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7	Attorneys for Plaintiff	
8 9	1	T OF CALIFORNIA AN LUIS OBISPO
10 11	SANDRA WARNOCK, individually and on behalf of all others similarly situated,) Case No. 19CV-0539) <u>CLASS ACTION</u>
12 13	Plaintiff, vs.)) FIRST AMENDED COMPLAINT FOR) VIOLATIONS OF:
14 15	PEOPLECONNECT INC. d/b/a Intelius; ABNI HELLER, and DOES 1-10,) 1. VIOLATIONS OF CALIFORNIA BUSINESS AND PROFESSIONS CODE § 17200, ET. SEQ
16 17 18	Defendant(s).	2. VIOLATIONS OF CALIFORNIA BUSINESS AND PROFESSIONS CODE § 17500, ET. SEQ 3. VIOLATIONS OF THE CONSUMER LEGAL REMEDIES ACT, CAL. CIV. C. § 1750, ET. SEQ.
20		DEMAND FOR JURY TRIAL
21	Plaintiff Sandra Warnock ("Plaintiff").	on behalf of herself and all others similarly
23	situated, alleges the following against Defendants PeopleConnect Inc. d/b/a Intelius and Abani	
24	Heller upon information and belief based upon personal knowledge:	
25	INTROD	<u>UCTION</u>
26	1. Plaintiff's Class Action Complaint is brought pursuant to the Unfair Competition	
27	Law, Cal. Bus. & Prof. C. § 17200 et. seq. ("UCL"), False Advertising Law, Cal. Bus. & Prof.	
28	C. § 17500 et. seq. ("FAL"), and Consumer Le	egal Remedies Act, Cal. Civ. C. § 1750 et. seq.
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("CLRA") arising out of Defendants' unlawful and fraudulent practices in not properly disclosing its auto-renewal policy on its Intelius.com website, which additionally violates the California Automatic Purchase Renewal Statute Cal. Bus. & Prof. Code § 17600, et seq. ("CAPRS").

- 2. Plaintiff, individually, and on behalf of all others similarly situated, brings this Complaint for damages, injunctive relief, and any other available legal or equitable remedies, resulting from the illegal actions of Defendants' charging Plaintiff's and also the Class members for its auto-renewal policy which is not clearly and conspicuously disclosed on its website when inducing consumers to make purchases. Plaintiff alleges as follows upon personal knowledge as to herself and her own acts and experiences, and, as to all other matters, upon information and belief, including investigation conducted by her attorneys.
- 3. Plaintiff alleges as follows upon personal knowledge as to herself and her own acts and experiences, and, as to all other matters, upon information and belief, including investigation conducted by her attorneys.

JURISDICTION AND VENUE

- 4. This class action is brought pursuant to California Code of Civil Procedure ("CCP") section 382. All claims in this matter arise exclusively under California law.
- 5. This matter is properly venued in the Superior Court of San Luis Obispo County, in that Plaintiff purchased the "search" ("Product") from Defendants online while residing in California and Defendant PCI is headquartered in Long Beach, California which is within this County.

PARTIES

- 6. Plaintiff, Sandra Warnock ("Plaintiff"), is a natural person residing in San Luis Obispo County in the state of California, and is a "person" as defined by Cal. Bus. & Prof. Code § 17201.
- At all relevant times herein, Defendant, PeopleConnect Inc, d/b/a Intelius 7. (hereinafter "PCI"), was a California company engaged in the business of selling background searches in California.
 - Defendant, Abani Heller (hereinafter "HELLER") was and is an individual and, 8.

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responsible for the overall success of the company. HELLER materially participated in the planning and execution of PCI's unlawful and fraudulent business practices by occupying a position of critical importance to PCI's business; as President and CEO of PCI, he exercised control over the affairs of business and he was regularly engaged, albeit more often indirectly than directly, in the unlawful and fraudulent business practices of PCI through his involvement in PCI's affairs. Defendant HELLER continued to play a key role in maintaining and expanding Defendant PCI's unlawful and fraudulent activities throughout the time in question.

