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UNITED STATES DISTRICT COURT EASTERN DISTRICT OF NEW YORK

Murad Ferguson, individually and on behalf of all others similarly situated,

1:21-cv-03775

Plaintiff,

- against -

Class Action Complaint

Tropicale Foods, LLC,

Defendant

Jury Trial Demanded

Plaintiff alleges upon information and belief, except for allegations pertaining to plaintiff,

which are based on personal knowledge:

1. Tropicale Foods, LLC ("defendant") manufactures, labels, markets and sells paletas

made from coconuts and other tropical fruits, under its Helados Mexico brand ("Product").



I. HISTORY OF PALETAS

2. The 1940s was a time of economic prosperity in Mexico and because of this, ice cream bars made with fresh milk and fresh fruit found their way into the Mexico City market. The ice pops eventually migrated to the United States.

3. Following World War Two, Mexico experienced economic prosperity in the 1940s.

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4. During this decade, Ignacio Alcázar, of Tocumbo, Michoacán (see red area on map),

México, returned from a journey to the United States.



5. Alcázar noted the popularity of frozen desserts on sticks – "popsicles" – but lamented they were full of artificial ingredients like sugar syrups and food dyes.

6. Alcázar wanted to rely on what his home state had in abundance – "whole ingredients like fresh pureed fruits, nuts, and spices," and fresh dairy, according to Fany Gerson, of New York City-based paleta shop, La Newyorkina.

7. Called "paletas" or "little sticks," these treats were based on fresh milk (Paletas de leche) and fresh fruits.

8. Paletas de leche flavors usually complement the milk base, such as strawberry, cajeta (caramelized milk) and arroz con leche (rice pudding).

9. Paletas de agua (fruit-based) are variable, based on whatever fruits were plentiful in the most recent harvest.

10. Mango, lime and coconut are mainstays, but paletas "adapt their flavors to the tastes of the community and local availability of ingredients," which is why chili pepper varieties are

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sometimes available.

11. By the end of the 1940s, Alcázar expanded to Mexico City, where this refreshing snack was a perfect fit for the year-round heat.

12. As immigration from Mexico to the United States increased, so did the cultural exchanges.

13. Paletas quickly caught on in areas where there was a large Mexican population but were always "second fiddle" to the sugary popsicle.

II. CONSUMER DEMAND FOR AUTHENTICITY

14. Today's consumers are faced with increasing commercialization of products and seek brands that are genuine – whisky from Scotland, sake from Japan, and Italian tomatoes from Italy.

15. For many consumers, authenticity has overtaken quality as the prevailing purchasing criterion.

16. Consumers often pay a price premium for what they perceive to be authentic products, particularly those perceived to be authentically associated with a specific place, such as Mexico for Defendant's paletas.

17. The reasons include (1) an expectation that a product made in the location where it was first developed will be higher quality than elsewhere and (2) a desire to support and maintain local traditions and cultures at the expense of large-scale production by international conglomerates.

18. In the present instance, consumers expect Defendant's paletas to be made in Mexico and contain the unique characteristics of paletas made there.

19. In many areas with thriving Mexican-American populations, the "paletero" is a

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common feature of warmer weather.

20. The paletero is a cultural icon "that has made its way into the mainstream American way of life."

21. Though many paleteros sell the "big brands," they also sell paletas made in the traditional methods, with traditional ingredients, like fresh fruit and milk.

22. Paleteros rely on their brightly colored pushcarts, bearing the name of their company, and announce their presence with the ringing of bells, instead of Madison Avenue-inspired jingles.¹



23. In fact, many Mexican immigrants who lack capital to purchase the minimum quantities of the branded frozen desserts rely on the traditional methods and fresh fruit ingredients to make and sell the paletas of their homeland.

24. Since many paleteros offer paletas made in a small-batch, traditional way, there has been little in the way of consolidation or economies of scale.

