Case 3:	24-cv-02268-BEN-DEB Document 1	Filed 12/05/24 PageID.1 Page 1 of 58					
1							
	1       Kyle McLean (SBN 330580)         2       Lisa R. Considine ( <i>pro hac vice</i> forthcoming)						
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9	Email : ddisabato@sirillp.com						
10	<u>Email:</u> lpescia@sirillp.com Attorneys for Plaintiff and the Propose	d Class					
11	UNITED STATES I FOR THE SOUTHERN DIS						
12							
13	CAMERON PEREZ, individually and	Civil Action No.: <u>'24CV2268 BEN DEB</u>					
14	on behalf of all others similarly						
15	situated,	COMPLAINT – CLASS ACTION					
16	Plaintiff,	1. FRAUD					
17	V.	2. NEGLIGENT					
18		MISREPRESENTATION					
19	BUILD-A-BEAR WORKSHOP, INC.,	3. BREACH OF CONTRACT					
20	INC.,	4. UNJUST ENRICHMENT					
21	Defendant.	5. VIOLATION OF CALIFORNIA'S					
22		CONSUMER LEGAL					
23		REMEDIES ACT					
24		6. VIOLATION OF CALIFORNIA'S FALSE					
25		ADVERTISING LAW					
26		7. VIOLATION OF					
		CALIFORNIA'S FALSE					
27		ADVERTISING LAW,					
28	1						
	CLASS ACTIO	N COMPLAINT					

BUS, & PROF. CODE 8. VIOLATION OF CALIFORNIA UNFAIR COMPETITION LAW

# JURY TRIAL DEMANDED

Plaintiff Cameron Perez ("Plaintiff"), individually and on behalf of all
 others similarly situated, brings this action against Defendant Build-A-Bear
 Workshop, Inc. ("Build-A-Bear" or "Defendant"), and alleges based upon
 personal knowledge with respect to himself and on information and belief
 derived from, among other things, investigation of counsel and review of
 public documents as to all other matters:

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### NATURE OF THE ACTION

1. With the sheer volume of online products being offered, consumers rely
on accurate pricing to make informed decisions. Unfortunately, many retailers
engage in deceptive and misleading practices by advertising products as
"sales" or "markdowns" by showing significantly inflated "reference prices"
or "regular prices" that are rarely, if ever, actually charged. These fake
reference prices fool consumers into thinking they are getting a great deal at

the "sale" price, when in fact, they have merely been tricked by the retailer, 1 2 and in reality the consumer is paying the same amount, or even more than, 3 the usual price of the item. The effect of this unlawful tactic is to set 4 5 consumers' perception of the value of a product at a grossly inflated level, 6 thereby inducing consumers to unwittingly pay more for the product than they 7 might normally pay. Furthermore, researchers have found that when 8 9 consumers believe that the supposedly reduced price will end soon, they are 10 more likely to buy now, rather than wait or comparison shop, and buy 11 someplace else.<sup>1</sup> But in many instances, the reference price is not a true 12 13 discount. 14 2. Highlighting how these false sales have become a true problem in the 15 marketplace, the Federal Trade Commission ("FTC") created a rule 16 17 prohibiting the practice. 16 C.F.R. § 233.1. The FTC identified this practice 18 as a form of "deceptive pricing" that denies consumers the value of the 19 bargain that they thought they were receiving. 20 21 3. Build-A-Bear has engaged in just such a deceptive pricing scheme. 22 Build-A-Bear advertises perpetual or near perpetual discounts on many of its 23 24 25

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 <sup>&</sup>lt;sup>25</sup> <sup>1</sup> Patrick Coffee, Thought You Saved \$60 on that Vacuum Cleaner? Think
 <sup>26</sup> Again, Wall St. J. (Aug. 24, 2023), available at: https://www.wsj.com/articles/thought-you-saved-60-on-that-vacuumcleaner-think-again-c89ce344 (Last accessed November 18, 2024).

products, supposedly offering discounts of up to 50% off Build-A-Bear's selfcreated, fictitious reference prices. Build-A-Bear represents to consumers that
its reference price is the "regular" or "normal" price of the item, which
functions as a new and inflated reference point from which consumers
discount their "savings" on various products.

4. Build-A-Bear's reference prices are false because Build-A-Bear rarely, 8 9 if ever, offers the products for the reference price. Instead, the inflated 10 reference prices allow Build-A-Bear to continually advertise "sale" events 11 and product discounts in order to induce consumers into purchasing products. 12 13 In reality, the "sale" price is the price at which Build-A-Bear regularly sells 14 the product, but the consumer has been tricked into thinking she found a great 15 discount. 16

5. To illustrate, below is a June 10, 2024 screengrab from Build-A-Bear's
website for Rockets of Awesome Vest "on sale" for \$24.75 from an original
price of \$49.50.

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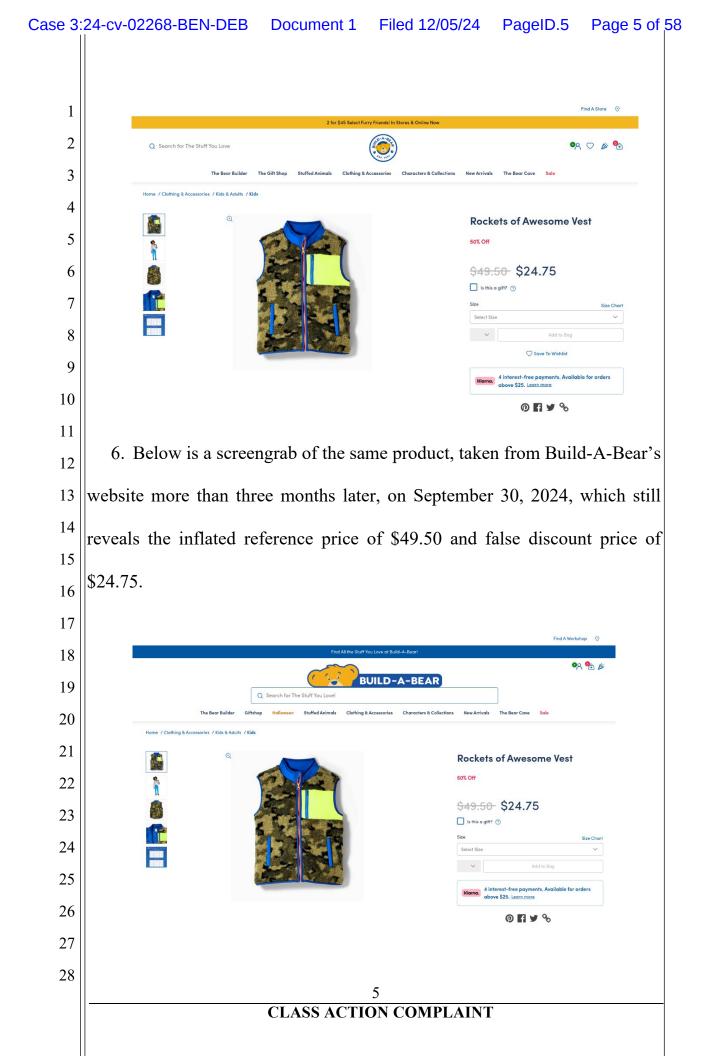
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7. Build-A-Bear's practice of falsely inflating reference prices in order to
give the illusion of higher value, bigger discounts, and a false sense of time
pressure, constitutes false advertising, and is an unfair and deceptive practice
under California's Consumer Legal Remedies Act ("CLRA") Cal. Civ. Code
§§ 1750 *et seq.*