- The above named Defendants, their subsidiaries, and agents are collectively 9. referred to as "Defendants." The true names and capacities of the Defendants sued herein as DOE DEFENDANTS 1 through 10, inclusive, are currently unknown to Plaintiff, who therefore sues such Defendants by fictitious names. Each of the Defendants designated herein as a DOE is legally responsible for the unlawful acts alleged herein. Plaintiff will seek leave of Court to amend the Complaint to reflect the true names and capacities of the DOE Defendants when such identities become known.
- Plaintiff is informed and believes that at all relevant times, each and every 10. Defendant was acting as an agent and/or employee of each of the other Defendants and was acting within the course and scope of said agency and/or employment with the full knowledge and consent of each of the other Defendants. Plaintiff is informed and believes that each of the acts and/or omissions complained of herein was made known to, and ratified by, each of the other Defendants.

FACTUAL ALLEGATIONS

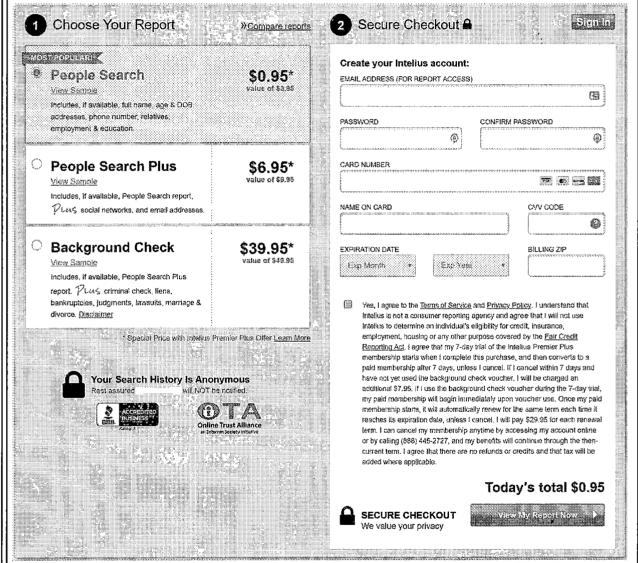
- 11. In or around October of 2018, Plaintiff visited Defendants' website Intelius.com and purchased a Class Product from Defendants.
- In purchasing the Class Product, Defendants represented to Plaintiff in bold and 12. distinct language that the Class Product would cost \$0.95.
- Based on this representation, Plaintiff agreed to purchase the Class Product and 13. provided her credit card and other personal information.

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conspicuous spot, Defendants indicated that the transaction would result in Plaintiff being entered into a recurring automatic subscription costing \$29.95 per month. 15. Attached immediately below is a screenshot example of how Defendants

In reality, elsewhere in a substantially smaller font and in a neither clear nor

presented the information to Plaintiff and other consumers when they purchased the Product:



- 16. Plaintiff was charged the \$29.95 renewal fee by Defendants after having the Product be represented as costing \$0.95 and agreeing to purchase it based on that representation.
- After being charged the renewal fee, Plaintiff attempted to contact Defendants by the phone number listed on the renewal charge, however the phone number was disconnected.

Plaintiff additionally called Defendants on its customer service line, however was unable to reach anyone to cancel or refund the charge.

- 18. Had Defendants clearly and conspicuously advertised that its \$0.95 search actually cost \$29.95 per month, Plaintiff would not have purchased Defendants' search.
- 19. Furthermore, Plaintiff did not discover, nor could she have discovered, the true nature of the Product until after Plaintiff's purchase and Defendants' subsequent automatic renewal charge.
- 20. Plaintiff relied on the fact that the Product would cost \$0.95 as prominently advertised.
- 21. Knowledge of the true price of Defendants' Product would have impacted Plaintiff's decision to purchase the search from Defendants. Plaintiff would have found it important to her purchase decision to know exactly what she was purchasing.
- 22. Plaintiff felt ripped off and cheated by Defendants entering into an automatic renewal plan. Plaintiff believes that Defendants will continue its action of duping consumers into purchasing Products for incredibly low prices when in reality it enters them into expensive auto renewal plans that are not clearly or conspicuously disclosed unless Defendants' practices are halted by way of an injunction.
- 23. As a result of Defendants' fraudulent practices, described herein, Plaintiff has suffered emotional distress, wasted time, loss of money, and anxiety.
- 24. Such sales tactics rely on falsities and have a tendency to mislead and deceive a reasonable consumer.
 - 25. In purchasing the Product, Plaintiff relied upon Defendants' representations.
- 26. Plaintiff alleges such activity to be in violation of California's Automatic Purchase Renewal Statute Cal. Bus. & Prof. Code § 17600, et seq. ("CAPRS"), and its surrounding regulations.
- 27. At all times relevant, Defendants made and continues to make automatic renewal offers and continuous service offers, as those terms are defined by Cal. Bus. & Prof. Code § 17600, et seq. ("California's Automatic Purchase Renewal Statute") to Plaintiff and other