¹ Alpha, <u>The Paletero is a Latino Cultural Phenomenon that is Becoming an American Icon</u>, Ortiz Ice Cream, May 18, 2018.

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25. Consumers seeking wholesome, refreshing treats benefit from this, because the typical paletero lacks access to sophisticated commercial ingredients like high fructose corn syrup and fruit purees.

26. Instead, they will rely on cane sugar and fresh fruit.

III. REPRESENTATIONS PRODUCT IS MADE IN MEXICO

27. Defendant's marketing and advertising of the Product gives consumers the impression it is made in Mexico.

28. This includes the iconic blue pushcart, with the bells at the handle, "HELADOS MEXICO," "PREMIUM ICE CREAM," "PALETA DE CREMA," "CON CREMA," "COCONUT," "COCO," "ALL NATURAL INGREDIENTS," pictures of coconut chunks, the products, and "Bars/Paletas."



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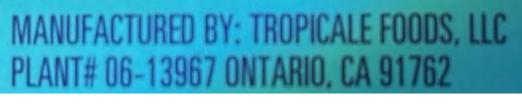
29. The back label contains the same images and statements, but goes further by promising, "THE DELICIOUS TASTE OF MEXICO – NATURALLY."



30. Reasonable consumers are aware that frozen desserts can be transported across vast distances, due to modern technology and insulation.

31. However, contrary to the Product's representations and omissions, it is not made in Mexico, lacks the type and quality of ingredients historically associated with this food and is not made in the traditional methods.

32. That the Product is not made in Mexico, but in Ontario, California, is indicated in the fine print on the side of the Product.



MANUFACTURED BY: TROPICALE FOODS, LLC PLANT# 06-13967 ONTARIO, CA 91762

IV. CONCLUSION

33. Reasonable consumers must and do rely on a company to honestly identify and describe the components, attributes and features of the Product, relative to itself and other comparable products or alternatives.

34. The value of the Product that plaintiff purchased was materially less than its value as represented by defendant.

35. Defendant sold more of the Product and at higher prices than it would have in the absence of this misconduct, resulting in additional profits at the expense of consumers.

36. Had Plaintiff and proposed class members known the truth, they would not have bought the Product or would have paid less for it.

37. The Product is sold for a price premium compared to other similar products, no less than \$4.99 for six three-ounce bars (528 mL), a higher price than it would otherwise be sold for, absent the misleading representations and omissions.

Jurisdiction and Venue

38. Jurisdiction is proper pursuant to Class Action Fairness Act of 2005 ("CAFA"). 28U.S.C. § 1332(d)(2).

39. Upon information and belief, the aggregate amount in controversy exceeds \$5 million, including any statutory damages, exclusive of interest and costs.

40. Plaintiff Murad Ferguson is a citizen of New York.

41. Defendant Tropicale Foods, LLC is an California limited liability company with a principal place of business in Ontario, Los Angeles County, California and upon information and belief, at least one member of defendant is not a citizen of the same state as the plaintiff.

42. The parties are citizens of different states.

43. Venue is in this district because plaintiff resides in this district and a substantial part

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of the events or omissions giving rise to the claims occurred here.

Parties

44. Plaintiff Murad Ferguson is a citizen of Staten Island, Richmond County, New York.

45. Defendant Tropicale Foods, LLC, is a California limited liability company with a principal place of business in Ontario, California, Los Angeles County.

46. Defendant is owned and/or controlled not by humble Paleteros, but by a Chicagobased, multinational private equity outfit, identified only as "Wind Point Partners."

47. Though the founders of Defendant are believed to have once operated the iconic blue pushcarts, this was decades ago.

48. Today, through Wind Point Partners, Defendant has acquired other producers of traditional paletas.

49. Plaintiff bought the coconut Product on one or more occasions within the statute of limitations for each cause of action alleged, from stores including Dollar Tree, 2040 Forest Ave, Staten Island, NY 10303, in or around June 2021, among other times.

