Extra Space despite the increase.
- 44. Extra Space's deceptive advertised rental rate was a substantial factor in causing Ms. Johnson's decision to lease a unit.
- 45. That is, if Ms. Johnson had known at the time she rented that Extra Space had a practice of increasing rental rates within a few months for all consumers who rent storage units, for reasons unrelated to rising costs, she would not have rented with Extra Space.
- 46. Moreover, if Ms. Johnson had known that the purpose of the increase in her rental rate was to increase profits, not to keep up with rising costs as represented, she would not have continued to lease a storage unit with Extra Space.
- 47. Because of Extra Space's past deception, Ms. Johnson will be unable to rely on Extra Space's advertising in the future. As a result, she will not lease another unit, even though she would like to.
- 48. If Extra Space's true rental rate was advertised from the outset, and did not increase for reasons other than rising costs as represented, Ms. Johnson would likely lease a unit with Extra Space in the future.

CLASS ACTION ALLEGATIONS

- 49. Plaintiffs bring this action on behalf of themselves and the class defined as follows:

 All persons residing in the United States who signed leases for storage units in California from Extra Space Storage from January 28, 2015 to present.
- 50. The questions here are ones of common or general interest class that there is a well-defined community of interest among the class members. These questions predominate over questions that may affect only individual class members because Extra Space has acted on grounds generally applicable to the class. Such common legal or factual questions include, but are not limited to:
 - a. Whether Defendant's pricing practices were and are likely to mislead consumers;
 - b. Whether Defendant's representations, including on its website, that increases in rental rates are related to "rising costs" are false and misleading;
 - c. Whether Defendant knew or should have known that its pricing practices were and are likely to mislead consumers;
 - d. Whether Defendant knew or should have known that its advertised prices for its storage units were and are false and/or misleading;
 - e. Whether Defendant made and continues to make false or misleading statements of fact concerning advertised rental rates;
 - f. Whether Defendant made and continues to make false or misleading statements of fact concerning the circumstances under which it will increase its rental rates;
 - g. Whether the facts Defendant failed and continues to fail to disclose in its advertising were and are material;
 - h. Whether reliance on Defendant's misrepresentations and omissions is presumed;
 - i. Whether Defendant's acts alleged herein were unlawful;
 - j. Whether Defendant's acts alleged herein were and are unfair;
 - k. Whether consumers suffered and continue to suffer damage as a result of Defendant's acts alleged herein;
 - 1. The extent of the damage suffered by consumers as a result of Defendant's acts alleged herein;
 - m. Whether Defendant should be enjoined from continuing to advertise as alleged herein.

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- Members of the class are so numerous that joinder is impracticable. While the exact 51. number of class members is unknown to Plaintiffs, it is believed that the class comprises thousands of members geographically disbursed throughout California.
- 52. It is impracticable to bring Class members' individual claims before the Court. Class treatment permits a large number of similarly situated persons or entities to prosecute their common claims in a single forum simultaneously, efficiently, and without the unnecessary duplication of evidence, effort, expense, or the possibility of inconsistent or contradictory judgments that numerous individual actions would engender. The benefits of the class mechanism, including providing injured persons or entities with a method for obtaining redress on claims that might not be practicable to pursue individually, substantially outweigh any difficulties that may arise in the management of this class action.
- Plaintiffs' claims are typical of the members of the class and all subclasses, as all 53. members of the class are similarly affected by Extra Space's actionable conduct. Plaintiffs and all members of the class leased storage units with Extra Space in California. In addition, Extra Space's conduct that gave rise to the claims of Plaintiffs and members of the class (i.e. advertising a rental rate and then increasing the rate after Plaintiffs signed leases without any connection to rising costs) is the same for all members of the class.
- 54. Plaintiffs will fairly and adequately protect the interests of the class because they have no interests antagonistic to, or in conflict with, the class that Plaintiffs seeks to represent. Furthermore, Plaintiffs have retained counsel experienced and competent in the prosecution of complex class action litigation, particularly that involving false and misleading advertising.
- Plaintiffs know of no difficulty to be encountered in this action that would preclude its 55. maintenance as a class action.
- 56. Extra Space has acted or refused to act on grounds generally applicable to the class, thereby making appropriate final injunctive relief or corresponding declaratory relief with respect to the class as a whole.

CAUSES OF ACTION

FIRST CAUSE OF ACTION

Violations of False Advertising Law (California Business and Professions Code section 17500)

(By Plaintiffs and on Behalf of the Class)

- 57. Plaintiffs repeat and reallege each and every fact, matter, and allegation set forth above and incorporates them at this point by reference as though set forth in full.
- 58. Defendant's acts alleged herein violate California Business and Professions Code section 17500. Defendant acted knowingly, recklessly, and in conscious disregard of the true facts in perpetuating its deceptive advertising scheme and causing injuries to Plaintiffs and the Class.
- 59. Plaintiffs and the Class have been misled and unfairly induced to enter into transactions and to overpay for the lease of storage units. As a result of Defendant's false and misleading pricing practices, misrepresentations, and omissions, Plaintiffs and the Class have been injured in amounts not less than the difference between any increase in their rental rates and the original rental rates to which Plaintiffs and Class members agreed in their leases, but which are believed to exceed the hundreds of thousands, or possibly millions, of dollars in the aggregate. These amounts have been paid to Defendant by Plaintiffs and the Class and should be restored to them.