8. Accordingly, Plaintiff, on behalf of himself and the Classes (as defined 8 9 below) now seeks to hold Build-A-Bear accountable for its unfair, deceptive, 10 and unlawful policy of displaying false or misleading discount or "sale" 11 prices. Plaintiff seeks to bring claims on behalf of a Nationwide Class and a 12 13 California Subclass (collectively "Classes") of consumers who purchased 14 falsely discounted products on Build-A-Bear's website and is seeking, among 15 other things, to recover damages and injunctive or declaratory relief ordering 16 17 Defendant to disgorge all revenues unjustly received from the proposed 18 Classes due to its intentional and unlawful practice of using false reference 19 prices and false discounts. 20

PARTIES

9. Plaintiff Cameron Perez is an individual citizen of the State of
California and a natural adult person who resides in San Diego County,
California.

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10. Build-A-Bear Workshop, Inc. is a Delaware corporation with
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corporate offices located at 415 South 18<sup>th</sup> Street, Suite 200, Saint Louis,
 Missouri. Build-A-Bear Workshop, Inc. posted consolidated revenues of
 \$486.1 million for fiscal 2023.<sup>2</sup>

## JURISDICTION AND VENUE

11. The Court has subject matter jurisdiction over this action under
the Class Action Fairness Act, 28 U.S.C. § 1332(d)(2). The amount in
controversy exceeds \$5 million, exclusive of interest and costs. Upon
information and belief, the number of class members is over 100, many of
whom have different citizenship from Defendant. Thus, minimal diversity
exists under 28 U.S.C. § 1332(d)(2)(A).

14 12. This Court has personal jurisdiction over Defendant because it 15 can be found in and operates in this District, and generally conducts 16 17 substantial business in the State of California. Defendant has sufficient 18 minimum contacts in California, and/or otherwise intentionally avails itself to 19 the California market through the operation of its e-commerce website within 20 21 the State of California, knowingly and intentionally shipping goods into the 22

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24 <sup>2</sup> Press Release, September 12, 2024 available at:

- 25 <u>https://ir.buildabear.com/news-releases/news-release-details/build-bear-</u> workshop-names-david-henderson-chief-revenue-
- 26 officer#:~:text=cherished%20memories%20worldwide.-
- 27 Build%2DA%2DBear%20Workshop%2C%20Inc.,%24486.1%20million%
- $\frac{20 \text{ for} \% 20 \text{ fiscal} \% 202023}{202023} \text{ (last accessed December 5, 2024)}.$
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State of California for decades, and a substantial part of the unlawful business
 practices which give rise to this action occurred in this District.

This Court may exercise personal jurisdiction over Defendant to 13. 4 5 the fullest extent allowed under the Federal Due Process Clause. Defendant 6 has certain minimum contacts with the State of California. Defendant has and 7 continues to purposefully perform some acts or consummate some 8 9 transactions in the State of California, and Plaintiff's claims arise from, or are 10 connected with, Defendant's transactions. The assumption of jurisdiction by 11 this Court does not offend traditional notions of fair play and substantial 12 13 justice, consideration being given to the quality, nature, and extent of the 14 activity in the State of California, the relative convenience of the parties, the 15 benefits and protection of laws of the State of California afforded the 16 17 respective parties, and the basic equities of the situation.

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 14. Build-A-Bear operates a website, www.BuildABear's.com, by
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 which Build-A-Bear advertises and sells its goods in California. The website
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 is regularly viewed by and used to purchase products by consumers in
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15. Venue is proper in this Court pursuant to 28 U.S.C. § 1391(b)
 because a substantial part of the events giving rise to this action occurred in
 this District. For example, Plaintiff was in San Diego County, California

when he saw the false discount representations on Build-A-Bear's website 1 2 and placed the order on Build-A-Bear's website after relying on the deceptive 3 advertised price displayed. Build-A-Bear's shipped the goods Plaintiff 4 5 purchased to Plaintiff's home in La Mesa, California. Pursuant to Cal. Civ. 6 Code § 1780(d), the venue affidavit is attached as **Exhibit A**. 7 FACTUAL BACKGROUND 8 9 I. FALSE REFERENCE PRICING SCHEMES 10 Consumers' reactions to sales and to false sales are well studied 16. 11 in academic literature. Research shows that reference prices, such as those 12 13 used by Defendant, materially impact consumers' behavior. A reference price 14 affects a consumer's perception of the value of the transaction, the consumer's 15 willingness to make the purchase, and the amount of money the consumer is 16 17 willing to pay for the product.<sup>3</sup> 18 This deceptive practice involves three elements, most easily 17. 19 shown through an example using a retailer that wants to sell a blue shirt with 20 21 a market value of \$35. First, the retailer advertises an inflated "reference 22 23 <sup>3</sup> Urbany, Joel E., William O. Bearden and Dan Weilbaker (1988), "The 24 Effect of Plausible and Exaggerated Reference Prices on Consumer 25 Perceptions and Price Search," Journal of Consumer Research, 15 (June), 95-110; Chandrashekaran, Rajesh (2004), "The Influence of Redundant 26 Comparison Prices and Other Price Presentation Formats on Consumers' 27 Evaluations and Purchase Intentions," Journal of Retailing, 80 (1), 53–66. 28 9 **CLASS ACTION COMPLAINT** 

price" or the "strike through price" for that shirt, which the retailer wants the 1 2 consumer to believe is that shirt's normal price. For this example, that price 3 is \$50. The problem is that the retailer has not actually sold the shirt for \$50, 4 5 nor could it do so because the market will not bear such an inflated price when 6 other similar blue shirts are sold for less. Instead that \$50 price is fictitious, 7 created by the retailer in order to show the consumer the second element in 8 9 the fraud: a supposed "discount" off that fictitious reference price. In this 10 example, that amounts to a 30% discount. Then, in the third element, the 11 retailer presents the consumer with the "new" discounted price of \$35 for the 12 13 blue shirt, which the retailer wanted to sell the shirt for all along. As part of 14 this scheme, the retailer wants the consumer to believe that the shirt is worth 15 \$50 and that the consumer is getting a deal by actually paying \$15 less, which 16 17 induces the consumer to make a purchase under the false belief that he is 18 getting a bargain on a more valuable shirt (30% off a \$50 product in this 19 example) and creates a false sense of urgency that the purported "discount" 20 21 or "sale" will end and the consumer will have to pay the "reference price" for 22 the shirt. Using this deception, retailers can even falsely induce consumers to 23 pay prices above the market price, for example \$40 for the blue shirt, because 24 25 the consumer still believes she is getting a deal, i.e., a 20% markdown. 26 Accurate reference prices play an important role in consumers' 18. 27 28