- 28. At the time Plaintiff purchased the Product, Defendants failed to present Defendants' automatic renewal offer terms or continuous service offer terms in a clear and conspicuous manner, as defined by California's Automatic Purchase Renewal Statute, before the subscription or purchasing agreement was fulfilled, and in visual or temporal proximity to Defendants' request for consent to the offer.
- 29. At the time Plaintiff subscribed to Defendants' services, Plaintiff was subjected to Defendants' unlawful policies and/or practices, as set forth herein, in violation of Cal. Bus. & Prof. Code § 17600, et seq.
- 30. The material circumstances surrounding this experience by Plaintiff were the same, or nearly the same, as the other class members Plaintiff proposes to represent, and Plaintiff and all putative class members were required to pay, and did pay, money for the Products marketed and sold by Defendants.

CLASS ACTION ALLEGATIONS

- 31. Plaintiff brings this action, on behalf of herself and all others similarly situated, and thus, seeks class certification under California Code of Civil Procedure § 382.
- 32. Plaintiff brings this action on behalf of herself and all others similarly situated, as a member of the Class defined as follows:
 - All persons in California who purchased a Product from Defendants and were entered into and charged an automatic renewal by Defendants within the four years prior to the filing of this Complaint.
- 33. Plaintiff represents, and is a member of The Class, consisting of all persons in California who purchased a Product from Defendants and were entered into and charged an automatic renewal by Defendants within the four years prior to the filing of this Complaint.
- 34. Defendants, its employees and agents are excluded from The Class. Plaintiff does not know the number of members in The Class, but believes the Class members number in the thousands, if not more. Thus, this matter should be certified as a Class Action to assist in the

expeditious litigation of the matter.

- 35. The Class is so numerous that the individual joinder of all of their members is impractical. While the exact number and identities of The Class members are unknown to Plaintiff at this time and can only be ascertained through appropriate discovery, Plaintiff is informed and believes and thereon alleges that The Class includes thousands of members. Plaintiff alleges that The Class members may be ascertained by the records maintained by Defendants.
- 36. There are questions of law and fact common to the Class affecting the parties to be represented. The questions of law and fact to the Class predominate over questions which may affect individual Class members and include, but are not necessarily limited to, the following:
 - (a) Whether Defendants failed to provide clear and conspicuous notice to Plaintiff and Class Members regarding the terms of its Product's auto renewal costs;
 - (b) Whether Defendants engaged in unlawful, unfair, or deceptive business practices in selling Products to Plaintiff and other Class Members;
 - (c) Whether Defendants made misrepresentations with respect to the Products sold to consumers;
 - (d) Whether Defendants profited from the sale of the wrongly advertised Products;
 - (e) Whether Defendants violated California Bus. & Prof. Code § 17200, et seq., California Bus. & Prof. Code § 17500, et seq., and Cal. Civ. C. §1750 et seq.;
 - (f) Whether Plaintiff and Class Members are entitled to equitable and/or injunctive relief;
 - (g) Whether Defendants' unlawful, unfair, and/or deceptive practices harmed Plaintiff and Class Members; and