SECOND CAUSE OF ACTION

Violations of Unfair Competition Law (California Business and Professions Code section 17200)

(By Plaintiffs and on Behalf of the Class)

- 60. Plaintiffs repeat and reallege each and every fact, matter, and allegation set forth above and incorporates them at this point by reference as though set forth in full.
- 61. Defendant has engaged in business acts and practices that, as alleged above, constitute unfair competition in violation of Business and Professions Code section 17200. Specifically, Defendant's acts alleged herein are unfair and likely to deceive the general public, and Defendant's acts alleged herein are unlawful in that they violate California Business and Professions Code section 17500 (false and misleading advertising), and California Civil Code sections 1770(a)(9), (13), and (14) (CLRA), as well as other federal and state statutes and regulations.
- 62. As a result of Defendant's unfair, fraudulent, and unlawful business practices alleged herein, Plaintiffs and the Class have been injured in amounts not less than the difference between any

increase in their rental rates and the original rental rates to which Plaintiffs and Class members agreed in their leases, which amounts have not yet been ascertained but which are believed to exceed the hundreds of thousands, or possibly millions, of dollars in the aggregate. These amounts have been paid to Defendant by Plaintiffs and the Class and should be restored to them.

63. If Defendant is permitted to continue to engage in the unlawful, unfair, and fraudulent pricing practices described above, its conduct will engender further injury, expanding the number of injured members of the public beyond its already large size, and will tend to render any judgment at law, by itself, ineffectual. Under such circumstances, Plaintiffs and the Class have no adequate remedy at law in that Defendant will continue to engage in the wrongful conduct alleged herein, thus engendering a multiplicity of judicial proceedings. Plaintiffs and the Class request and are entitled to injunctive relief, enjoining Defendant from continuing to engage in the unfair, unlawful, and fraudulent advertising described herein.

THIRD CAUSE OF ACTION

Violations of the California Consumers Legal Remedies Act (By Plaintiffs and on Behalf of the Class)

- 64. Plaintiffs repeat and realleges each and every fact, matter, and allegation set forth above and incorporates them at this point by reference as though set forth in full.
- 65. At all relevant times, Plaintiffs were "consumers" as defined by California Civil Code section 1761(d).
- 66. At all relevant times, Defendant's storage units constituted "goods" as defined by California Civil Code section 1761(a).
- 67. At all relevant times, Defendant constituted a "person" as defined by California Civil Code section 1761(c).
- 68. At all relevant times, Plaintiffs and each of the Class member's purchases of Defendant's goods constituted a "transaction" as defined by California Civil Code section 1761(e).
- 69. The CLRA provides that it is unlawful to: (i) advertise goods or services with the intent not to sell them as advertised; and (ii) represent that a transaction confers or involves rights, remedies, or

1	obligations which it does not have or involve, or which are prohibited by law. Cal. Civ. Code §§ 1770(a)(9),
2	(14). Defendant's acts alleged herein violate the CLRA.
3	70. Plaintiffs, on behalf of themselves and the Class, seeks an order enjoining Defendant's
4	unfair or deceptive acts or practices, equitable relief, an award of attorneys' fees and costs under Cal. Civ.
5	Code § 1780(e).
6	71. Plaintiffs and Class members reserve the right to give statutory written notice of this claim
7	via certified mail, and to thereafter seek damages via an amended complaint.
8	WHEREFORE, Plaintiffs pray for judgment as follows:
9	ON THE FIRST AND SECOND CAUSES OF ACTION
10	72. For an order requiring Defendant to restore monies that Defendant acquired from
11	Plaintiffs and Class members in the amount not less than the difference between any increase in
12	Plaintiffs and Class Members' rental rates and the original rental rates to which Plaintiffs and Class
13	members agreed in their leases;
14	73. Interest on all such sums restored at the maximum legal rate;
15	74. For an order or orders enjoining Defendant from continuing to employ unfair
16	methods of competition and commit unfair and deceptive acts and practices alleged in this
17	complaint and any other acts and practices proven at trial;
18	75. For an award of attorneys' fees to Plaintiffs' counsel pursuant to section 1021.5 of
19	the California Code of Civil Procedure;
20	76. For costs of suit incurred in this action; and
21	77. For such other and further relief as the Court may deem just and proper.
22	ON THE THIRD CAUSE OF ACTION
23	78. For an order or orders enjoining Defendant from continuing to employ unfair methods
24	of competition and commit unfair and deceptive acts and practices alleged in this complaint and any
25	other such acts and practices proven at trial;
26	79. For an award of costs and attorneys' fees to Plaintiffs' counsel pursuant to California Civil
27	Code section 1780(d) and California Code of Civil Procedure section 1021.5;
28	80 For such other and further relief as the Court may deem just and proper

JURY DEMAND Plaintiffs hereby demand a jury trial in the instant action. Dated: January 28, 2019 Respectfully submitted, Sabira J. Soneji (CA Bar No. 224262) 1970 Broadway, Suite 1070 Oakland, CA 94612 Telephone: (510) 254-6808 Facsimile: (202) 973-0950 ssoneji@tzlegal.com