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8	FACTEDN	DISTRICT OF CALIFORNIA				
9	LASIERIN	DISTRICT OF CALIFORNIA				
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12	AILEEN BROOKS, on behalf of herself and all others similarly situated,	Case No:				
13	Plaintiff,	CLASS ACTION				
14	,	CLASS ACTION COMPLAINT FOR VIOLATIONS OF:				
15	V.	CAL. BUS. & PROF. CODE §§17200 et seq. and				
16	IT WORKS MARKETING, INC., IT WORKS! GLOBAL, INC., MARK	CAL. BUS. & PROF. CODE §§17500 et seq. and				
17	PENTECOST, and PAUL NASSIF	CAL CIV. CODE §§ 1750 et seq				
18	Defendants.	DEMAND FOR JURY TRIAL				
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CLASS ACTION COMPLAINT

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Plaintiff Aileen Brooks, on behalf of herself, all others similarly situated, and the general public, by and through her undersigned counsel, hereby sues Defendants It Works Marketing, Inc., It Works! Global, Inc. and Mark Pentecost (collectively "Defendants" or "It Works"), and upon information and belief and investigation of counsel, alleges as follows:

I. **JURISDICTION AND VENUE**

- 1. This Court has original jurisdiction over this action under 28 U.S.C. § 1332(d)(2) (The Class Action Fairness Act) because the matter in controversy exceeds the sum or value of \$5,000,000 exclusive of interest and costs and because more than two-thirds of the members of the class defined herein reside in states other than the states of which Defendants are residents.
- 2. Venue is proper in this Court pursuant to 28 U.S.C. § 1391 because Plaintiff Aileen Brooks suffered injuries as a result of Defendants' acts in this District; many of the acts and transactions giving rise to this action occurred in this District; and Defendants: (1) are authorized to conduct business in this District and have intentionally availed themselves of the laws and markets of this District through the distribution and sale of its products in this District, and (2) are subject to personal jurisdiction in this District.

II. **NATURE OF THE ACTION**

- 3. Defendants manufacture, market, distribute, and sell Thermofight pills ("Thermofight"), a purported "thermogenic weigh loss formula" purchased by Plaintiff.
- 4. It Works engaged in a consistent, long-term effort to fraudulently market Thermofight as a safe and effective fat burner and rapid weight loss solution on its website and Amazon.com.
- 5. The claims made on the Thermofight's label, website, and Amazon page are misleading under California's Consumer Legal Remedies Act, Unfair Competition Law, and False Advertising Law. Moreover, the labeling and advertising of Thermofight also violates California's "baby FDCA" statute, also known as the Sherman Law.
- 6. Similarly, the claims made on Thermofight's label, website, and Amazon page throughout the class period are contrary to those allowed by the Food, Drug, and Cosmetic Act, 21 U.S.C. § 301 et seq. ("FDCA"), and subject any individual manufacturing or selling it to liability for the sale of an unapproved new drug.

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- 7. Defendants' misrepresentations and omissions, described in detail herein, deceive consumers into believing that Thermofight is a safe and effective rapid weight loss solution and fat burner.
- 8. Plaintiff Aileen Brooks purchased and used Thermofight in reliance upon these deceptive claims, and with the belief that the product was sold in compliance with state and federal regulations.
- 9 Ms. Brooks used Thermofight as directed, but the product failed to deliver the advertised benefits.
- 10. This action is brought to remedy Defendants' unfair, deceptive, immoral, and unlawful conduct. On behalf of the class defined herein, Plaintiff seeks an order compelling It Works to, inter alia: (1) cease marketing and selling Thermofight as an unapproved new drug; (2) conduct a corrective advertising campaign; (3) destroy all misleading and deceptive materials and products; (4) award Plaintiff and the Class members restitution; and (5) pay costs, expenses, and reasonable attorney fees.

III. **PARTIES**

- 11. Plaintiff Aileen Brooks is a resident of Bakersfield who purchased Thermofight for personal and household use during the class period defined herein.
- 12. Defendant It Works Marketing, Inc. is a Florida corporation headquartered in Palmetto, FL. It Works Marketing, Inc. manufactures, markets, distributes, and sells Thermofight.
- 13. Defendant It Works! Global, Inc. is a Florida corporation headquartered in Palmetto, FL. It Works! Global, Inc. manufactures, markets, distributes, and sells Thermofight.
- 14. Defendant Mark Pentecost is an individual who resides in Florida and is sued in his individual capacity. Pentecost is the founder and CEO of It Works Marketing, Inc. and It Works! Global, Inc.
- 15. At all relevant times, Pentecost has aided and abetted the manufacturing, marketing, distribution, and sale of Thermofight. Pentecost controls the corporate defendants and created them for the primary purpose of engaging in crime, in particular the sale of illegal products, the sale of fraudulent weight loss products, and unlawful auto-billing fraud. He runs the corporations for the primary purpose of engaging in these crimes, and does not observe the corporate formalities of legitimate businesses.
- 16. Paul Nassif is a plastic surgeon and reality show star who resides in Los Angeles County, California and who co-hosts the E! network shows Botched and Botched by Nature. Nassif's former wife

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was one of the "Real Housewives of Beverly Hills."

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17. Nassif developed several products for the other defendants and works as a celebrity doctor endorser, giving them the legitimacy of a product developed by a physician when he knows them to be ineffective and fraudulently marketed.

IV. PLAINTIFF'S PURCHASE OF THERMOFIGHT

- 18. Plaintiff Aileen Brooks purchased Thermofight from the It Works website on May 11, 2020. She paid \$39.95 plus shipping and handling for a total of \$48.25.
- 19. When purchasing Thermofight, Plaintiff read and relied on Defendants' various representations, described herein, which render Thermofight misleading under California's Unfair Competition Law and False Advertising law and further render Thermofight an unlawful, unapproved new drug.
- 20. Relying on Defendants' claims, Plaintiff believed that Thermofight would boost her metabolism, burn fat, and provide rapid weight loss.
- 21. Ms. Brooks used Thermofight as directed, but the product did not deliver the advertised benefits, nor any results at all.
- 22. Because Plaintiff expected these statements to be true and honest, but they were not, she did not receive the benefit of her purchases.

