1 2 3 4 5 6	JAMES T. HANNINK (131747) jhannink@sdlaw.com ZACH P. DOSTART (255071) zdostart@sdlaw.com DOSTART HANNINK LLP 4225 Executive Square, Suite 600 La Jolla, California 92037-1484 Tel: 858-623-4200 Fax: 858-623-4299 Attorneys for Plaintiffs	ELECTRONICALLY FILED Superior Court of California, County of San Diego 10/13/2022 at 12:26:00 PM Clerk of the Superior Court By Vanessa Sezenol, Deputy Clerk
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11 12 13 14 15 16 17 18 19	TONI ZIEROLD, BRIAN TRIMBLE, and KEN WITT, individually and on behalf of all others similarly situated, Plaintiffs, vs. THE BRADFORD EXCHANGE, LTD., an Illinois corporation; HAMMACHER, SCHLEMMER & CO., INC., a New York corporation; and DOES 2-50, inclusive, Defendants.	CASE NO. 37-2022-00009703-CU-BT-CTL CLASS ACTION SECOND AMENDED COMPLAINT FOR: (1) FALSE ADVERTISING (BASED ON VIOLATION OF THE CALIFORNIA AUTOMATIC RENEWAL LAW) [Bus. & Prof. Code, §§ 17535 & 17600 et seq.]; and (2) VIOLATION OF THE CALIFORNIA UNFAIR COMPETITION LAW [Bus. & Prof. Code, § 17200 et seq.]
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INTRODUCTION

1. This class action complaint alleges that defendants The Bradford Exchange, Ltd. ("Bradford") and Hammacher, Schlemmer & Co., Inc. ("Hammacher") violate California law in connection with subscription membership programs operated under the names The Bradford Exchange Rewards and Hammacher Rewards, respectively. Among other things, under the guise of an offer for "FREE SHIPPING," Bradford and Hammacher enroll consumers in automatic-renewal or continuous service membership subscriptions without providing the "clear and conspicuous" disclosures mandated by California law; post charges to consumers' credit cards, debit cards, or third-party payment accounts for such membership subscriptions without first obtaining the consumers' affirmative consent to an agreement containing the requisite clear and conspicuous disclosures; and fail to provide an acknowledgment that includes the required clear and conspicuous disclosures. This course of conduct constitutes false advertising, based on violation of the California Automatic Renewal Law (Bus. & Prof. Code, § 17600 et seq.), for which a remedy is provided by the general remedies provision of the False Advertising Law, Bus. & Prof. Code § 17535; and violates the Unfair Competition Law (Bus. & Prof. Code, § 17200 et seq.) ("UCL").

THE PARTIES

- 2. Plaintiff Toni Zierold ("Zierold") is an individual residing in El Dorado County, California.
- 3. Plaintiff Brian Trimble ("Trimble") is an individual residing in Kern County, California.
 - 4. Plaintiff Ken Witt ("Witt") is an individual residing in Orange County, California.
 - 5. Zierold, Trimble, and Witt are collectively referred to herein as "Plaintiffs."
- 6. Plaintiffs are informed and believe and thereon allege that The Bradford Exchange, Ltd. ("Bradford") is an Illinois corporation that does business in San Diego County, and throughout California, including but not limited to the online marketing and sale of a variety of merchandise, including personalized gifts, checks, and collectibles.
- 7. Hammacher, Schlemmer & Co., Inc. ("Hammacher") is the true name of the entity previously sued herein under the fictitious name DOE 1. Plaintiffs are informed and believe and

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thereon allege that Hammacher is a New York corporation that does business in San Diego County and throughout California, including the marketing of clothing, consumer electronics, home goods, and other merchandise.

- 8. Plaintiffs do not know the names of the defendants sued as DOES 2 through 50 but will amend this complaint when that information becomes known. Plaintiffs allege on information and belief that each of the DOE defendants is affiliated with one or more of the named defendants in some respect and is in some manner responsible for the wrongdoing alleged herein, either as a direct participant, or as the principal, agent, successor, alter ego, or co-conspirator of or with one or more of the other defendants. For ease of reference, Plaintiffs will refer to the named defendants and the DOE defendants collectively as "Defendants."
- 9. Venue is proper in this judicial district because Defendants conduct business in San Diego County and because neither defendant has designated a principal office in California, such that venue is proper in any county designated by Plaintiffs.