50. Plaintiff saw the front label that said, "Helados Mexico," the Spanish-language descriptions and the blue pushcart with the bells.

51. Plaintiff saw the back label which said, "THE DELICIOUS TASTE OF MEXICO – NATURALLY."

52. Plaintiff was aware of brightly colored pushcarts, which make small-batch frozen treats, with fresh ingredients, and sell them to customers.

53. Plaintiff understood the Product was obviously not sold in a blue pushcart, but that it was made in Mexico, with traditional ingredients grown in Mexico and made in traditional methods.

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54. Plaintiff wanted more than a "Mexican-style" paleta, but a product that was made in Mexico, with ingredients from Mexico, and through traditional methods.

55. Plaintiff bought the Product at or exceeding the above-referenced price.

56. Plaintiff relied on the representations identified here.

57. Plaintiff would not have purchased the Product if he knew the representations were false and misleading.

58. Plaintiff chose between Defendant's Product and other similar products which were represented similarly, but which did not misrepresent their attributes and/or lower-priced products which did not make the claims made by Defendant.

59. The Product was worth less than what Plaintiff paid and he would not have paid as much absent Defendant's false and misleading statements and omissions.

60. Plaintiff intends to, seeks to, and will purchase the Product again when he can do so with the assurance that Product's representations are consistent with its composition.

Class Allegations

61. The class will consist of New York residents who purchased the Product during the statutes of limitations for each cause of action alleged.

62. Common questions of law or fact predominate and include whether defendant's representations were and are misleading and if plaintiff and class members are entitled to damages.

63. Plaintiff's claims and basis for relief are typical to other members because all were subjected to the same unfair and deceptive representations and actions.

64. Plaintiff is an adequate representative because his interests do not conflict with other members.

65. No individual inquiry is necessary since the focus is only on defendant's practices

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and the class is definable and ascertainable.

66. Individual actions would risk inconsistent results, be repetitive and are impractical to justify, as the claims are modest relative to the scope of the harm.

67. Plaintiff's counsel is competent and experienced in complex class action litigation and intends to protect class members' interests adequately and fairly.

68. Plaintiff seeks class-wide injunctive relief because the practices continue.

New York General Business Law ("GBL") §§ 349 & 350

(Consumer Protection Statute)

69. Plaintiff incorporates by reference all preceding paragraphs.

70. Plaintiff and class members desired to purchase a product which was made in Mexico, with traditional Mexican ingredients and through the traditional methods.

71. Defendant's false and deceptive representations and omissions are material in that they are likely to influence consumer purchasing decisions.

72. Defendant misrepresented the Product through statements, omissions, ambiguities, half-truths and/or actions.

73. Plaintiff relied on the representations.

74. Plaintiff and class members would not have purchased the Product or paid as much if the true facts had been known, suffering damages.

Breaches of Express Warranty, Implied Warranty of Merchantability and Magnuson Moss Warranty Act, 15 U.S.C. §§ 2301, et seq.

75. The Product was manufactured, labeled and sold by defendant and expressly and impliedly warranted to plaintiff and class members that it was made in Mexico, with traditional Mexican ingredients and through the traditional methods.

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76. Defendant had a duty to disclose and/or provide non-deceptive descriptions and marketing of the Product.

77. This duty is based on Defendant's outsized role in the market for this type of Product.

78. Plaintiff provided or will provide notice to defendant, its agents, representatives, retailers and their employees.

79. Defendant received notice and should have been aware of these issues due to complaints by regulators, competitors, and consumers, to its main offices.

80. The Product did not conform to its affirmations of fact and promises due to defendant's actions and were not merchantable because they were not fit to pass in the trade as advertised.

81. Plaintiff and class members would not have purchased the Product or paid as much if the true facts had been known, suffering damages.