V. <u>SPECIFIC MISREPRESENTATIONS, MATERIAL OMISSIONS, AND DRUG CLAIMS</u>

- 23. During the Class Period, Defendants manufactured, advertised, and sold Thermofight in packaging bearing misleading claims relating to Thermofight's efficacy as a fat burner and rapid weight loss solution. Defendants also made misleading representations relating to Thermofight's efficacy on their website and Amazon page.
- 24. Thermofight's label, website, and Amazon page included the following claims which are not only false and misleading, but also show that the product is intended to affect the structure and function of the body, and to cure, mitigate, treat, or prevent disease.

A. Thermofight's Packaging

25. An exemplar of Thermofight's packaging, purchased by Plaintiff, is as follows:



Amount P	er Serving	%DV
Calcium	140 mg	11%
Chromium (as chromium dinicotinate glycinate)	200 mcg	571%
Proprietary Green Tea Blend Greenselect® Phytosome green tea leaf/sunflower phospholipid complex and green tea leaf extract [provides min. 112.5 mg epigallocatechin-3-O-gallate (EGCG) and 62.5 mg caffeine]	437.5 mg	,
Green coffee bean extract (Coffea robusta) (provides min. 45 mg chlorogenic acids)	100 mg)
Proprietary Thermogenic Blend Jalapeño pepper (fruit), Black pepper (fruit), ginger (root), cinnamon (bark), cayenne pepper (fruit).	75 mg	

Other ingredients: Calcium carbonate, microcrystalline cellulose, stearic acid, croscarmellose sodium, hypromellose, silicon dioxide, magnesium stearate, spirulina (color), glycerin, hydroxypropyl cellulose.

- 26. The specific deceptive and unlawful claims made on Thermofight's packaging include:
- "Next Gen Fat Burn 2.0"
- "Thermogenic Weight Loss Formula"
- 27. These claims suggest Thermofight is a safe and effective fat burner and weight loss solution and further render Thermofight a "drug" within the meaning of 21 U.S.C. § 321(g)(1).

B. It Works Website

- 28. The specific deceptive and unlawful claims relating to Thermofight made on Defendants' website include:
 - "extraordinary impact"
 - "designed to boost your metabolism and melt away fat."
 - "contains Caffeine and Jalapeno Pepper to help you achieve and maintain an ideal fatburning mode"
 - "Fire up your thermogenic weight loss"
 - "Uses a clinically proven weight-loss ingredient that helps you lose an average of 31 pounds in 90 days!"

Case 1:21-cv-01341-DAD-JLT Document 1 Filed 09/03/21 Page 7 of 60 "Activates enhanced thermogenesis and boosts your energy" "Accelerates ketosis by supporting rapid ketone generation" "Packs powerful ingredients like Green Coffee Bean, Chromium, Jalapeno Pepper, and increased levels of Caffeine" "Boosts fat, carb, macronutrient, and stored energy metabolism" "Helps keep blood sugar under control and decreases sugar cravings" "Supports energy levels and combats tiredness" "Includes Green Tea, renowned for fat loss and nutritional properties" "simple and convenient way to burn more fat—even without exercise" "powering up your fat metabolism" "Chromium – Boosts metabolism" 29. These claims suggest Thermofight can burn fat, increase energy, and provide rapid weight 12 loss, "even without exercise." However, Thermofight fails to deliver any of the advertised benefits. Further, these claims render Thermofight a "drug" within the meaning of 21 U.S.C. § 321(g)(1). 30. A true and correct copy of the "Product Info" page from Thermofight, which was downloaded from Defendants' website, is attached hereto as Exhibit 1. 31. Thermofight's illegal drug promotion and fraud extends to its Amazon product pages. "Activates enhanced thermogenesis and boosts your energy" "Accelerates ketosis by supporting rapid ketone generation" "Increased levels of Caffeine and the addition of Jalapeno Pepper to help you achieve and maintain an ideal fat-burning mode" 32. These claims render Thermofight a "drug" within the meaning of 21 U.S.C. § 321(g)(1). VI. THERMOFIGHT IS FALSE, MISLEADING, AND MISBRANDED. 33. It is unlawful to manufacture or sell any drug that is misbranded. 21 U.S.C. § 331(a), (b), (c), & (g). A drug is misbranded "[i]f its labeling is false or misleading in any particular." 21 U.S.C. 34.

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¹ Under the FDCA, "'labeling' means all labels and other written, printed, or graphic matters (1) upon any article or any of its containers or wrappers, or (2) accompanying such article." 21 U.S.C. § 321(m). This

§ 352(a)(1).

If an article is alleged to be misbranded because the labeling or advertising is misleading, then in determining whether the labeling or advertising is misleading there shall be taken into account (among other things) not only representations made or suggested by statement, word, design, device, or any combination thereof, but also the extent to which the labeling or advertising fails to reveal facts material in the light of such representations or material with respect to consequences which may result from the use of the articles to which the labeling or advertising relates under the conditions of use prescribed in the labeling or advertising thereof or under such conditions of use as are customary or usual.

21 U.S.C.S. § 321(n).

- 35. Defendants' deceptive acts render the Thermofight label misbranded under Cal. Health & Saf. Code § 110100 (adopting all FDA labelling regulations as state regulations), § 110398 ("It is unlawful for any person to advertise any food, drug, device, or cosmetic that is adulterated or misbranded."), § 111330 (drug label misbranded if false or misleading in any particular), as well as Cal. Bus. & Prof. Code § 17200 (Unfair Competition Law "Fraudulent" Prong) § 17500 (False Advertising Law) and Cal. Civ. Code § 1750 (CLRA).
- 36. Because Thermofight claims to treat conditions not amenable to self-diagnosis, directions are not and likely cannot be written such that a layperson can safely use this product to treat those conditions. The Thermofight label therefore lacks "adequate directions for use," rendering the product misbranded. 21 U.S.C. § 352(f)(1); see also 21 C.F.R. § 201.5 ("Adequate directions for use' means directions under which the layman can use a drug safely and for the purposes for which it is intended.").
 - 37. Plaintiff used Thermofight as directed, but it failed to deliver the advertised benefits.