SUMMARY OF APPLICABLE LAW

10. In 2009, the California Legislature passed Senate Bill 340, which took effect on December 1, 2010 as Article 9 of Chapter 1 of the False Advertising Law. (Bus. & Prof. Code, § 17600 et seq. (the California Automatic Renewal Law or "ARL").) (Unless otherwise stated, all statutory references are to the Business & Professions Code.) SB 340 was introduced because:

It has become increasingly common for consumers to complain about unwanted charges on their credit cards for products or services that the consumer did not explicitly request or know they were agreeing to. Consumers report they believed they were making a one-time purchase of a product, only to receive continued shipments of the product and charges on their credit card. These unforeseen charges are often the result of agreements enumerated in the "fine print" on an order or advertisement that the consumer responded to.

(See Exhibit 1 at p. 4.)

11. The Assembly Committee on Judiciary provided the following background for the legislation:

This non-controversial bill, which received a unanimous vote on the Senate floor, seeks to protect consumers from unwittingly consenting to "automatic renewals" of subscription orders or other "continuous service" offers. According to the author and supporters, consumers are often charged for renewal purchases without their consent or knowledge. For example, consumers sometimes find that a magazine subscription renewal appears on a credit card statement even though they never agreed to a 2 (See Exhibit 2 at p. 8.)

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12. The ARL seeks to ensure that, before there can be a legally-binding automatic renewal or continuous service arrangement, there must first be clear and conspicuous disclosure of certain terms and conditions and affirmative consent by the consumer. To that end, § 17602(a) makes it unlawful for any business making an automatic renewal offer or a continuous service offer to a consumer in California to do any of the following:

- 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. For this purpose, "clear and conspicuous" 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." (§ 17601(c).) "In the case of an audio disclosure, 'clear and conspicuous' ... means in a volume and cadence sufficient to be readily audible and understandable." (Ibid.) The statute defines "automatic renewal offer terms" to mean the "clear and conspicuous" disclosure of the following: (a) that the subscription or purchasing agreement will continue until the consumer cancels; (b) the description of the cancellation policy that applies to the offer; (c) 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; (d) the length of the automatic renewal term or that the service is continuous, unless the length of the term is chosen by the consumer; and (e) the minimum purchase obligation, if any. (§ 17601(b).)
- b. 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. (§ 17602(a)(2).)

- c. Fail to provide an acknowledgment that includes the automatic renewal 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. (§ 17602(a)(3).) Section 17602(b) requires that the acknowledgment specified in § 17602(a)(3) include a toll-free telephone number, electronic mail address, or another "cost-effective, timely, and easy-to-use" mechanism for cancellation.
- 13. Violation of the ARL constitutes false advertising and gives rise to restitution and injunctive relief under § 17535. Violation of the ARL also gives rise to restitution and injunctive relief under the UCL.

FACTS GIVING RISE TO THIS ACTION

- 14. **Bradford** markets sells merchandise website and through the https://www.bradfordexchange.com/. Hammacher markets and sells merchandise through the website https://www.hammacher.com/home. As part of their respective business activities, Bradford and Hammacher each operate a subscription membership program, known as The Bradford Exchange Rewards ("Bradford Rewards") and Hammacher Rewards (collectively, the "Rewards" programs). When a consumer becomes enrolled in a Rewards program, the defendant operating that program posts recurring monthly charges to the consumer's credit card, debit card, or third-party payment account. As alleged herein, the manner by which Defendants enroll consumers (including Plaintiffs) in a Rewards program, and charge for monthly membership fees, violates California law.
- 15. Consumers are able to purchase merchandise through Defendants' websites. After selecting merchandise for purchase, a consumer proceeds through a checkout process that includes either logging in to an existing account or creating a new one, then entering billing name and address, a shipping preference, and payment details (such as credit card information). The checkout process itself does not mention a Rewards program or any associated fee.