1 ability to compare products because they allow consumers to make informed 2 decisions by comparing one retailer's prices to another. This is especially true 3 where the consumer is comparing similar, though not identical, products such 4 5 as two white T-shirts. In such circumstances, reference prices increase a 6 consumer's interest in the product by increasing the consumer's estimate of 7 savings offered by one retailer.<sup>4</sup> "[A] higher plausible reference price . . . 8 9 consistently makes the offer appear to be a better value than if no reference 10 price appears."<sup>5</sup> Therefore, when a retailer advertises its products with 11 inflated reference prices, consumers are harmed because they are denied the 12 13 ability to accurately compare prices across the market, and they imbue the 14 advertised product with a false sense of value that they would not have 15 developed if the inflated reference price had not been listed. 16

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19. Unsurprisingly, research shows that consumers prefer to get a
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19 bargain. Indeed, "shoppers sometimes expend more time and energy to get a
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discount than seems reasonable given the financial gain involved," and "often
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- <sup>4</sup> Blair, Edward A. and E. Laird Landon, Jr. (1981), "The Effects of Reference
   Prices in Retail Advertisements," Journal of Marketing, 45 (Spring), 61-69.
   <sup>5</sup> Urbany, The Effect of Plausible and Exaggerated Reference Prices on
  - Consumer Perceptions and Price Search, *supra* n. 1 at 106.
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    CLASS ACTION COMPLAINT

the basis of the amount of money they actually save."<sup>6</sup> The fear of losing such
a discount, because of the false impression given the retailer that the discount
or sale price will not last forever, often induces the consumer to purchase
quickly, without performing comparison shopping.

- 6 20. Studies also show that consumers are driven by internal and 7 external reference prices.<sup>7</sup> Internal reference prices are a consumer's price 8 9 expectations based on past experiences, stored in their memory. External 10 reference prices are prices encountered during the shopping experience, such 11 as suggested retail prices or sale tags.<sup>8</sup> Research suggests that consumers 12 13 adjust their internal value expectations (i.e., internal reference prices) to align 14 with external reference prices they encounter.<sup>9</sup> In addition, for infrequently 15 purchased items, or unique items, consumers may lack an actual internal 16 17 reference price simply because they have not priced the product previously, 18 and in such situations, consumers rely more heavily on the external reference 19
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<sup>&</sup>lt;sup>6</sup> Darke, Peter and Darren Dahl. "Fairness and Discounts: The Subjective Value of a Bargain." Journal of Consumer Psychology 13, No. 3 (2003): 328–338, at 328.

<sup>&</sup>lt;sup>23</sup> <sup>7</sup> Mayhew, Glenn E. and Russell S. Winer. "An Empirical Analysis of Internal and External Reference Prices using Scanner Data." Journal of Consumer
<sup>24</sup> Research 19, No. 1 (1992): 62-70, at 68.

 $<sup>||^8</sup> Id. at 62.$ 

 <sup>&</sup>lt;sup>25</sup>
 <sup>9</sup> Grewal, Dhruv, Kent B. Monroe, and Ramayya Krishnan. "The Effects of
 <sup>26</sup> Price-Comparison Advertising on Buyers' Perceptions of Acquisition Value,

Transaction Value, and Behavioral Intentions." The Journal of Marketing 62 (1998): 46-59, at 48.

vulnerable to perceived bargains. Thus, Build-A-Bear has a substantial

financial interest in exploiting consumers' well-known behavioral tendencies

by inducing consumers into believing they are receiving a bargain—even

when they are not. The phenomena of people disproportionately relying on an

initial piece of information when making a decision, known as "anchoring,"<sup>10</sup>

is especially relevant in this context. Especially when shopping online,

consumers often encounter reference prices as the first, if not the only, insight

into a product's value besides the sale price itself. Thus, consumers use the

reference price as a baseline upon which to calculate a product's true value.

Retailers, including Defendant, understand that consumers are

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- Deceptive and misleading pricing such as that employed by Defendant causes consumers to pay more than they otherwise would have paid for products. It also misleadingly resets consumers' true value expectations by falsely representing the value of products in order to trick
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prices.

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- 23. In addition to harming consumers, employing false reference
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- <sup>10</sup> See Program on Negotiation, Anchoring Effect, HARV. L. SCH., 25 http://www.pon.harvar d.edu/tag/anchoring-effect ("[T]he anchoring effect, [is] the tendency for the first offer to "anchor" the bargaining that follows in 26 its direction, even if the offer recipient thinks the offer is out of line.") (last 27 accessed December 5, 2024). 28

consumers into paying more than the products are actually worth.

1 pricing disrupts the integrity and fairness that underlies retail markets. When 2 unethical retailers use misleading reference prices, they gain an unfair 3 advantage over honest competitors offering similar products. In the forgoing 4 5 example, if the dishonest retailer is selling a blue shirt that is purportedly 6 valued at \$50 for just \$35, and the honest retailer is selling a similar \$35 blue 7 shirt for \$35, the online consumer, who cannot otherwise evaluate the true 8 9 value of the shirt, is more likely to buy the supposedly more valuable \$50 10 shirt, rather than the supposedly less valuable \$35 shirt. If such unlawful 11 advertising practices remain unchecked, businesses that adhere to honest 12 13 practices will continue to be unfairly disadvantaged.

14 24. Defendant knew or should have known that the use of false 15 reference prices was misleading consumers to believe that they were 16 17 receiving a "sale" when, in fact, they were not. Moreover, Build-A-Bear 18 intended for reasonable consumers to understand the "sale" prices to be new 19 prices that Build-A-Bear had reduced from its "regular" or "former" prices. 20 21 Defendant intentionally failed to disclose to Plaintiff and members of the 22 Classes the truth about its reference prices, i.e. that the prices were fabricated, 23 and Defendant never offered the items at the reference prices during the 24 25 relevant period. Defendant intentionally sought to convey to consumers that 26 they were receiving a true markdown. 27

### 14 CLASS ACTION COMPLAINT

25. Defendant intentionally enacted a broad pricing scheme designed
to mislead customers into believing that the reference prices were the prices
at which the advertised product was formerly listed and the prevailing market
rate of the advertised product.