VII. THERMOFIGHT IS AN UNAPPROVED NEW DRUG.

- 38. "The term 'drug' means . . . (B) articles intended for use in the diagnosis, cure, mitigation, treatment, or prevention of disease in man or other animals; and (C) articles (other than food) intended to affect the structure or any function of the body of man or other animals." 21 U.S.C. § 321(g)(1). Here, Thermofight is a drug because it is advertised as a product which will affect the structure or function of the body or cure, mitigate, treat, or prevent disease.
- includes websites associated with the products. *See Sandoval v. Pharmacare US, Inc.*, 730 Fed. App'x 417, 420 (9th Cir. 2018).

39.

40. Attached hereto as **Exhibit 2** are FDA Warning Letters relating to similar claims that the FDA determined are drug claims.

The claims on the packaging and website of Thermofight render it an unapproved new

- 41. A "new drug" is any drug "not generally recognized, among experts qualified by scientific training and experience to evaluate the safety and effectiveness of drugs, as safe and effective for use under the condition prescribed, recommended, or suggested in the labeling thereof" 21 U.S.C. § 321(p)(1). Here, Thermofight is a "new drug" within the meaning of the FDCA because it is not generally recognized as safe and effective for the intended uses. *See* Title 21 of the Code of Federal Regulations, Chapter I, Subchapter D; 21 C.F.R. § 330.1.
- 42. "No person shall introduce or deliver for introduction into interstate commerce any new drug . . ." without approval by the FDA. 21 U.S.C § 355(a); *see also* 21 U.S.C. § 331(d).
 - 43. Defendants have not received approval from the FDA to sell Thermofight.
- 44. The sale of unapproved new drugs is illegal and dangerous. First, consumers risk purchasing and using a product that will endanger their health. Second, consumers risk purchasing a product that will not effectively treat their condition, forgoing actual treatment of that condition in lieu of an unapproved new drug which may not treat their condition. The FDA's regulatory regimen helps ensure that such products are kept away from consumers. Defendants' failure to comply with these regulations puts consumers at risk and gives it an unfair advantage over competitors that do commit the time and expense of complying with such necessary regulations.
- 45. Thermofight does not qualify for the reduced level of regulation applicable to certain nutrition supplement products for several reasons. The Thermofight label, website, and Amazon page neither describe the role of any nutrient or dietary ingredient intended to affect the structure or function in humans, characterize the documented mechanism by which any nutrient or dietary ingredient acts to maintain such structure or function, nor describes general well-being from consumption of any nutrient or dietary ingredient. 21 U.S.C. § 343(r)(6)(A).
- 46. The claims on the Thermofight label, website, and Amazon page do not relate to any classical nutrient deficiency, and Defendant does not have substantiation that its statements are truthful

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- 47. The label of Thermofight states that "This statement has not been evaluated by the Food and Drug Administration. This product is not intended to diagnose, treat, cure, or prevent any disease." 21 U.S.C. § 343(r)(6)(C).
- 48. California similarly prohibits the sale of unapproved new drugs. Cal. Health & Saf. Code § 111550.

VIII. <u>DEFENDANTS UTILIZE FAKE AMAZON REVIEWS TO PROMOTE</u> THERMOFIGHT.

- 49. In addition to deceptively marketing Thermofight through misleading claims, It Works paid for and procured thousands of fake reviews to promote its products.
 - 50. Fake online reviews are considered to be a rapidly growing problem by the FTC.
- 51. As of April 21, 2021, It Works' Thermofight Amazon page listed a total of 289 customer reviews.
- 52. ReviewMeta is a program which collects reviews for a particular product on Amazon and uses a proprietary algorithm and statistical modeling to determine whether or not reviews are credible.
- 53. Overall, It Works' Thermofight Amazon page failed ReviewMeta's analysis, and found that 27% of the reviews provided were deemed probable frauds. Such a high percentage of unreliable reviewers suggests a campaign of fake reviews. A true and correct copy of the ReviewMeta report for the Thermofight Amazon page is attached hereto as **Exhibit 3**.

IX. <u>DEFENDANTS EMPLOY UNFAIR AND UNLAWFUL AUTO-BILLING PRACTICES</u> <u>AND "MEMBERSHIP FEES" TO EXTRACT MORE MONEY FROM CONSUMERS.</u>

- 54. In addition to deceptively marketing Thermofight as a safe and effective weight loss solution, Defendants utilize unfair auto-billing methods and charge consumers unauthorized "membership" fees to extract additional money from consumers. This illegal practice includes not just Thermofight, but a large number of other dubious products such as "slimming" gummy candy, a "Skinny Wrap" containing seaweed and green tea that supposedly makes the stomach, hips, love handles, thighs, and arms "tightened, toned, and beautifully smooth"; a "body contouring gel"
 - 55. Hidden within what appears to be a normal online retail checkout is the "It Works! Loyal

Customer Agreement," stating any consumer wishing to purchase any It Works! product must either (1) "make a three (3) consecutive month minimum commitment to a monthly autoshipment order," or (2) "enroll by making a \$50 Membership Fee payment." *See* Exhibit 4.

- 56. Consumers are thus forced into making "a three (3) consecutive month minimum commitment to a monthly auto-shipment order," which well exceeds the cost of the "\$50 Membership Fee payment" that Loyal Customer Agreement policy claims to offer in **Exhibit 4**.
- 57. If a consumer receives an ineffective product from It Works! while enrolled in an auto-shipment program and wishes to cancel future shipments "prior to completing the three (3) month minimum commitment," the consumer is "charged a \$50 Membership Fee." *See* Exhibit 4.
- 58. Thus, consumers are forced to pay the \$50 Membership Fee upfront, pay for three-months' worth of ineffective products, or pay the \$50 Membership Fee to get out of their three-month commitment.
 - 59. Further, Defendants prevent class members from cancelling auto-billing.
- 60. The Better Business Bureau ("BBB") notes that It Works! "has failed to resolve underlying cause(s) of a pattern of complaints." *See* Exhibit 5. For this reason, the BBB gave It Works! a 1.75/5 star rating. "The BBB rating is based on information BBB is able to obtain about the business, including complaints received from the public." *See* Exhibit 5.