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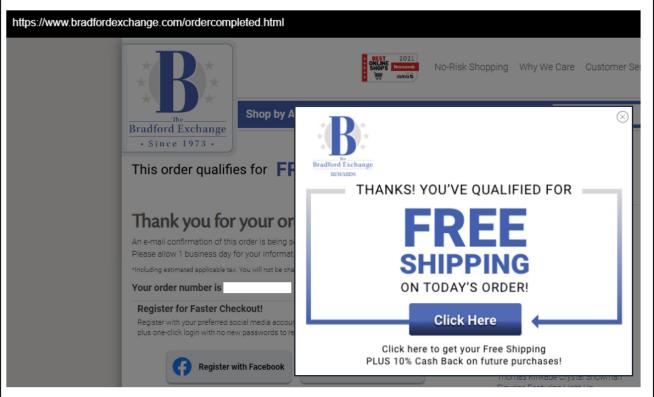
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16. For example, after the consumer submits an order through the Bradford website, the consumer is then presented with a pop-up box as shown in Exhibit 3, which is incorporated herein by reference and is set forth below.



17. Similarly, after the consumer submits an order through the Hammacher website, the consumer is then presented with a pop-up box as shown in Exhibit 4, which is incorporated herein by reference and is set forth below.



- 18. The pop-up box shown in Exhibit 3 states that the consumer has "QUALIFIED FOR FREE SHIPPING ON TODAY'S ORDER!", and the pop-up box shown in Exhibit 4 states that the consumer's order qualifies for a "FREE SHIPPING REBATE." The pop-up boxes do not make any mention of subsequent charges.
- 19. If the consumer clicks on the "Click Here" button in Bradford the pop-up box (see Exhibit 3), the consumer is then presented with another screen as shown in Exhibit 5, which is incorporated herein by reference and is set forth below.

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Thank you for shopping with us!

JOIN TODAY TO CLAIM YOUR FREE SHIPPING!

HURRY, THAT'S \$9 BACK!

Plus, The Bradford Exchange Rewards Members Get Exclusive Savings See Details Below



CLAIM YOUR FREE SHIPPING Join The Bradford Exchange Rewards

Enter Your Email

By entering my information above and clicking the Join button below, I agree to Join The Bractord Exchange Rewards, subject to the **Automatic Renewal Offer and Billing Details** to the left and <u>Program Terms</u>. I would also like to Claim my Free Shipping!

CLICK HERE TO JOIN

AS A REWARDS MEMBER, YOU'LL GET EXCLUSIVE SAVINGS ON EVERY PURCHASE!

Access these benefits with a free 30-day trial, and then just \$14.95/month after



SAVE

10% Cash Back

Get 10% cash back on EVERY purchase from The Bradford Exchange and our Family of Brands.



SAVE 5% Cash back

Get 5% cash back on purchases made at over 1,000 retailers in our Marketplace.



Shipping Rebates

Claim Shipping Rebates on purchases from our Family of Brands and Marketplace retailers.



SAVE

Return Shipping Rebates

Claim Return Shipping Rebates on purchases from our Family of Brands and Marketplace retailers.

Your Savings Can Add up Fast! How Much will You Save?



Satisfaction Guarantee

No long-term commitment. Cancel anytime at BradfordExchangeRewards.com or by calling 877-518-2644. Our award-winning customer service team provides 24/7 support, designed to fit your schedule.

A Little About The Bradford Exchange Rewards

The Bradford Exchange Rewards gives you exclusive savings when you shop at our Family of Brands or any of the 1,000+ retailers in our Marketplace. As a member, you receive everyday benefits like cash back, shipping rebates, and return shipping rebates on the purchases you make year-round!

HELPFUL LINKS

FAQ Privacy Policy

Program Terms

NAVIGATE

How It Works Sign In

20. If the consumer clicks on the "Click Here" button in Hammacher the pop-up box (see Exhibit 4), the consumer is then presented with another screen as shown in Exhibit 6, which is incorporated herein by reference and is set forth below.