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# II. FALSE REFERENCE PRICING VIOLATES BOTH FEDERAL LAW AND STATE LAW

8 It is well-established that false reference pricing violates federal 26. 9 and state law. Even so, retailers, including Defendant, continue to use the 10 11 tactic because they know they will be able to increase sales and profits by 12 tricking consumers into making purchase decisions based on the falsely 13 inflated reference prices. Though the information available to consumers 14 15 varies between different types of products, consumers frequently lack full 16 information about products and, as a result, often use information from 17 retailers to make purchase decisions. 18

19 27. California law prohibits false reference pricing practices like 20 those used by Defendant. See Cal. Bus. & Prof. Code § 17501 (expressly 21 prohibiting false former pricing schemes); see also Cal. Civ. Code § 22 23 1770(a)(9) (prohibiting a business from "[a]dvertising goods or services with 24 intent not to sell them as advertised"), and Cal. Civ. Code § 1770(a)(13) 25 (prohibiting a business from "[m]aking false or misleading statements of fact 26 27 concerning reasons for, existence of, or amounts of price reductions"). 28

1 28. The Ninth Circuit Court of Appeals recognizes the harm that can 2 come from advertising false and deceptive reference prices. In *Hinojos v.* 3 Kohl's Corp., 718 F.3d 1098 (9th Cir. 2013), the court found that "[m]ost 4 5 consumers have, at some point, purchased merchandise that was marketed as 6 being 'on sale' because the proffered discount seemed too good to pass up. 7 Retailers, well aware of consumers' susceptibility to a bargain, therefore have 8 9 an incentive to lie to their customers by falsely claiming that their products 10 have previously sold at a far higher 'original' price in order to induce 11 customers to purchase merchandise at a purportedly marked- down 'sale' 12 13 price. Because such practices are misleading—and effective—the California 14 legislature has prohibited them." Id. at 1101. 15 29. The FTC also recognizes the fraudulent nature of fictitious and 16 17 artificial sale pricing. The FTC's rules have long included "Part 233—Guides 18 Against Deceptive Pricing" which states in relevant part: 19 One of the most commonly used forms of bargain 20 advertising is to offer a reduction from the 21 advertiser's own former price for an article. If the

former price is the actual, bona fide price at which 22 the article was offered to the public on a regular 23 basis for a reasonably substantial period of time, it provides a legitimate basis for the advertising of a 24 price comparison. Where the former price is 25 genuine, the bargain being advertised is a true one. If, on the other hand, the former price being 26 advertised is not bona fide but fictitious 27 -- for example, where an artificial, inflated price 28 16

Case 3	:24-cv-02268	B-BEN-DEB	Document 1 58	Filed 12/05/24	PageID.17	Page 17 of
1 2 3 4 5 6		subsequent "bargain" purchaser expects. Ir	t offer of a being adverti is not receive such cases, obably just the	purpose of ena large reductio ised is a false ing the unusual the "reduced pri e seller's regular	n the one; the value he ce" is, in	
7	The FTC g	uidance prov	vides several u	seful examples o	f such decept	ive sales:
8 9		offered the	e article at all	a price at which ; he might featu n the regular of	re a price	
10				not used in the re riod in the past	-	
11		making dis	sclosure of that	t fact; he might u ed to the public, c	ise a price	
12 13		not mainta	ined for a reas	sonable length of	time, but	
13			-	1. 16 C.F.R § 233		
15	III.		ANT USED F E ITS CUSTO	FALSE REFER MERS	ENCE PRIC	ING TO
16 17	30.	Using deco	eptive pricing	tactics, Defenda	nt lures cons	umers by
18	advertising	its products	s at seemingly	discounted "sal	e" prices con	npared to
19	significantl	y marked-up	o reference pric	ces. These fictitio	ous reference	prices are
20 21	never actually charged, making the "discounts" misleading.					
22	31.	Defendant	's advertised	discounts are	fictitious bec	ause the
23	reference prices do not represent a bona fide price at which Defendant					
24 25	previously sold, or offered to sell, the products on a regular basis, for a					
23 26	commercially reasonable period of time, as required by the FTC. In addition,					addition,
27	the adverti	sed referenc	e prices were	not the prevaili	ng market re	tail price
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within the three months (90 days) immediately preceding the publication of
 the advertised former reference price, as required by California law.

32. As a direct result of Defendant's actions, all consumers who 4 5 purchased products that were advertised with false reference prices and/or 6 misleading discounts on Defendant's website have been deceived and have 7 been undeniably harmed, in that they would not have purchased these 8 9 products but for the misleading pricing. They have suffered an economic 10 injury by being misled into paying more than the products were actually 11 worth. 12

<sup>13</sup> 33. Defendant's false pricing scheme has directly harmed all
<sup>14</sup> customers who were tricked into buying discounted products on its website.
<sup>15</sup> By creating a false perception of significant savings, Build-A-Bear
<sup>17</sup> fraudulently inflated demand for its products. This has shifted the demand
<sup>18</sup> curve, allowing Build-A-Bear to charge higher prices and generate more sales
<sup>19</sup> than would have been possible had it used honest pricing practices.

34. Consumers, like Plaintiff, were deceived by Defendant's
 misleading discounts. They did not receive the substantial savings that were
 advertised, nor were the products actually worth the inflated reference prices.
 Moreover, consumers would not have purchased the products at the purported
 "sale" price but for the misleading reference price.

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The misleading nature of Defendant's reference prices and 1 35. 2 discounts was cleverly disguised and could not be detected by a reasonable 3 consumer exercising due diligence, particularly because the deception was 4 5 hidden over an extended period of time. The only way for a consumer to 6 detect Defendant' deception would be if the consumer meticulously followed 7 the price of the product every day for months, especially for retailers like 8 9 Defendant, who often sells custom items (i.e., items under its own brand).

36. Defendant continues to engage in these deceptive practices on its
website by advertising false reference prices and misleading discounts. There
is no indication that it will voluntarily cease these tactics. Even if it were to
stop temporarily, there is a high risk that it would resume these deceptive
practices in the future.

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38. The advertised reference prices and discounts for Defendant's
products on Defendant's website are misleading. The "sale" price is often
very close to, if not higher than, the true price for these products. The listed
reference price of Defendant's products is inflated and does not reflect the

For example, during the 99-day period from January 1, 2024

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through April 9, 2024, the following products have been offered at a "discount," when in fact they were not sold at the reference price at any point

during that time period:

actual selling price.