61. The BBB

has received a pattern of complaints from consumers alleging that after trying to cancel with the business, they continue to receive additional products. Consumers also state that they have found additional charges being taken that the business has not informed them would be occurring. Complaints also allege that the business continues to bill after cancellation, and consumers are not informed that there is a \$50.00 cancellation fee.

Exhibit 5.

- 62. In the last year alone, the BBB received 190 complaints about It Works!, the vast majority of which relate to the auto-billing/Membership Fee scheme described above.
 - 63. On May 26, 2021, Ellis G filed one such complaint, stating:
 - If [I] could give negative stars, best believe I would. I have just recently gone through some difficulties due to medical expenses and I notice a \$138 charge trying to go through on my account. After calling the customer service line, or sad excuse for one, they basically told me the only options are pay to cancel, or pay and still get a product. And after talking with an emotionless supervisor, I'm then told that all they can do at that point is refund me a

measly \$88. THAT. IS. NOT. GOOD. ENOUGH. They need to be shut down IMMEDIATELY as they are money greedy thieves.

64. On May 19, 2021, JR filed a similar complaint, stating:

This company is highly misleading. I signed up for a three month trial of Keto Coffee. You had to buy a three month subscription for a three month supply. So I tried it and paid roughly 54\$ for a months supply for three months. Turns out a months supply is 15 packets. They charge you 50\$ to cancel before the three months is over. Total scam.

65. On May 12, 2021, Rebecca S filed complaint stating:

I purchased the firming neck cream which broke me out in an itchy rash. I contacted ItWorks to get a refund or credit. They told me that they don't guarantee their products or offer a money back guarantee. I also was told that I can't cancel my autoship before my 3rd shipment or I'll have to pay a \$50 fee. I'm very disappointed and will not order any more products from this company.

66. Similarly, on March 22, 2021, Teresa K complained:

My husband and I tried the Slimming gummies. They did not work. We actually gained weight. It was only a few pounds but still was not what we bought the gummies for to lose weight. Went to cancel the autoship and was notified my card would be charged the \$50, well okay. As stated in another review, will pay the \$50 for a product that doesn't work. Will never use anything from ITWORKS!! again. Thank you for your time. WISH I COULD GIVE THIS COMPANY A ZERO STAR.

- 67. It Works! utilizes these unfair auto-billing practices and "Membership Fees" to extract every penny possible from consumers.
- 68. Plaintiff was similarly enrolled in an auto-shipment program without knowledge of her enrollment.
- 69. When making her initial purchase, Ms. Brooks was not made aware that she had been signed up for the It Works! Loyal Costumer Membership, any terms of agreement, the auto-shipment policy, or fees relating to the membership and cancelation. Ms. Brooks did not receive any of this information until after her purchase of Thermofight was complete.
- 70. Defendants did not alert Plaintiff that she had fraudulently signed up for It Works! Loyal Customer Membership, which requires a minimum auto-shipment agreement of three purchases of Thermofight, prior to her initial purchase of the product.
 - 71. In fact, she did not know that she was enrolled in an auto-shipment program until she saw

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additional charges on her credit card statement and contacted Defendants' customer service line.

- 72. Plaintiff was charged for two months' worth of Thermofight before she realized that she was fraudulently enrolled in an auto-shipment agreement.
- 73. California's Automatic Purchase Renewal Statue, Cal. Bus. & Prof. Code § 17601 provides:
 - (a) "Automatic renewal" means a plan or arrangement in which a paid subscription or purchasing agreement is automatically renewed at the end of a definite term for a subsequent term.
 - (b) "Automatic renewal offer terms" means the following clear and conspicuous disclosures:
 - (1) That the subscription or purchasing agreement will continue until the consumer cancels.
 - (2) The description of the cancellation policy that applies to the offer.
 - (3) The recurring charges that will be charged to the consumer's credit or debit card or payment account with a third party as part of the automatic renewal plan or arrangement, and that the amount of the charge may change, if that is the case, and the amount to which the charge will change, if known.
 - (4) The length of the automatic renewal term or that the service is continuous, unless the length of the term is chosen by the consumer.
 - (5) The minimum purchase obligation, if any.
 - (c) "Clear and conspicuous" or "clearly and conspicuously" means 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. In the case of an audio disclosure, "clear and conspicuous" and "clearly and conspicuously" means in a volume and cadence sufficient to be readily audible and understandable.
 - (d) "Consumer" means any individual who seeks or acquires, by purchase or lease, any goods, services, money, or credit for personal, family, or household purposes.
 - (e) "Continuous service" means a plan or arrangement in which a subscription or purchasing agreement continues until the consumer cancels the service.
- 74. Defendant's auto-billing practices constitute an "automatic renewal" as defined by Cal. Bus. & Prof. Code § 17601(a).

- 75. The It Works! Loyal Customer Agreement" is an "automatic renewal offer" as defined by Cal. Bus. & Prof. Code § 17601(b).
 - 76. Cal. Bus. & Prof. Code § 17602 provides:
 - (a) It shall be unlawful for any business that makes an automatic renewal offer or continuous service offer to a consumer in this state to do any of the following:
 - (1) Fail 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, or in the case of an offer conveyed by voice, in temporal proximity, to the request for consent to the offer. If the offer also includes a free gift or trial, the offer shall include a clear and conspicuous explanation of the price that will be charged after the trial ends or the manner in which the subscription or purchasing agreement pricing will change upon conclusion of the trial.
 - (2) Charge the consumer's credit or debit card, or the consumer's account with a third party, for an automatic renewal or continuous service without first obtaining the consumer's affirmative consent to the agreement containing the automatic renewal offer terms or continuous service offer terms, including the terms of an automatic renewal offer or continuous service offer that is made at a promotional or discounted price for a limited period of time.
 - (3) Fail to provide an acknowledgment that includes the automatic renewal offer terms or continuous service offer terms, cancellation policy, and information regarding how to cancel in a manner that is capable of being retained by the consumer. If the automatic renewal offer or continuous service offer includes a free gift or trial, the business shall also disclose in the acknowledgment how to cancel, and allow the consumer to cancel, the automatic renewal or continuous service before the consumer pays for the goods or services.
 - (b) A business that makes an automatic renewal offer or continuous service offer shall provide a toll-free telephone number, electronic mail address, a postal address if the seller directly bills the consumer, or it shall provide another cost-effective, timely, and easy-to-use mechanism for cancellation that shall be described in the acknowledgment specified in paragraph (3) of subdivision (a).
 - (c) In addition to the requirements of subdivision (b), a consumer who accepts an automatic renewal or continuous service offer online shall be allowed to terminate the automatic renewal or continuous service exclusively online, which may include a termination email formatted and provided by the business that a consumer can send to the business without additional information.

||-

² Exhibit 4 hereto.