Hammacher Schlemmer REWARDS

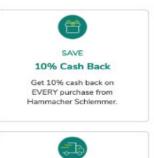


Automatic Renewal Other and Bining Declaris. Start enjoying at on your reammencer's crimemine.

Rewards benefits for 30 days now. After your trial, your membership will automatically renew for just \$14.95 a month, charged to the same card ending in that you used today for your Hammacher Schlemmer purchase, until you cancel. If you decide not to continue your Hammacher Schlemmer Rewards membership, simply call 800-203-1405 or sign into your account at HammacherRewards.com. that you used today for your



AS A REWARDS MEMBER, YOU'LL GET EXCLUSIVE SAVINGS ON EVERY PURCHASE!









Your Savings Can Add up Fast! How Much will You Save?



About Hammacher Schlemmer Rewards	HELPFUL LINKS	NAVIGATE
Hammacher Schlemmer Rewards gives you exclusive savings	Contact Us	How It Works
when you shop at Hammacher Schlemmer or any of the	FAQ	Sign In
1,000+ retailers in our Marketplace. As a member, you	Privacy Policy	
receive everyday benefits like cash back, shipping rebates,	Program Terms	
and return shipping rebates on the purchases you make year-		
round		

21. The Bradford screen shown in Exhibit 5 states in large and colorful type that the consumer can "JOIN TODAY TO CLAIM YOUR FREE SHIPPING! HURRY, THAT'S \$9 BACK!" and invites the consumer to enter his or her email address to "CLAIM YOUR FREE SHIPPING." The Hammacher screen shown in Exhibit 6 states in large and colorful type that the consumer can "GET YOUR FREE SHIPPING REBATE ON TODAY'S ORDER! HURRY, THAT'S \$[XX] BACK!" and invites the consumer to enter his or her email address to "CLAIM YOUR FREE SHIPPING REBATE." The mention of a subsequent charge appears in the smallest type on the pages, in the paragraph entitled "Automatic Renewal Offer and Billing Details." That statement does not qualify as a "clear and conspicuous" disclosure of automatic renewal offer terms as required by the ARL because, without limitation, the statement is set forth in a type that is not larger than the surrounding text, and it does not describe the cancellation policy that applies to the offer.

PLAINTIFFS' TRANSACTIONS

Plaintiff Toni Zierold

- 22. On or about November 5, 2020, Zierold made an online purchase through the Bradford website. Zierold paid for the purchase with her credit card.
- 23. When Zierold made her purchase through the Bradford website in November 2020, she was not aware that upon entry of her email address in the box that advertised free shipping, Defendants would contend that she had given consent for Defendants to post subsequent monthly charges to her credit card.
- 24. From December 2020 to September 2021, Defendants made a series of monthly charges to Zierold's credit card in the amount of \$14.95 each, purportedly for a Rewards membership. Zierold did not authorize or consent to those charges. Zierold did not discover those charges until September 2021.
- 25. If Zierold had known that Defendants were going to enroll her in an automatic renewal or continuous membership program that would result in subsequent charges, Zierold either would not have purchased merchandise from Bradford in the first place, or would have declined to enter her email address in the box that advertised free shipping, or would have taken other steps to avoid becoming enrolled in and/or charged for such a program, such that Zierold would not have

paid any money to Defendants for the Rewards program.

26. Zierold received no value in return for the Rewards membership charges that Defendants posted to her credit card.

Plaintiff Brian Trimble

- 27. On or about December 23, 2020, Trimble made an online purchase through the Bradford website. Trimble paid for the purchase with his credit card.
- 28. When Trimble made his purchase through the Bradford website in December 2020, he was not aware that upon entry of his email address in the box that advertised free shipping, Defendants would contend that he had given consent for Defendants to post subsequent monthly charges to his credit card.
- 29. From January 2021 to December 2021, Defendants made a series of monthly charges to Trimble's credit card in the amount of \$14.95 each, purportedly for a Rewards membership. Trimble did not authorize or consent to those charges. Trimble did not discover those charges until January 2022.
- 30. If Trimble had known that Defendants were going to enroll him in an automatic renewal or continuous membership program that would result in subsequent charges, Trimble either would not have purchased merchandise from Bradford in the first place, or would have declined to enter his email address in the box that advertised free shipping, or would have taken other steps to avoid becoming enrolled in and/or charged for such a program, such that Trimble would not have paid any money to Defendants for the Rewards program.
- 31. Trimble received no value in return for the Rewards membership charges that Defendants posted to his credit card.