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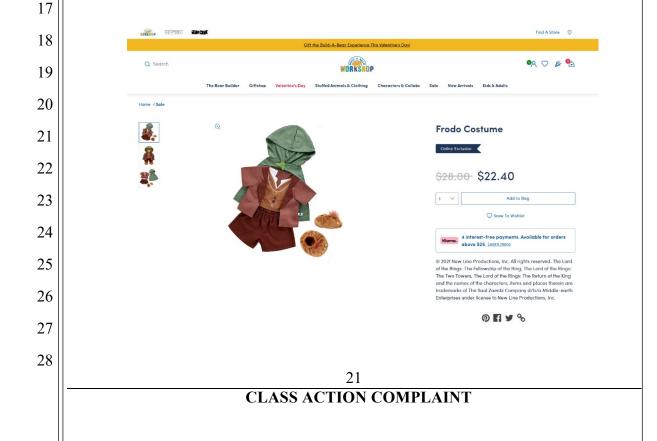
Product Name	Reference Price	Days Sold at Reference Price	Days "On Sale"
Washington Capitals Uniform 3 pc.	\$18	0	98
Los Angeles Kings Uniform 3 pc.	\$18	0	98
Buffalo Sabres Uniform 3 pc.	\$18	0	98
Triceratops Stuffed Animal	\$25.50	0	98
Plush Barbecue Grill Set	\$12.50	0	98
Houston Rockets T-Shirt	\$8	0	98
Chicago Blackhawks Uniform 3 pc.	\$18	0	98
Lovable Lion Stuffed Animal	\$25.50	0	98
Genie Costume 2 pc.	\$18	0	98
Aladdin Costume 3 pc.	\$12.50	0	98
Florida Panthers Uniform 3 pc.	\$18	0	98
The Wizard of Oz Tin Man Costume	\$18	0	98
	20		
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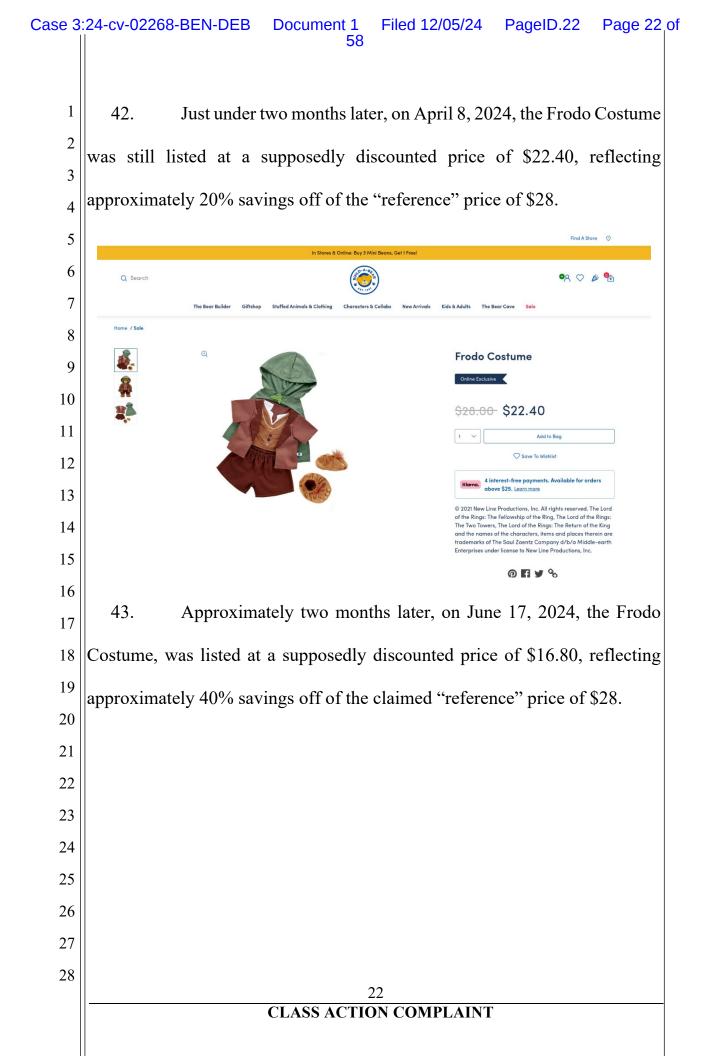
1	The Wizard of Oz Cowardly	\$18	0	98
2	Lion Costume			
	Great Gobbles Turkey Stuffed	\$25.50	0	98
3	Animal			
4	St. Louis Blues Uniform 3	\$18	0	98
5	pc.			
5	Pink Unicorn Basket	\$15	0	98
6		φ <b>ι</b> σ	C C	

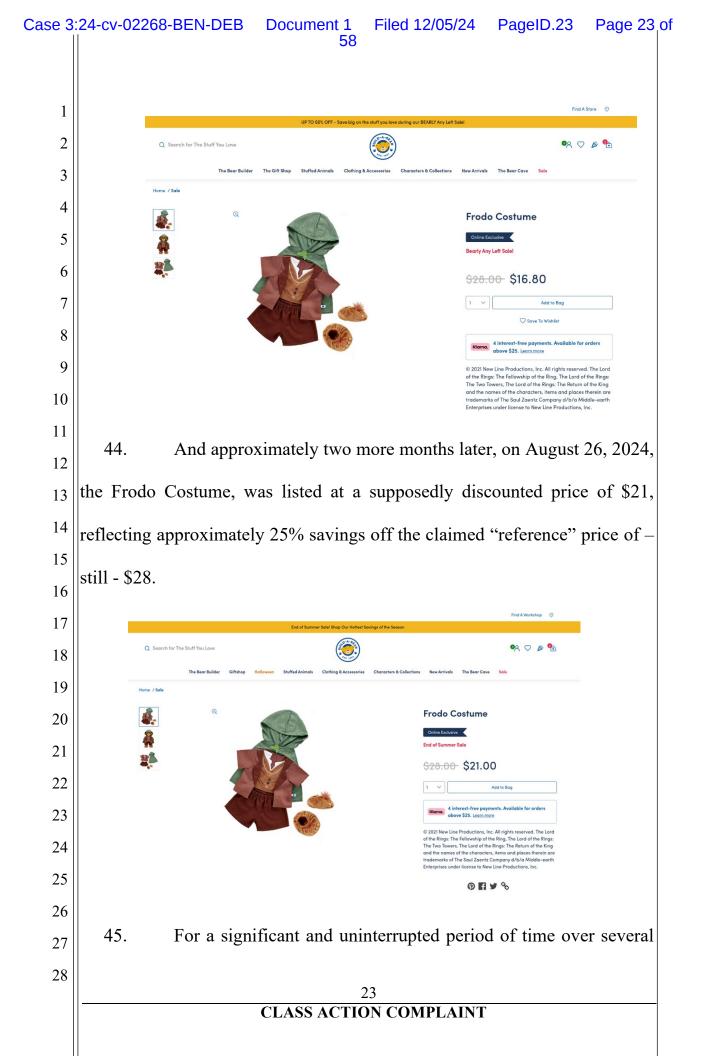
40. The reference chart above contains merely a fraction of those
products listed as "discounted" on Build-A-Bear's website when, in fact, they
were not listed any time for the referenced price in the preceding 90 days.

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41. The below screen shot is an example of how Build-A-Bear's
presents its deceptive pricing to consumers. It shows the Frodo Costume,
listed at a discount price of \$22.40, which reflects approximately 20% savings
off of the "reference" price of \$28. This screenshot is from February 14, 2024.







months, Build-A-Bear ran what appeared to be sales on many of its products.
These supposed discounts were often substantial, reaching up to 50%. Even
though the exact discount amount might fluctuate slightly, the products were
advertised as on "sale;" however, all or nearly all the advertised sale products
are never actually offered for purchase or sold at the reference price.