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- (d) In the case of a material change in the terms of the automatic renewal or continuous service that has been accepted by a consumer in this state, the business shall provide the consumer with a clear and conspicuous notice of the material change and provide information regarding how to cancel in a manner that is capable of being retained by the consumer.
- (e) The requirements of this article shall apply only prior to the completion of the initial order for the automatic renewal or continuous service, except as follows:
- (1) The requirement in paragraph (3) of subdivision (a) may be fulfilled after completion of the initial order
- (2) The requirement in subdivision (d) shall be fulfilled prior to implementation of the material change.
- 77. Defendants' auto-billing practices violate Cal. Bus. & Prof. Code § 17602(a) because the It Works! Loyal Customer Agreement

fail[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, or in the case of an offer conveyed by voice, in temporal proximity, to the request for consent to the offer.

78. Specifically, the auto-billing provisions in the It Works! Loyal Customer Agreement are not "clearly and conspicuously" disclosed because they are not set forth

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.

Cal. Bus. & Prof. Code § 17601(c); Rather, the auto-renewal offer terms appear in the same font size and typeface as the rest of the Loyal Customer Service Agreement.

- 79. Though the auto-renewal offer terms are not "clearly and conspicuously" disclosed in the Loyal Customer Agreement as required, other terms within the Agreement are "clearly and conspicuously" disclosed.
- 80. For example, the following provision from the Agreement is set forth in bolded font and all capital letters:

PLEASE NOTE: LOYAL CUSTOMERS MAY PURCHASE PRODUCT FOR PERSONAL USE ONLY AND MAY NOT RESELL THE PRODUCT FOR ANY REASON. ONLY IT WORKS! INDEPENDENT DISTRIBUTORS ARE AUTHORIZED TO SELL IT WORKS! PRODUCTS. ANYONE OTHER THAN A CURRENT IT WORKS! INDEPENDENT DISTRIBUTOR FOUND TO BE

SELLING OR ADVERTISING IT WORKS! PRODUCTS WILL IMMEDIATELY HAVE THEIR RIGHTS TO BUY PRODUCTS TERMINATED.

Exhibit 4 (Loyal Customer Agreement).

81. Defendants also violate Cal. Bus. & Prof Code § 17602(b) because they

Charge the consumer's credit or debit card, or the consumer's account with a third party, for an automatic renewal or continuous service without first obtaining the consumer's affirmative consent to the agreement containing the automatic renewal offer terms or continuous service offer terms, including the terms of an automatic renewal offer or continuous service offer that is made at a promotional or discounted price for a limited period of time.

- 82. In Ms. Brooks' case, she did not know she was being continually charged until she saw the charge for a second bottle of Thermofight on her credit card statement.
- 83. Defendants also violate Cal. Bus. & Prof Code § 17602(c) because "consumer[s] who accept[]" Defendants' "automatic renewal or continuous service offer online" are not "allowed to terminate the automatic renewal or continuous service exclusively online, which may include a termination email formatted and provided by the business that a consumer can send to the business without additional information."
- 84. In Ms. Brooks case, she was required to call Defendants' customer service department in order to cancel her auto-renewal.

X. <u>DEFENDANTS' PRACTICES ARE "UNFAIR" WITHIN THE MEANING OF THE</u> <u>CALIFORNIA UNFAIR COMPETITION LAW.</u>

- 85. Defendants' practices as described herein are "unfair" within the meaning of the California Unfair Competition Law because their conduct is immoral, unethical, unscrupulous, and substantially injurious to consumers, and the utility of this conduct to Defendants does not outweigh the gravity of the harm to Defendants' victims.
- 86. In particular, while Defendants' use of fraudulent advertising to sell an unlawful product may have had some utility to Defendants in that it allows it to realize higher profit margins than if it did not use fraudulent advertising tactics, this utility is small and far outweighed by the gravity of the economic harm Defendants inflicts upon consumers. Further, the injury to consumers from Defendants' practices is substantial, not outweighed by benefits to consumers or competition, and not an injury that

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consumers themselves could reasonably have avoided.

87. Additionally, while Defendants' practice of enrolling consumers in auto-billing programs without complying with Cal. Bus. & Prof Code § 17600 *et seq.* may have had some utility to Defendants in the form of increase profits, this utility is small and far outweighed by the gravity of the economic harm Defendants inflicts upon consumers. Further, the injury to consumers from Defendants' practices is substantial, not outweighed by benefits to consumers or competition, and not an injury that consumers themselves could reasonably have avoided.

XI. <u>DEFENDANTS' PRACTICES ARE "UNLAWFUL" UNDER THE UNFAIR</u> COMPETITION LAW.

- 88. Defendants' practices as described herein are "unlawful" within the meaning of the California Unfair Competition Law because the marketing, sale, and distribution Thermofight violates the Federal Food, Drug, and Cosmetic Act, as well as California's Sherman Food, Drug, and Cosmetic Law.
- 89. Defendants' conduct described herein is "unlawful" because it violated the following portions of the Federal Food, Drug, and Cosmetic Act ("FDCA"):
 - 21 U.S.C. § 331(a), prohibiting the "introduction or delivery for introduction into interstate commerce of any food, drug, device, tobacco product, or cosmetic that is adulterated or misbranded";
 - 21 U.S.C. § 331(b), prohibiting the "adulteration or misbranding of any food, drug, device, tobacco product, or cosmetic in interstate commerce";
 - 21 U.S.C. § 352(f)(1), requiring drugs to have adequate directions for use
 - 21 U.S.C. § 355(a), prohibiting the sale of unapproved new drugs.
- 90. Defendants' conduct described herein also violates multiple provisions of California law including, *inter alia*:
 - Cal. Health & Saf. Code § 110100 et seq., which adopts all FDA labeling regulations as state regulations;
 - Cal. Health & Saf. Code § 111330, "Any drug or device is misbranded if its labeling is false or misleading in any particular.";
 - Cal. Health & Saf. Code § 110398, "It is unlawful for any person to advertise any food, drug, device, or cosmetic that is adulterated or misbranded.";