Negligent Misrepresentation

82. Defendant had a duty to truthfully represent the Product, which it breached.

83. This duty is based on defendant's position, holding itself out as having special knowledge and experience this area, as custodians of the Helados Mexico brand.

84. The representations took advantage of consumers' cognitive shortcuts made at the point-of-sale and their trust in defendant, a well-known brand.

85. Plaintiff and class members reasonably and justifiably relied on these negligent misrepresentations and omissions, which served to induce and did induce, their purchase of the Product.

86. Plaintiff and class members would not have purchased the Product or paid as much if the true facts had been known, suffering damages.

Fraud

87. Defendant misrepresented and/or omitted the attributes and qualities of the Product, that it was made in Mexico, with traditional Mexican ingredients and through the traditional methods

88. Defendant's fraudulent intent is evinced by its knowledge that the Product was not consistent with its representations.

Unjust Enrichment

89. Defendant obtained benefits and monies because the Product was not as represented and expected, to the detriment and impoverishment of plaintiff and class members, who seek restitution and disgorgement of inequitably obtained profits.

Jury Demand and Prayer for Relief

Plaintiff demands a jury trial on all issues.

WHEREFORE, Plaintiff prays for judgment:

- 1. Declaring this a proper class action, certifying plaintiff as representative and the undersigned as counsel for the class;
- 2. Entering preliminary and permanent injunctive relief by directing defendant to correct the challenged practices to comply with the law;
- Injunctive relief to remove, correct and/or refrain from the challenged practices and representations, and restitution and disgorgement for members of the class pursuant to the applicable laws;
- 4. Awarding monetary damages, statutory damages pursuant to any statutory claims and interest pursuant to the common law and other statutory claims;
- 5. Awarding costs and expenses, including reasonable fees for plaintiff's attorneys and experts; and

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6. Other and further relief as the Court deems just and proper.

Dated: July 6, 2021

Respectfully submitted,

Sheehan & Associates, P.C. /s/Spencer Sheehan 60 Cuttermill Rd Ste 409 Great Neck NY 11021-3104 Tel: (516) 268-7080 Fax: (516) 234-7800 spencer@spencersheehan.com

Case 1:21-cv-03775 Document 1-1 Filed 07/06/21 Page 1 of 2 PageID #: 14 CIVIL COVER SHEET

JS 44 (Rev. 02/19)

The JS 44 civil cover sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. *(See instructions on next page of this form.)*