- (h) The method of calculation and extent of damages for Plaintiff and Class Members.
- 37. As someone who was charged for an automatic renewal by Defendants after failing to disclose the terms clearly and conspicuously, Plaintiff is asserting claims that are typical of The Class.
- 38. Plaintiff will fairly and adequately protect the interests of the members of The Class. Plaintiff has retained attorneys experienced in the prosecution of class actions.
- 39. A class action is superior to other available methods of fair and efficient adjudication of this controversy, since individual litigation of the claims of all Classes members is impracticable. Even if every Class member could afford individual litigation, the court system could not. It would be unduly burdensome to the courts in which individual litigation of numerous issues would proceed. Individualized litigation would also present the potential for varying, inconsistent, or contradictory judgments and would magnify the delay and expense to all parties and to the court system resulting from multiple trials of the same complex factual issues. By contrast, the conduct of this action as a class action presents fewer management difficulties, conserves the resources of the parties and of the court system, and protects the rights of each Class member.
- 40. The prosecution of separate actions by individual Class members would create a risk of adjudications with respect to them that would, as a practical matter, be dispositive of the interests of the other Class members not parties to such adjudications or that would substantially impair or impede the ability of such non-party Class members to protect their interests.
- 41. Defendants have acted or refused to act in respects generally applicable to The Class, thereby making appropriate final and injunctive relief with regard to the members of the Class as a whole.
- 42. Plaintiff seeks the remedy of public injunctive relief against Defendants to prevent Defendants from further falsely advertising its Products to the public of California.

FIRST CAUSE OF ACTION

Violation of the California False Advertising Act

(Cal. Bus. & Prof. Code §§ 17500 et seq.)

- 43. Plaintiff incorporates by reference each allegation set forth above as fully set forth herein.
- 44. Pursuant to California Business and Professions Code section 17500, et seq., it is unlawful to engage in advertising "which is untrue or misleading, and which is known, or which by the exercise of reasonable care should be known, to be untrue or misleading . . . [or] to so make or disseminate or cause to be so made or disseminated any such statement as part of a plan or scheme with the intent not to sell that personal property or those services, professional or otherwise, so advertised at the price stated therein, or as so advertised."
- 45. California Business and Professions Code section 17500, et seq.'s prohibition against false advertising extends to the use of false or misleading written statements.
- 46. Defendants misled consumers by making misrepresentations and untrue statements about the Products, namely, Defendants represents its price as a certain amount when in reality it would result in entering into an expensive and not clearly nor conspicuously disclosed auto renewal plan, and made false representations to Plaintiff and other putative class members in order to solicit these transactions.
- 47. Defendants knew that its representations and omissions were untrue and misleading, and deliberately made the aforementioned representations and omissions in order to deceive reasonable consumers like Plaintiff and other Class Members.
- 48. As a direct and proximate result of Defendants' misleading and false advertising, Plaintiff and the other Class Members have suffered injury in fact and have lost money, property, time, and attention. Plaintiff reasonably relied upon Defendants' representations regarding the Products. In reasonable reliance on Defendants' false advertisements, Plaintiff and other Class Members purchased the Products. In turn Plaintiff and other Class Members ended up with Products that resulted in them being charged automatic renewal fees, and

therefore Plaintiff and other Class Members have suffered injury in fact.

- 49. Plaintiff alleges that these false and misleading representations made by Defendants constitute a "scheme with the intent not to sell that personal property or those services, professional or otherwise, so advertised at the price stated therein, or as so advertised."
- 50. The misleading and false advertising described herein presents a continuing threat to Plaintiff and the Class Members in that Defendants persists and continues to engage in these practices, and will not cease doing so unless and until forced to do so by this Court. Defendants' conduct will continue to cause irreparable injury to consumers unless enjoined or restrained. Plaintiff is entitled to preliminary and permanent injunctive relief ordering Defendants to cease its false advertising, as well as disgorgement and restitution to Plaintiff and all Class Members of Defendants' revenues associated with its false advertising, or such portion of those revenues as the Court may find equitable.

SECOND CAUSE OF ACTION

Violation of Unfair Business Practices Act

(Cal. Bus. & Prof. Code §§ 17200 et seq.)

- 51. Plaintiff incorporates by reference each allegation set forth above as fully set forth herein.
- 52. Actions for relief under the unfair competition law may be based on any business act or practice that is within the broad definition of the UCL. Such violations of the UCL occur as a result of unlawful, unfair or fraudulent business acts and practices. A plaintiff is required to provide evidence of a causal connection between a defendants' business practices and the alleged harm--that is, evidence that the defendants' conduct caused or was likely to cause substantial injury. It is insufficient for a plaintiff to show merely that the Defendants' conduct created a risk of harm. Furthermore, the "act or practice" aspect of the statutory definition of unfair competition covers any single act of misconduct, as well as ongoing misconduct.