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- Cal. Health & Saf. Code § 111440, "It is unlawful for any person to manufacture, sell, deliver, hold, or offer for sale any drug or device that is misbranded.";
- Cal. Health & Saf. Code § 111445, "It is unlawful for any person to misbrand any drug or device.";
- Cal. Health & Saf. Code § 111450, "It is unlawful for any person to receive in commerce any drug or device that is misbranded or to deliver or proffer for delivery any drug or device.";
- Cal. Health & Saf. Code § 111550, prohibiting sale of new drug unless approved under 21 U.S.C. § 355;
- Cal. Civ. Code § 1770(a), prohibiting misleading practices in relation to the sale of goods;
- Cal. Bus. & Prof. Code § 17500 et seq., prohibiting false or misleading advertising;
- Cal. Bus. & Prof. Code § 17200 et seq., prohibiting fraudulent business activity.
- 91. The fraudulent marketing and advertising of Thermofight constitutes a violation of the FDCA and the Sherman Law and, as such, violated the "unlawful" prong of the UCL.
- 92. Defendants' practices are further unlawful because they violate Cal. Bus. & Prof. Code § 17602(a) because the It Works Loyal Customer Agreement constitutes an "auto-renewal offer" within the meaning of Cal. Bus. & Prof. Code § 17601, but the terms of the offer are not "clearly and conspicuously" 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."
 - 93. Defendants' practices also violate Cal. Bus. & Prof. Code § 17602(b) because Defendants Charge the consumer's credit or debit card, or the consumer's account with a third party, for an automatic renewal or continuous service without first obtaining the consumer's affirmative consent to the agreement containing the automatic renewal offer terms or continuous service offer terms, including the terms of an automatic renewal offer or continuous service offer that is made at a promotional or discounted price for a limited period of time.
- 94. Defendants also violate Cal. Bus. & Prof Code § 17602(c) because "consumer[s] who accept[]" Defendants' "automatic renewal or continuous service offer online" are not "allowed to terminate the automatic renewal or continuous service exclusively online, which may include a termination email formatted and provided by the business that a consumer can send to the business without

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- 95. Defendants' unlawful acts allowed it to sell more units of the Thermofight than it would have otherwise, and at a higher price and higher margin.
- 96. In accordance with Cal. Bus. & Prof. Code § 17203, Plaintiff seeks an order enjoining Defendants from continuing to conduct business through unlawful, unfair, and/or fraudulent acts and practices and to commence a corrective advertising campaign.
- 97. Plaintiff also seeks an order for the disgorgement and restitution of all revenue received by Defendants from the sale of Collagen Peptides.

XII. RELIANCE AND INJURY

- 98. When purchasing Thermofight, Plaintiff was seeking products of particular qualities, including a product that safely and effectively boost her metabolism, burn fat, control blood sugar levels, and provide rapid weight loss.
- 99. Plaintiff read and relied on, for her Thermofight purchase, the product's packaging and the misrepresentations made by It Works on Defendants' website and the efficacy messages they conveyed, which were substantial factors in her purchase.
- 100. Plaintiff further relied on the reviews posted on It Works' Thermofight product page, many of which were fake or altered.
- 101. Plaintiff purchased Thermofight believing it had the qualities she sought based on the product's deceptive labeling and website and the natural assumption that products sold in stores and online by large companies would deliver advertised benefits, such as those touted on the packaging of Thermofight. The purchased product was instead unsatisfactory to her for the reasons described herein.
- 102. Plaintiff purchased Thermofight instead of competing products based on the false statements and misrepresentations described herein.
- 103. Plaintiff suffered economic injury when she purchased Thermofight because it did not provide the advertised benefits, and she would not have purchased it absent Defendants' unlawful conduct.
- 104. Thermofight was offered for sale in violation of California and federal law and has a value of \$0 because it is both illegal and ineffective.
 - 105. Plaintiff would not have purchased Thermofight had she known that it was offered for sale

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in violation of California and federal law. 1 2 106. When Plaintiff purchased Thermofight, she was unaware that she would be subject to 3 Defendants' unlawful auto-renewal practices described herein. 4 107. Had Ms. Brooks known that Defendants would utilize these unfair and unlawful auto-5 renewal practices to extract additional money from her, she would not have purchased Thermofight. 6 XIII. CLASS ACTION ALLEGATIONS 7 108. Plaintiff brings this action on behalf of herself and all others similarly situated (the 8 "Class"), excluding Defendants' officers, directors, and employees, and the Court, its officers, and its 9 families. 109. 10 The Thermofight Class is defined as follows: 11 All individuals who purchased Thermofight in the United States for their own personal or household use, and not for resale, from September 1, 2017 to the present. 12 110. The Automatic Billing Class is defined as follows: 13 All individuals Defendants charged under their automatic renewal program in the United 14 States from September 1, 2017 to the present. 15 111. Ouestions of law and fact common to Plaintiff and the Class include: 16 Whether Defendants communicated efficacy messages through Thermofight's a. 17 labeling, packaging, and website; 18 Whether those messages were material, or likely to be material, to a reasonable b. 19 consumer; 20 Whether those messages were false, at variance with the truth, misleading, likely to c. 21 deceive, and/or had the capacity to deceive the public and/or a reasonable 22 consumer; 23 d. Whether Defendants' conduct was immoral, unethical, unscrupulous, or 24 substantially injurious to consumers; 25 Whether Thermofight is an unapproved new drug; e. 26 f. Whether the slight utility Defendants realize as a result of their conduct outweighs 27 the gravity of the harm the conduct causes to its victims;