I. (a) PLAINTIFFS Murad Ferguson, ind similarly situated	ividually and on	behalf of all othe	DEFENDANTS Tropicale Foods, LLC				
(b) County of Residence of <i>(E2</i>)	f First Listed Plaintiff XCEPT IN U.S. PLAINTIFF CA	Richmond ASES)	NOTE: IN LAND CO	County of Residence of First Listed Defendant (IN U.S. PLAINTIFF CASES ONLY) NOTE: IN LAND CONDEMNATION CASES, USE THE LOCATION OF THE TRACT OF LAND INVOLVED.			
(c) Attorneys (Firm Name, Sheehan & Associates, P. 11021-3104 (516) 268-70	C., 60 Cuttermill Rd	^{2r)} Ste 409 Great Neck I	Attorneys (If Known)				
II. BASIS OF JURISDI	ICTION (Place an "X" in (One Box Only)	II. CITIZENSHIP OF P	RINCIPAL PARTIES	(For Diversity Cases Only.)		
□ 1 U.S. Government Plaintiff	□ 3 Federal Question (U.S. Government)		(Check one box, only for plaintiff an P		$\begin{array}{ccc} \mathbf{PTF} & \mathbf{DEF} \\ \text{incipal Place of} & \Box & 4 & \Box & 4 \end{array}$		
□ 2 U.S. Governmen Defendant	☑ 4 Diversity (Indicate Citizensh	ip of Parties in Item III)	Citizen of Another State	2 ☑ 2 Incorporated and H of Business In An	-		
IV. NATURE OF SUIT	Γ (Place an "X" in One Box Or	nly)	Citizen or Subject of a Foreign Country	3 3 Foreign Nation			
CONTRACT		DRTS	FORFEITURE/PENALTY	BANKRUPTCY	OTHER STATUTES		
 110 Insurance 120 Marine 130 Miller Act 140 Negotiable Instrument 150 Recovery of Overpayment & Enforcement of Judgment 151 Medicare Act 152 Recovery of Defaulted Student Loans (Excludes Veterans) 153 Recovery of Overpayment of Veteran's Benefits 160 Stockholders' Suits 190 Other Contract 195 Contract Product Liability 196 Franchise REAL PROPERTY 210 Land Condemnation 220 Foreclosure 230 Rent Lease & Ejectment 240 Torts to Land 	PERSONAL INJURY	PERSONAL INJURY ☐ 365 Personal Injury - Product Liability ☐ 367 Health Care/ Pharmaceutical Personal Injury Product Liability ☐ 368 Asbestos Personal Injury Product Liability PERSONAL PROPERTY ☑ 370 Other Fraud ☐ 371 Truth in Lending ☐ 380 Other Personal Property Damage G 385 Property Damage Product Liability PRISONER PETITIONS Habeas Corpus: ☐ 463 Alien Detainee ☐ 510 Motions to Vacate Sentence	 Act 720 Labor/Management Relations 740 Railway Labor Act 751 Family and Medical Leave Act 790 Other Labor Litigation 		376 Qui Tam (31 USC 3729(a)) 400 State Reapportionment 410 Antitrust 430 Banks and Banking 450 Commerce 460 Deportation 470 Racketer Influenced and Corrupt Organizations 480 Consumer Credit 490 Cable/Sat TV 850 Securities/Commodities/ Exchange 890 Other Statutory Actions 891 Agricultural Acts 893 Environmental Matters 895 Freedom of Information Act 896 Arbitration 897 Administrative Procedure Act/Review or Appeal of Agency Decision		
 245 Tort Product Liability 290 All Other Real Property 	Accommodations 445 Amer. w/Disabilities- Employment 446 Amer. w/Disabilities- Other 448 Education	 □ 530 General □ 535 Death Penalty Other: □ 540 Mandamus & Other □ 550 Civil Rights □ 555 Prison Condition □ 560 Civil Detaince - Conditions of Confinement 	IMMIGRATION 462 Naturalization Application 465 Other Immigration Actions		950 Constitutionality of State Statutes		
	moved from \Box 3	Remanded from Ø Appellate Court	4 Reinstated or 5 Transfe Reopened Anothe (specify)	r District Litigation			
VI. CAUSE OF ACTION	DN 28 USC § 1332 Brief description of ca	-	filing (Do not cite jurisdictional stat	tutes unless diversity):			
VII. REQUESTED IN COMPLAINT:	False advertising CHECK IF THIS UNDER RULE 2	S IS A CLASS ACTION 23, F.R.Cv.P.	DEMAND \$ 5,000,000	CHECK YES only JURY DEMAND:	if demanded in complaint: ☑ Yes □ No		
VIII. RELATED CAS IF ANY	SE(S) (See instructions):	JUDGE		DOCKET NUMBER			
date 7/6/2021 for office use only		SIGNATURE OF ATTO /s/ Spencer Sheeh					
	MOUNT	APPLYING IFP	JUDGE	MAG. JU	DGE		

Case 1:21-cv-**OERFUE Contract OF ARRET BACEON EDUCED DE CONTRACTOR DE** certification to the contrary is filed.