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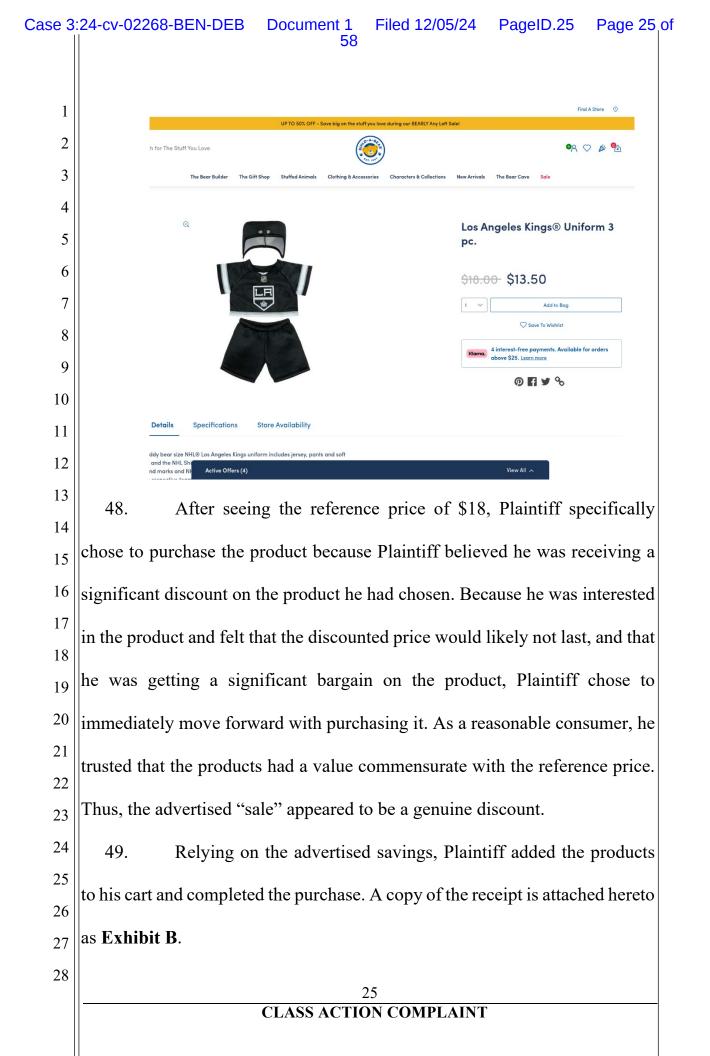
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# IV. PLAINTIFF FELL VICTIM TO DEFENDANT'S DECEPTIVE PRACTICES

46. Plaintiff is, and at all relevant times has been, a resident and
 citizen of the State of California. On or around June 11, 2024, while browsing
 Defendant' website, Plaintiff saw an advertisement boasting significant
 "savings" on various products.

47. Defendant's website presented an original marked-through price,
which was the reference price, to the right of the lower "sale price." The below
image represents what Plaintiff saw when purchasing the outfit:



1 Unbeknownst to Plaintiff, Build-A-Bear rarely, if ever, offered 50. 2 its products at the advertised "regular" reference prices, and did not do so for 3 the product Plaintiff purchased at any time in the 90 days prior to that 4 5 purchase. Simply put, Defendant intentionally deceived Plaintiff. The actual 6 value of the product purchased did not match the inflated reference price 7 Plaintiff was led to believe was the true value of the uniform. Thus, the 8 9 advertised "sale" wasn't a deal, or even a sale, at all.

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<sup>17</sup> 52. Defendant's misrepresentations were material because a
<sup>18</sup> reasonable consumer relies on such information when making purchasing
<sup>20</sup> decisions.

53. As a direct consequence of Defendant' actions, Plaintiff was
financially harmed. Hee would not have purchased the product at the same
price absent Defendant' misrepresentation. The advertised discounts were
illusory, and the products were not worth the reference price listed by
Defendant, as Plaintiff was led to believe.

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54. 1 Moreover, Plaintiff was damaged because Defendant's false 2 pricing scheme inflated the true market value of the item Plaintiff purchased. 3 Even though Defendant's false pricing scheme is pervasive on its website, not 4 5 every advertised sale is in fact false, and as such, without substantial effort, 6 Plaintiff and other consumers cannot know which sales are false and which 7 are true. Thus, Plaintiff is susceptible to this reoccurring harm because he 8 9 cannot be certain that Defendant has corrected the deceptive pricing scheme, 10 and Plaintiff desires to shop at Defendant's website in the future. Plaintiff 11 does not have the resources to always (or even regularly) determine whether 12 13 Build-A-Bear is complying with state and federal law with respect to its 14 pricing practices by watching the price over the course of several months. 15

55. Plaintiff has the legal right – now and in the future – to expect 16 17 truthful and accurate information from Defendant regarding advertised prices 18 and discounts. Plaintiff, and the other members of the Classes, will be harmed 19 if, in the future, they are left to guess as to whether Build-A-Bear is providing 20 21 a legitimate sale, and whether products are actually worth the amount that 22 Defendant is representing. If Plaintiff were to trust that Defendant has 23 reformed its pricing practices and were to purchase again from Defendant, he 24 25 would have no way of knowing if the advertised discounts were legitimate. 26 Plaintiff continues to be interested in purchasing products that are sold by 27

1 Defendant and offered at discounted prices, but he will be unable to trust and 2 rely on Defendant's website pricing. Absent injunctive relief, Plaintiff cannot 3 know whether Defendant's reference prices represent true former prices, and 4 5 the true value of the item, or inflated reference prices employed in order to 6 deceive customers into believing that a legitimate discount is being offered. 7 Thus, Plaintiff will be harmed on an ongoing basis and/or will be harmed once 8 9 or more in the future. 10

56. The deceptive practices described herein are not limited to the specific product Plaintiff purchased or categorical group of products. The misleading advertising and sales tactics employed by Build-A-Bear are systematic and widespread across its entire website, impacting customers nationwide.

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# V. CLASS DEFINITION AND ALLEGATIONS

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57. Plaintiff brings this action pursuant to Rule 23(b)(2) and (b)(3)
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20 of the Federal Rules of Civil Procedure on behalf of himself and on behalf of
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all other persons similarly situated.

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258. Plaintiff proposes the following Class definitions, subject to
24 amendment as appropriate:

Nationwide Class (the "Nationwide Class" or "Class")
All individuals who, within the applicable limitations period, purchased from the Defendant's

Case 3	24-cv-02268-BEN-DEB Document 1 Filed 12/05/24 PageID.29 Page 29 of					
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	<ul> <li>website one or more products that were advertised or promoted by displaying or disseminating a reference price or discount for an item that was not advertised for sale at the reference price at any point in the 90 days preceding their purchase.</li> <li>California Subclass ("California Subclass" or "Subclass")</li> <li>All individuals who, within the applicable limitations period, purchased from the Defendant's website one or more products that were advertised or promoted by displaying or disseminating a reference price or discount for an item that was not advertised for sale at the reference price at any point in the 90 days preceding their purchase.</li> <li>59. Excluded from the Class and Subclass (collectively "Classes") are Defendant, their parents, subsidiaries, affiliates, officers and directors, and judicial officers and their immediate family members and associated court staff assigned to this case.</li> <li>60. Plaintiff reserves the right to modify or amend the definitions of</li> </ul>					
20	appropriate.					
21	61. The proposed Classes meet the criteria for certification under					
22 23	Fed. R. Civ. P. 23(a), (b)(2), and (b)(3).					
24	62. Numerosity: This action is appropriately suited for a class					
25	members is impracticable. Upon information and belief, the proposed Classes					
26 27						
28	29 CLASS ACTION COMPLAINT					