UNFAIR

53. California Business & Professions Code § 17200 prohibits any "unfair . . . business

act or practice." Defendants' acts, omissions, misrepresentations, and practices as alleged herein also constitute "unfair" business acts and practices within the meaning of the UCL in that its conduct is substantially injurious to consumers, offends public policy, and is immoral, unethical, oppressive, and unscrupulous as the gravity of the conduct outweighs any alleged benefits attributable to such conduct. There were reasonably available alternatives to further Defendants' legitimate business interests, other than the conduct described herein. Plaintiff reserves the right to allege further conduct which constitutes other unfair business acts or practices. Such conduct is ongoing and continues to this date.

- 54. In order to satisfy the "unfair" prong of the UCL, a consumer must show that the injury: (1) is substantial; (2) is not outweighed by any countervailing benefits to consumers or competition; and (3) is not one that consumers themselves could reasonably have avoided.
- 55. Here, Defendants' conduct has caused and continues to cause substantial injury to Plaintiff and members of the Class. Plaintiff and members of the Class have suffered injury in fact due to Defendants' decision to sell them falsely described Products. Thus, Defendants' conduct has caused substantial injury to Plaintiff and the members of the Class.
- 56. Moreover, Defendants' conduct as alleged herein solely benefits Defendants while providing no benefit of any kind to any consumer. Such deception utilized by Defendants convinced Plaintiff and members of the Class that the Products were of a certain price in order to induce them to spend money on said Products. In fact, knowing that Products would actually enter the purchasers into an expensive automatic renewal plan, Defendants unfairly profited from their sale. Thus, the injury suffered by Plaintiff and the members of the Class is not outweighed by any countervailing benefits to consumers.
- 57. Finally, the injury suffered by Plaintiff and members of the Class is not an injury that these consumers could reasonably have avoided. After Defendants falsely represented the Products, Plaintiff and Class members suffered injury in fact due to Defendants' sale of Products to them. Defendants failed to take reasonable steps to inform Plaintiff and Class members that the Products would result in an automatic renewal plan by failing to clearly and

conspicuously provide such information. As such, Defendants took advantage of Defendants' position of perceived power in order to deceive Plaintiff and the Class members to purchase Products. Therefore, the injury suffered by Plaintiff and members of the Class is not an injury which these consumers could reasonably have avoided.

58. Thus, Defendants' conduct has violated the "unfair" prong of California Business & Professions Code § 17200.

FRAUDULENT

- 59. California Business & Professions Code § 17200 prohibits any "fraudulent ... business act or practice." In order to prevail under the "fraudulent" prong of the UCL, a consumer must allege that the fraudulent business practice was likely to deceive members of the public.
- 60. The test for "fraud" as contemplated by California Business and Professions Code § 17200 is whether the public is likely to be deceived. Unlike common law fraud, a § 17200 violation can be established even if no one was actually deceived, relied upon the fraudulent practice, or sustained any damage.
- 61. Here, not only were Plaintiff and the Class members likely to be deceived, but these consumers were actually deceived by Defendants. Such deception is evidenced by the fact that Plaintiff agreed to purchase Products under the basic assumption that they were of a certain price, when in reality Defendants charged an expensive automatic renewal plan that was not clearly and conspicuously disclosed. Plaintiff's reliance upon Defendants' deceptive statements is reasonable due to the unequal bargaining powers of Defendants and Plaintiff. For the same reason, it is likely that Defendants' fraudulent business practice would deceive other members of the public.
- 62. As explained above, Defendants deceived Plaintiff and other Class Members by representing the Products as being a certain price when in reality they resulted in an expensive automatic renewal program, and thus falsely represented the Products.
 - 63. Thus, Defendants' conduct has violated the "fraudulent" prong of California

Business & Professions Code § 17200. . . .