Whether Defendants' conduct violated public policy as declared by specific

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- Whether Defendants' conduct constitutes a violation of the unlawful prong of
- Whether Defendants acted willfully, recklessly, negligently, or with gross
- Whether any applicable statute of limitations should be tolled on behalf of the p. Class:
- Whether members of the Class are entitled to restitution and, if so, the correct q. measure of restitution;
- Whether members of the Class are entitled to an injunction and, if so, its terms; and r.
- Whether members of the Class are entitled to any further relief. S.
- 112. By purchasing Thermofight, all Class members were subjected to the same wrongful conduct.
- 113. Because all Subclass members were enrolled in an unlawful and unfair auto-renewal program, they were all subjected to the same wrongful conduct.
- 114 Absent Defendants' material deceptions, misstatements, and omissions, and unlawful sale, distribution, and marketing of Thermofight, Plaintiff and other Class members would not have purchased

Cal. Bus. & Prof. Code §§ 17200, et seq.

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- 123. In this and every cause of action, Plaintiff realleges and incorporates the preceding allegations as if fully set forth herein.
- 124. The acts, omissions, misrepresentations, practices, and non-disclosures of Defendants as alleged herein constitute "unlawful" business acts and practices in that Defendants' conduct violates the

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California False Advertising Law, and the California Consumer Legal Remedies Act, as alleged herein.

- 125. Defendants' conduct is further "unlawful" because it violated the following portions of the Federal Food, Drug, and Cosmetic Act ("FDCA"):
 - 21 U.S.C. § 331(a), prohibiting the "introduction or delivery for introduction into interstate commerce of any food, drug, device, tobacco product, or cosmetic that is adulterated or misbranded";
 - 21 U.S.C. § 331(b), prohibiting the "adulteration or misbranding of any food, drug, device, tobacco product, or cosmetic in interstate commerce";
 - 21 U.S.C. § 352(f)(1), requiring drugs to have adequate directions for use;
 - 21 U.S.C. § 355(a), prohibiting the sale of unapproved new drugs.
 - 126. Defendants' conduct also violates other provisions of California law including, *inter alia:*
 - Cal. Health & Saf. Code § 110100 et seq., which adopts all FDA regulations as state regulations;
 - Cal. Health & Saf. Code § 111330, "Any drug or device is misbranded if its labeling is false or misleading in any particular.";
 - Cal. Health & Saf. Code § 110398, "It is unlawful for any person to advertise any food, drug, device, or cosmetic that is adulterated or misbranded.";
 - Cal. Health & Saf. Code § 111440, "It is unlawful for any person to manufacture, sell, deliver, hold, or offer for sale any drug or device that is misbranded.";
 - Cal. Health & Saf. Code § 111445, "It is unlawful for any person to misbrand any drug or device.";
 - Cal. Health & Saf. Code § 111450, "It is unlawful for any person to receive in commerce any drug or device that is misbranded or to deliver or proffer for delivery any drug or device.";
 - Cal. Health & Saf. Code § 111550, prohibiting sale of new drug unless approved under 21 U.S.C. § 355;
 - Cal. Civ. Code § 1770(a), prohibiting misleading practices in relation to the sale of goods;
 - Cal. Bus. & Prof. Code § 17500 et seq., prohibiting false or misleading advertising;
 - Cal. Bus. & Prof. Code § 17200 et seq., prohibiting fraudulent business activity.
- 127. The challenged labeling statements made by Defendants thus constituted violations of the FDCA and the Sherman Law and, as such, violated the "unlawful" prong of the UCL.
- 128. Defendants leveraged their deception to induce Plaintiff and members of the Class to purchase products that were of lesser value and quality than advertised.
 - 129. The fraudulent marketing of Thermofight described herein constitutes a violation of the

FDCA and the Sherman Law and, as such, violated the "unlawful" prong of the UCL.

- 130. Had Plaintiff known that Thermofight was offered for sale in violation of California and federal regulations, she would not have purchased it.
- 131. Plaintiff suffered injury in fact and lost money or property as a result of Defendants' deceptive advertising: she was denied the benefit of the bargain when she decided to purchase Thermofight over competing products, which are legal, less expensive, and do not make misleading or false drug claims on their packaging.
- 132. Defendants' practices are further unlawful because they violate Cal. Bus. & Prof. Code § 17602(a) because the It Works Loyal Customer Agreement constitutes an "auto-renewal offer" within the meaning of Cal. Bus. & Prof. Code § 17601, but the terms of the offer are not "clearly and conspicuously" 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."
 - 133. Defendants' practices also violate Cal. Bus. & Prof. Code § 17602(b) because Defendants [c]harge the consumer's credit or debit card, or the consumer's account with a third party, for an automatic renewal or continuous service without first obtaining the consumer's affirmative consent to the agreement containing the automatic renewal offer terms or continuous service offer terms, including the terms of an automatic renewal offer or continuous service offer that is made at a promotional or discounted price for a limited period of time.
- 134. Defendants also violate Cal. Bus. & Prof Code § 17602(c) because "consumer[s] who accept[]" Defendants' "automatic renewal or continuous service offer online" are not "allowed to terminate the automatic renewal or continuous service exclusively online, which may include a termination email formatted and provided by the business that a consumer can send to the business without additional information."
- 135. Defendants' unlawful acts allowed it to sell more units of the Thermofight than it would have otherwise, and at a higher price, and higher margin.
- 136. Had Plaintiff been aware of Defendants' false and misleading advertising tactics and unlawful auto-billing practices, she would not have purchased Thermofight, and had Defendants not

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advertised it in a fraudulent manner, Plaintiff would have paid less for it.

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Second Cause of Action

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California Unfair Competition Law, Fraudulent Prong

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Cal. Bus. & Prof. Code §§ 17200, et seq.

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137. Cal. Bus. & Prof. Code § 17200 prohibits any "unlawful, unfair or fraudulent business act or practice."

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138. The acts, omissions, misrepresentations, practices, and non-disclosures of Defendants as alleged herein constitute "fraudulent" business acts and practices in that Defendants' conduct has a likelihood, capacity or tendency to deceive Plaintiff, the Class, and the general public.