1	contain well over 100 members, and likely thousands of individual purchasers						
2	who have been damaged by Defendant's conduct as alleged herein, the						
3	identity of	whom is within the knowledge of Defendant and can be easily					
4	Identity of	whom is within the knowledge of Defendant and can be easily					
5	determined	determined through Defendant's records.					
6 7	63.	Commonality: This action involves questions of law and fact					
8	common to	the Classes. The common legal and factual questions include, but					
9	are not limi	ited to, the following:					
10	a.	Whether Defendant made false or misleading statements of fact					
11		in its advertisements;					
12	h	Whathen Defendent's religion and estima recording its					
13	b.	Whether Defendant's policies and actions regarding its advertising were unfair, deceptive, or misleading;					
14 15	с.	The accuracy of Defendant's advertised reference prices and					
16		discounts;					
17	d Whether Defendant breached its contract with Plaintiff a						
18							
19	e.	Whether Defendant was unjustly enriched as a result of its actions with respect to reference pricing and discounts					
20		advertised;					
21	f.	Whether the alleged conduct of Defendant violates California					
22		Civil Code §§ 1750 et seq., California Business & Professions					
23		Code §§ 17500 <i>et seq.</i> , California Business & Professions Code §§ 17501 <i>et seq</i> and/or California Business & Professions Code					
24		§§ 17200 et seq.					
25 26	g.	Whether Plaintiff and the members of the Classes have suffered					
26 27		injury and have lost money or property as a result of such false or misleading discounts and reference prices;					
28	or misleading discounts and reference prices;						
20		30					
		CLASS ACTION COMPLAINT					

Case 3:24-cv-02268-BEN-DEB Document 1 Filed 12/05/24 PageID.31 Page 31 of							
1	h. Whether	Defendant shoul	d be enjoined fro	om further en	gaging in		
23		h. Whether Defendant should be enjoined from further engaging in the misconduct alleged herein.					
4		i. Whether Plaintiff and the members of the Classes are entitled to declaratory and injunctive relief and the nature of that relief.					
5							
6	64. <b>Typicalit</b>	y: Plaintiff's cl	aims are typical	of the clain	ns of the		
7	members of the Class	es, because, <i>inte</i>	<i>r alia</i> , Plaintiff a	and all member	ers of the		
8 9	Classes purchased I	Defendant's pro	oducts advertise	d at a disc	ount on		
10	Defendant's website.	Moreover, Plai	ntiff's claims ar	e typical of t	he Class		
11	members' claims because Plaintiff is advancing the same claims and legal						
12 13	theories on behalf of himself and all members of the Classes. In addition,						
14	Plaintiff is entitled to relief under the same causes of action and upon the same						
15	facts as all other members of the proposed Classes.						
16	6						
17	65. Adequacy: Plaintiff will fairly and adequately represent and						
18	protect the interests of the members of the Classes and has retained competent						
19 20	counsel experienced in complex litigation and class action litigation. Plaintiff						
20	has no interacts enterconistic to these of the members of the Classes and						
22	<sup>2</sup> Defendant has no defenses that are unique to Plaintiff.						
23	2366.Superiority: A class action is superior to other methods for the						
24							
25	$_{25}$ fair and efficient adjudication of this controversy. The damages or other						
26	<sup>6</sup> financial detriment suffered by individual class members is relatively small						
27	27						
28			31				
			ON COMPLAINT				

compared to the burden and expense that would be created by individual 1 2 litigation of their claims against Defendant. It would be virtually impossible 3 for a member of the Classes, on an individual basis, to obtain effective redress 4 5 for the wrongs done to him or her. Further, even if the members of the Classes 6 could afford such individualized litigation, the court system could not. 7 Individualized litigation would create the danger of inconsistent or 8 9 contradictory judgments arising from the same set of facts. Individualized 10 litigation would also increase delay and expense to all parties and the court 11 system arising from such individual claims. By contrast, the class action 12 13 device provides the benefits of adjudication of these issues in a single 14 proceeding, economies of scale, and comprehensive supervision by a single 15 court, and presents no management difficulties under the circumstances here. 16 17 67. Plaintiff seeks monetary damages, including compensatory 18 damages on behalf of the Classes, and other equitable relief on grounds 19 generally applicable to the Classes as a whole and to the public. Unless a Class 20 21 is certified, Build-A-Bear will be allowed to profit from its unfair and 22 unlawful practices, while Plaintiff and the members of the Classes will have 23 suffered damages. Unless a Class-wide injunction is issued, Build-A-Bear 24 25 will likely continue to benefit from the violations alleged, and the members 26 of the Classes and the general public will likely continue to be victimized. 27

### 32 CLASS ACTION COMPLAINT

168.Build-A-Bear has acted and refused to act on grounds generally2applicable to the Classes, making final injunctive relief appropriate with3respect to the Classes as a whole.

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69. All applicable statutes of limitations have been tolled by the
delayed discovery doctrine. Plaintiff and members of the Classes could not
have reasonably discovered Defendant's practice of running perpetual and/or
extended sales, based on deceptive reference prices and deceptive sale prices,
at any time prior to commencing this class action litigation.

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70. A reasonable consumer viewing Build-A-Bear's website on 12 13 multiple occasions would simply believe that a product just happens to be on 14 sale when the consumer is on the website. Short of visiting and checking the 15 website for months continuously or creating automated means of recording 16 17 the price over a substantial period of time, a reasonable consumer would not 18 suspect that Defendant's sales and pricing practices were false or misleading. 19 Nor would a reasonable consumer be able to ascertain the true value of the 20 21 products being sold absent extensive investigation, which reasonable 22 consumers would not be on notice to have to do. 23

Plaintiff did not learn of Defendant's deceptive practices alleged
 herein until shortly before retaining counsel in this action.

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72. As a result, any and all applicable statutes of limitations

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<sup>1</sup> otherwise applicable to the allegations herein have been tolled.

### **CAUSES OF ACTION**

# <u>COUNT I</u> FRAUD – INTENTIONAL MISREPRESENTATION AND OMISSION (On behalf of Plaintiff and the Class)

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73. Plaintiff repeats and realleges each and every allegation
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contained in paragraphs 1–72 as if fully set forth herein.

Defendant made false and misleading statements of fact and 74. 10 11 material omissions concerning the existence reference prices and the amounts 12 of price reductions. These representations were false because the false 13 reference prices advertised in connection with products offered on the website 14 15 misled, and continue to mislead, consumers into believing the products were 16 previously sold on the website at the higher reference prices, when in fact they 17 were not. Defendant knew that these representations were false at the time 18 19 that it made them and/or acted recklessly in making the misrepresentations.