UNLAWFUL

- 64. California Business and Professions Code Section 17200, et seq. prohibits "any unlawful...business act or practice."
- 65. As explained above, Defendants deceived Plaintiff and other Class Members by representing the Products as being of a price different from what they actually were.
- 66. Defendants used false advertising, marketing, and misrepresentations to induce Plaintiff and Class Members to purchase the Products, in violation of California Business and Professions Code Section 17500, et seq.. Had Defendants not falsely advertised, marketed, or misrepresented the Products, Plaintiff and Class Members would not have purchased the Products. Defendants' conduct therefore caused and continues to cause economic harm to Plaintiff and Class Members.
 - 67. Defendants additionally violated the CLRA, makings its practice unlawful.
- 68. Additionally, Cal. Bus. & Prof. C. § 17602(a) makes it unlawful for a business to make an automatic renewal offer to a consumer that "(1) [f]ail[s] to present the automatic renewal offer terms or continuous service offer terms in a clear and conspicuous manner before the subscription or purchasing agreement is fulfilled and in visual proximity" with clear and conspicuous meaning "in larger type than the surrounding text, or in contrasting type, font, or color to the surrounding text of the same size, or set off from the surrounding text of the same size by symbols or other marks, in a manner that clearly calls attention to the language."
- 69. Defendants failed to present its auto renewal language in clear and conspicuous language and thus committed an unlawful act under the UCL.
- 70. This practice of making these representations by Defendants is therefore an "unlawful" business practice or act under Business and Professions Code Section 17200 et seq.
- 71. Defendants have thus engaged in unlawful, unfair, and fraudulent business acts entitling Plaintiff and Class Members to judgment and equitable relief against Defendants, as set forth in the Prayer for Relief. Additionally, pursuant to Business and Professions Code

section 17203, Plaintiff and Class Members seek an order requiring Defendants to immediately cease such acts of unlawful, unfair, and fraudulent business practices and requiring Defendants to correct their actions.

THIRD CAUSE OF ACTION

Violation of Consumer Legal Remedies Act

(Cal. Civ. Code § 1750 et seq.)

- 72. Plaintiff incorporates by reference each allegation set forth above herein.
- 73. Defendants' actions as detailed above constitute a violation of the Consumer

Legal Remedies Act, Cal. Civ. Code §1770 to the extent that Defendants violated the following provisions of the CLRA:

- a. Advertising goods or services with intent not to sell them as advertised; *Cal. Civ. Code* §1770(9);
- b. Representing that a transaction confers or involves rights, remedies, or obligations which it does not have or involve, or which are prohibited by law; *Cal. Civ. Code* §1770(14); and
- c. Representing that the subject of a transaction has been supplied in accordance with a previous representation when it has not; *Cal. Civ. Code* §1770(16).
- 74. On or about July 16, 2019, through her Counsel of record, using certified mail with a return receipt requested, Plaintiff served Defendants with notice of its violations of the CLRA, and asked that Defendants to correct, repair, replace or otherwise rectify the goods and services alleged to be in violation of the CLRA. This correspondence advised Defendants that they must take such action within thirty (30) calendar days, and pointed Defendants to the provisions of the CLRA that Plaintiff believes to have been violated by Defendants. Defendants have refused to timely correct, repair, replace or otherwise rectify the issues raised therein.
- 75. Plaintiff has filed a venue affidavit concurrently with the Complaint as required by the CLRA.

TRIAL BY JURY

76. Plaintiff requests a trial by jury as to all claims so triable.

1 PRAYER FOR RELIEF 2 WHEREFORE, Plaintiff, SANDRA WARNOCK, individually, and on behalf of all 3 others similarly situated, respectfully requests judgment be entered against Defendants, for the 4 following: a. That this action be certified as a class action on behalf of The Class and 5 Plaintiff be appointed as the representative of The Class; 6 7 b. Actual damages; 8 Punitive damages; 9 d. Restitution of the funds improperly obtained by Defendants; 10 Any and all statutory enhanced damages; 11 f. All reasonable and necessary attorneys' fees and costs provided by statute, common law or the Court's inherent power; 12 g. For equitable and injunctive and pursuant to California Business and 13 Professions Code § 17203; 14 h. For prejudgment interest at the legal rate; and 15 Any other relief this Honorable Court deems appropriate. 16 17 Respectfully submitted this 30th Day of April, 2020. 18 19 LAW OFFICES OF TODD M. FRIEDMAN, P.C. 20 /s/ Todd M. Friedman By: Todd M. Friedman 21 Law Offices of Todd M. Friedman 22 Attorney for Plaintiff 23 24 25 26 27 28