Plaintiff Ken Witt

- 32. In June 2021, Witt made an online purchase through the Hammacher website. Witt paid for the purchase with his debit card.
- 33. When Witt made his purchase through the Hammacher website in June 2021, he was not aware that upon entry of his email address in the box that advertised free shipping, Defendants would contend that he had given consent for Defendants to post subsequent monthly charges to his

34. From July 2021 to October 2021, Defendants made a series of monthly charges to Witt's debit card in the amount of \$14.95 each, purportedly for a Rewards membership. Witt did not authorize or consent to those charges. Witt did not discover those charges until October 2021.

- 35. If Witt had known that Defendants were going to enroll him in an automatic renewal or continuous membership program that would result in subsequent charges, Witt either would not have purchased merchandise from Hammacher in the first place, or would have declined to enter his email address in the box that advertised free shipping, or would have taken other steps to avoid becoming enrolled in and/or charged for such a program, such that Witt would not have paid any money to Defendants for the Rewards program.
- 36. Witt received no value in return for the Rewards membership charges that Defendants posted to his debit card.

CLASS ACTION ALLEGATIONS

- 37. Plaintiffs bring this lawsuit as a class action under Code of Civil Procedure § 382 on behalf of the following Class: "All California residents who, between March 14, 2018 and October 7, 2022, were both (i) enrolled in either the Bradford Rewards program or the Hammacher Rewards program and (ii) charged at least one membership fee for such program. Excluded from the Class are all employees of Bradford and Hammacher, all employees of Plaintiffs' counsel, and the judicial officers to whom this case is assigned."
- 38. <u>Ascertainability</u>. The members of the Class may be ascertained by reviewing records in the possession of Defendants and/or third parties, including without limitation Defendants' customer, order, and billing records.
- 39. <u>Common Questions of Fact or Law</u>. There are questions of fact or law that are common to the members of the Class, which predominate over individual issues. Common questions regarding the Class include, without limitation: (1) whether Defendants present all statutorily-mandated automatic renewal or continuous service offer terms, within the meaning of § 17601(b); (2) whether Defendants present automatic renewal or continuous service offer terms in a manner that is "clear and conspicuous," within the meaning of § 17601(c); (3) whether Defendants obtain

consumers' affirmative consent to an agreement containing clear and conspicuous disclosure of automatic renewal or continuous service offer terms before charging a credit card, debit card, or third-party payment account; (4) whether Defendants provide consumers with an acknowledgment that includes clear and conspicuous disclosure of all statutorily-mandated automatic renewal or continuous service offer terms, the cancellation policy, and information regarding how to cancel; (5) Defendants' record-keeping practices; and (6) the appropriate remedies for Defendants' conduct.

- 40. <u>Numerosity</u>. The Class is so numerous that joinder of all Class members would be impracticable. Plaintiffs are informed and believe and thereon allege that the Class consists of at least 100 members.
- 41. <u>Typicality and Adequacy</u>. Plaintiffs' claims are typical of the claims of the Class members. Plaintiffs allege that Defendants enrolled Plaintiffs and Class members in an automatic renewal membership program without disclosing all terms required by law, and without presenting such terms in the requisite "clear and conspicuous" manner; charged Class members' credit cards, debit cards, or third-party accounts without first obtaining Class members' affirmative consent to an agreement containing clear and conspicuous disclosure of automatic renewal offer terms; and failed to provide the requisite acknowledgment. Plaintiffs have no interests that are adverse to those of the other Class members. Plaintiffs will fairly and adequately protect the interests of the Class members.
- 42. <u>Superiority</u>. A class action is superior to other methods for resolving this controversy. Because the amount of restitution to which the Class members may be entitled is low in comparison to the expense and burden of individual litigation, it would be impracticable for Class members to redress the wrongs done to them without a class action forum. Furthermore, on information and belief, many Class members do not know that their legal rights have been violated. Class certification would also conserve judicial resources and avoid the possibility of inconsistent judgments.