10 11 139. Defendants leveraged their deception to induce Plaintiff and members of the Class to purchase products that were of lesser value and quality than advertised.

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140. Plaintiff suffered injury in fact and lost money or property as a result of Defendants' deceptive advertising: she was denied the benefit of the bargain when she decided to purchase Thermofight over competing products, which are legal, less expensive, and do not make misleading or false drug claims

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on their packaging.

141. Had Plaintiff been aware of Defendants' false and misleading advertising tactics, she would not have purchased Thermofight, and had Defendants not advertised it in a fraudulent manner, Plaintiff would have paid less for it.

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Third Cause of Action

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California Unfair Competition Law, Unfair Prong

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Cal. Bus. & Prof. Code §§ 17200, et seq.

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142. The acts, omissions, misrepresentations, practices, and non-disclosures of Defendants as alleged herein constitute "unfair" business acts and practices because Defendants' conduct is:

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• immoral, unethical, unscrupulous, and offends public policy;

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the gravity of Defendants' conduct outweighs any conceivable benefit of such conduct; and

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• the injury to consumers caused by Defendants' conduct is substantial, not outweighed by any countervailing benefits to consumers or competition, and not one that consumers themselves could reasonably have avoided.

143. In accordance with Cal. Bus. & Prof. Code § 17203, Plaintiff seeks an order enjoining Defendants from continuing to conduct business through unlawful, unfair, and fraudulent acts and practices; requiring Defendants to commence a corrective advertising campaign; and awarding the class restitution of all monies from the sale of Thermofight.

Fourth Cause of Action

California False Advertising Law

Cal. Bus. & Prof. Code §§ 17500, et seq.

- 144. In violation of Cal. Bus. & Prof. Code §§ 17500 *et seq.*, the advertisements, labeling, policies, acts, and practices described herein were designed to, and did, result in the purchase and use of Thermofight without the knowledge that the products make misleading and unapproved claims.
- 145. Defendants knew and reasonably should have known that the claims made on Thermofight's label, packaging, and website were untrue and misleading.
- 146. As a result, Plaintiff, the Class, and the general public are entitled to injunctive and equitable relief, restitution, and an order for the disgorgement of the funds by which Defendants were unjustly enriched.
- 147. Plaintiff seeks an order enjoining Defendants from continuing to conduct business through unlawful, unfair, and fraudulent acts and practices; requiring Defendants to commence a corrective advertising campaign; awarding Plaintiff and the class restitution of all monies from the sale of Thermofight in an amount of \$5 million or a greater amount to be proven at trial, actual and punitive damages, and interest to Plaintiff, an incentive award to Plaintiff in conjunction with a class award or injunction, and for attorney fees and costs to be awarded by the Court in accordance with applicable law, including the Private Attorney General Statute.

Fifth Cause of Action

California Consumer Legal Remedies Act

Cal. Civ. & Prof. Code §§ 1750, et seq.

- 148. The CLRA prohibits deceptive practices in connection with the conduct of a business that provides goods, property, or services primarily for personal, family, or household purposes.
 - 149. Defendants' policies, acts and practices were designed to, and did, result in the purchase

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and use of Thermofight for personal, family, or household purposes, and violated and continue to violate the following sections of the CLRA:

• Cal. Civ. Code § 1770(a)(5), representing that goods have characteristics, uses, or benefits which they do not have;

- Cal. Civ. Code § 1770(a)(7), representing that goods are of a particular standard, quality, or grade if they are of another;
- Cal. Civ. Code § 1770(a)(9), advertising goods with intent not to sell them as advertised; and
- Cal. Civ. Code § 1770(a)(16), representing the subject of a transaction has been supplied in accordance with a previous representation when it has not.
- 150. As a result, Plaintiff, the Class, and the general public are entitled to injunctive and equitable relief, restitution, and an order for the disgorgement of the funds by which Defendants were unjustly enriched.
- 151. As a further result, Plaintiff and the Class have suffered damages, and because the conduct was deliberate, immoral, oppressive, made with malice and contrary to public policy, they are entitled to punitive or exemplary damages.
- 152. Pursuant to section 1782 *et seq*. of the CLRA, Plaintiff notified Defendants in writing by certified mail of the particular violations of § 1770 of the Act as to Thermofight and demanded that Defendants rectify the problems associated with the actions detailed above and give notice to all affected consumers of its intent to so act.
 - 153. Defendants received Plaintiff's written notice on April 19, 2021.

XV. PRAYER FOR RELIEF

WHEREFORE, Plaintiff, on behalf of herself, all others similarly situated, and the general public, prays for judgment against Defendants as follows:

- a. An order confirming that this class action is properly maintainable as a class action
 as defined above, appointing Plaintiff Aileen Brooks and her undersigned counsel
 to represent the Class, and requiring Defendants to bear the cost of class notice;
- b. An order requiring Defendants pay \$500 in restitution, damages, and interest to Plaintiff;

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- c. An order requiring Defendants pay \$5 million or a greater amount to be proven at trial in restitution to Class members, and \$2000 to Plaintiff as an incentive award, or such greater amount the Court deems fair and reasonable;
- d. An order requiring Defendants to disgorge any benefits received from Plaintiff and its unjust enrichment realized as a result of its improper and misleading advertising, marketing, sale, and distribution of Thermofight;
- e. An Order declaring the conduct complained of herein violates the Unfair Competition Law;
- f. An order requiring Defendants to cease and desist its deceptive, unconscionable, and fraudulent practices;
- g. An order requiring Defendants to engage in a corrective advertising campaign;
- h. An award of prejudgment and post judgment interest;
- i. An award of attorney fees and costs of \$500,000, or such greater amount the Court awards as fair and reasonable; and
- j. Such other and further relief as this Court may deem just, equitable or proper.

XVI. JURY DEMAND

Plaintiff requests a trial by jury.

DATED: September 3, 2021 Respectfully Submitted,

/s/ Gregory S. Weston

THE WESTON FIRM GREGORY S. WESTON 1405 Morena Blvd., Suite 201 San Diego, CA 92110

Telephone: (619) 798-2006 Facsimile: (619) 343-2789

Counsel for Plaintiff

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