Case is Eligible for Arbitration		
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I, Spencer Sheehan compulsory arbitration for the following reason(s): , counsel for plaintiff

, do hereby certify that the above captioned civil action is ineligible for



monetary damages sought are in excess of \$150,000, exclusive of interest and costs,

the complaint seeks injunctive relief,

the matter is otherwise ineligible for the following reason

DISCLOSURE STATEMENT - FEDERAL RULES CIVIL PROCEDURE 7.1

Identify any parent corporation and any publicly held corporation that owns 10% or more or its stocks:

RELATED CASE STATEMENT (Section VIII on the Front of this Form)

Please list all cases that are arguably related pursuant to Division of Business Rule 50.3.1 in Section VIII on the front of this form. Rule 50.3.1 (a) provides that "A civil case is "related" to another civil case for purposes of this guideline when, because of the similarity of facts and legal issues or because the cases arise from the same transactions or events, a substantial saving of judicial resources is likely to result from assigning both cases to the same judge and magistrate judge." Rule 50.3.1 (b) provides that " A civil case shall not be deemed "related" to another civil case merely because the civil case: (A) involves identical legal issues, or (B) involves the same parties." Rule 50.3.1 (c) further provides that "Presumptively, and subject to the power of a judge to determine otherwise pursuant to paragraph (d), civil cases shall not be deemed to be "related" unless both cases are still pending before the court."

NY-E DIVISION OF BUSINESS RULE 50.1(d)(2)

1.)	Is the civil action b County?		filed in the Yes	Easte	ern District removed from No	a New `	York State Court located in Nassau or Suffolk				
2.)	If you answered "in a) Did the events County?			ing ris	e to the claim or claims, No	or a sub	stantial part thereof, occur in Nassau or Suffolk				
	b) Did the events District?	or orr	iissions giv Yes	ing ris	e to the claim or claims, No	or a sub	stantial part thereof, occur in the Eastern				
	c) If this is a Fair D received:	Debt C	ollection Pr	actice A	Act case, specify the Count	y in whic	the offending communication was				
If your answer to question 2 (b) is "No," does the defendant (or a majority of the defendants, if there is more than one) reside in Nassau or Suffolk County, or, in an interpleader action, does the claimant (or a majority of the claimants, if there is more than one) reside in Nassau or Suffolk County? Yes No (Note: A corporation shall be considered a resident of the County in which it has the most significant contacts).											
	BAR ADMISSION										
	I am currently admi	tted in	the Eastern	Distrie	ct of New York and currently	y a memt	per in good standing of the bar of this court.				
		\checkmark	Y	es			No				
	Are you currently the subject of any disciplinary action (s) in this or any other state or federal court?										
			Y	es	(If yes, please explain	\checkmark	No				
	I certify the accura	acy of	all informa	ition p	rovided above.						
	Signature: /s/Spencer Sheehan										

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AO 440 (Rev. 06/12) Summons in a Civil Action

UNITED STATES DISTRICT COURT

for the

Eastern District of New York

)))

Murad Ferguson, individually and on behalf of all others similarly situated,

Tropicale Foods, LLC,

Defendant(s)

SUMMONS IN A CIVIL ACTION

To: (Defendant's name and address) Tropicale Foods, LLC

> c/o Joseph Lawler 1237 W State St Ontario CA 91762-4015

A lawsuit has been filed against you.

Within 21 days after service of this summons on you (not counting the day you received it) — or 60 days if you are the United States or a United States agency, or an officer or employee of the United States described in Fed. R. Civ. P. 12 (a)(2) or (3) — you must serve on the plaintiff an answer to the attached complaint or a motion under Rule 12 of the Federal Rules of Civil Procedure. The answer or motion must be served on the plaintiff or plaintiff's attorney, whose name and address are: Sheehan & Associates, P.C., 60 Cuttermill Rd Ste 409 Great Neck NY 11021-3104 (516) 268-7080

If you fail to respond, judgment by default will be entered against you for the relief demanded in the complaint. You also must file your answer or motion with the court.

CLERK OF COURT

Date:

Civil Action No. 1:21-cv-03775

Signature of Clerk or Deputy Clerk

)

) *Plaintiff(s)*) v.