FIRST CAUSE OF ACTION

False Advertising (Based on Violation of the California Automatic Renewal Law)

- (Bus. & Prof. Code, §§ 17535 & 17600 et seq.)
- 43. Plaintiffs incorporate the previous allegations as though set forth herein.
- 44. During the applicable statute of limitations period, Defendants enrolled consumers, including Plaintiffs and Class members, in automatic renewal and/or continuous service membership programs and have (a) failed to present the automatic renewal or continuous service offer terms in a clear and conspicuous manner before the membership agreement is fulfilled and in visual proximity to the request for consent to the offer, in violation of § 17602(a)(1); (b) charged the consumer's credit or debit card or the consumer's third-party payment account for an automatic renewal or continuous service without first obtaining the consumer's affirmative consent to an agreement containing clear and conspicuous disclosure of all automatic renewal or continuous service offer terms, in violation of § 17602(a)(2); and (c) failed to provide an acknowledgment that includes clear and conspicuous disclosure of automatic renewal or continuous service offer terms, the cancellation policy, and information regarding how to cancel, in violation of § 17602(a)(3) and § 17602(b).
- 45. Plaintiffs have suffered injury in fact and lost money as a result of Defendants' violations alleged herein.
- 46. Pursuant to § 17535, Plaintiffs and Class members are entitled to restitution of all amounts that Defendants charged for a Rewards program during the four years preceding the filing of the initial Complaint in this action and continuing until Defendants' statutory violations cease.
- 47. Pursuant to § 17535, for the benefit of the general public of the State of California, Plaintiffs seek a public injunction enjoining Defendants from making Rewards program offers to California consumers that do not comply with California law, and from posting charges for Rewards program membership fees without first complying with California law. Plaintiffs reserve the right to seek other prohibitory or mandatory aspects of injunctive relief.

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SECOND CAUSE OF ACTION

Unfair Competition

(Bus. & Prof. Code, § 17200 et seq.)

- 48. Plaintiffs incorporate the previous allegations as though fully set forth herein.
- 49. The Unfair Competition Law defines unfair competition as including any unlawful, unfair, or fraudulent business act or practice; any unfair, deceptive, untrue, or misleading advertising; and any act prohibited by Chapter 1 of Part 3 of Division 7 of the Business and Professions Code. (§ 17200.)
- 50. During the applicable statute of limitations, Defendants committed acts of unfair competition by, inter alia and without limitation: (a) failing to present automatic renewal and/or continuous service offer terms in a clear and conspicuous manner before a subscription is fulfilled, in violation of § 17602(a)(l); (b) charging the consumer's credit card, debit card, or third-party payment account for an automatic renewal or continuous service without first obtaining the consumer's affirmative consent to an agreement containing clear and conspicuous disclosure of automatic renewal or continuous service offer terms, in violation of § 17602(a)(2); and (c) failing to provide an acknowledgment that included clear and conspicuous disclosure of automatic renewal or continuous service offer terms, cancellation policy, and information regarding how to cancel, in violation of § 17602(a)(3). Plaintiffs reserve the right to allege other business practices that constitute unfair competition.
- 51. Defendants' acts and omissions as alleged herein violate obligations imposed by statute, are substantially injurious to consumers, offend public policy, and are immoral, unethical, oppressive, and unscrupulous as the gravity of the conduct outweighs any alleged benefits attributable to such conduct.
- 52. There were reasonably available alternatives to further Defendants' legitimate business interests, other than the conduct described herein.
- 53. Plaintiffs have suffered injury in fact and lost money as a result of Defendants' acts of unfair competition.