20 75. Defendant had a duty to accurately disclose the truth about its 21 pricing information, including that the reference prices advertised on the 22 23 website were not truly former prices and that the "discount" price advertised 24 was not truly a discount. Reasonable consumers were likely to be deceived, 25 and were deceived, by Defendant's failure to disclose material information. 26 27 Defendant knew that the items Plaintiff and the members of the 76.

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Class purchased had rarely, if ever, been offered or sold on the website at the
 higher reference price in the recent past.

- 4 77. Defendant's representations were made with the intent that
  5 Plaintiff and the members of the Class would rely on the false representations
  6 and spend money they otherwise would not have spent, purchase items they
  7 otherwise would not have purchased, and/or spend more money for an item
  9 than they otherwise would have absent the deceptive pricing scheme.
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  178. Defendant employed this scheme in order to incentivize
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- 14 79. Defendant intended that Plaintiff, and all members of the Class, 15 rely on its false representations. Plaintiff and all members of the Class 16 17 reasonably relied on Defendant's representations. Absent Defendant's 18 misrepresentations, Plaintiff and the members of the Class would not have 19 purchased the items from Defendant, or, at the very least, they would not have 20 21 paid as much for the items as they ultimately did. Plaintiff's and the Class 22 members' reliance was a substantial factor in causing their harm. 23

80. Had the true reference price not been omitted, Plaintiff and the
 members of the Class reasonably would have behaved differently. Among
 other things, they would not have purchased the items they purchased from

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Defendant or, at the very least, would not have paid as much for the items as they ultimately did.

- 4 81. As a direct and proximate result of the above, Plaintiff and the
  5 members of the Class have suffered damages because: (a) they would not have
  6 purchased Defendant's products if they had known that the representations
  7 were false, and/or (b) they overpaid for the products because the products
  9 were sold at a premium price due to the misrepresentations.
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  12
  11 punitive or exemplary damages. Defendant, through senior executives and
  13 officers, undertook the illegal acts intentionally or with conscious disregard
  14 of the rights of Plaintiff and the Class, and did so with fraud, malice, and/or
  16 oppression.
- 17 Based on the allegations above, Defendant's actions were 83. 18 fraudulent because Defendant intended to and did deceive and injure Plaintiff 19 and the members of the Class. Based on the allegations above, Defendant's 20 21 conduct was made with malice because Defendant acted with the intent to 22 cause and did cause injury to Plaintiff and all members of the Class, and 23 because Defendant willfully and knowingly disregarded the rights of Plaintiff 24 25 and all members of the Class. 26

# <u>COUNT II</u> NEGLIGENT MISREPRESENTATION

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## (On behalf of Plaintiff and the Class)

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 $\begin{vmatrix} 2 \\ 3 \\ 4 \end{vmatrix}$  84. Plaintiff repeats and realleges each and every allegation contained in paragraphs 1 – 83 as if fully set forth herein.

5 85. As alleged more fully herein, Defendant made false or 6 misleading statements and/or material omissions of fact concerning the 7 existence of and the amounts of price reductions because Defendant falsely 8 9 represents the products as on sale, when in truth the reference price was a 10 fictitious price, rendering the purported "sale" a fictitious discount. When 11 Defendant made these misrepresentations, it knew or should have known that 12 13 they were false. Defendant had no reasonable grounds for believing that these 14 representations were true when made. 15

86. By choosing to advertise a reference price, Defendant had a duty
to accurately disclose the truth about its pricing, including the fact that the
reference prices advertised and published on the website were not truly former
prices and that the "discount" price advertised was not a true discount.

87. Defendant knew its sales were falsely advertised with a false
reference price. Defendant also knew or should have known that the reference
prices were not the prevailing market prices or true value of the products.
Defendant further knew that the items Plaintiff and the Class purchased had
rarely, if ever, been offered or sold on the website at the false reference price.

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 88. Defendant had no good faith or reasonable basis to believe that

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 its representations were true when made.

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89. Defendant's representations were made with the intent that
Plaintiff and the members of the Class rely on the false representations and
spend money they otherwise would not have spent, purchase items they
otherwise would not have purchased, and/or spend more money for an item
than they otherwise would have absent the deceptive pricing scheme.

- 90. Class-wide reliance can be inferred because Defendant's
   misrepresentations were material, i.e. a reasonable consumer would consider
   them important in deciding whether to buy Defendant' products.
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  92. Defendant engaged in this fraud to the Plaintiff and the Class
  20 members' detriment to increase Defendant's own sales and profits.

93. Plaintiff and the members of the Class reasonably relied on
Defendant's representations. Absent Defendant's misrepresentations,
Plaintiff and the members of the Class would not have purchased the items
they purchased from Defendant, or, at the very least, they would not have paid
as much for the items as they ultimately did. Plaintiff and the Class members'

<sup>1</sup> reliance was a substantial factor in causing them harm.

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94. Had the omitted information been disclosed, Plaintiff and the
members of the Class reasonably would have behaved differently. Among
other things, they would not have purchased the items they purchased from
Defendant or, at the very least, would not have paid as much for the items as
they did.

9 95. As a direct and proximate result of the above, Plaintiff and the
10 members of the Class have suffered damages because they would not have
11 purchased Defendant's products if they had known that the representations
13 were false, and/or they overpaid for the products because the products were
14 sold at a price premium due to the misrepresentations.

## <u>COUNT III</u> BREACH OF CONTRACT (On behalf of Plaintiff and the Class)

96. Plaintiff repeats and realleges each and every allegation
contained in paragraphs 1–95 as if fully set forth herein.

97. Defendant offered products for sale to Plaintiff and the members
of the Class under the terms advertised on Defendant's website.

98. The terms of Defendant's offer provided that Defendant would
sell Plaintiff and the members of the Class products that have a market value
equal to the reference prices displayed. The terms also required that

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Defendant provide Plaintiff and the members of the Class with the discount
 listed on Defendant's website.

 $\frac{4}{99}$ . The specific discount was a material term of each contract.

5 100. The terms of the offer also provided that Plaintiff and the
 6 members of the Class would pay Defendant for the products purchased.

8 101. Plaintiff and the members of the Class accepted Defendant's
 9 offer and paid Defendant for the products they ordered, thereby satisfying all
 10 conditions of their contracts.

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102. Defendant breached the contracts with Plaintiff and the members
 of the Class by failing to provide products that had a market value equal to
 the reference price displayed on its website, and by failing to provide the
 promised discount.

17 103. As a direct and proximate result of Defendant's breaches,
18 19 Plaintiff and the members of the Class were deprived of the benefit of their
20 bargained-for exchange, and have suffered damages in an amount to be
21 established at trial.

# <u>COUNT IV</u> UNJUST ENRICHMENT (On behalf of Plaintiff and the members of the Class)

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 <sup>104.</sup> Plaintiff repeats and realleges each and every allegation
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- 1105.Plaintiff brings this claim in the alternative to the contract-based2claims, including her breach of contract claim.
- 4 106. Plaintiff brings this claim individually and on behalf of the
  5 members of the Class against Defendant.

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6 107. Plaintiff and the members of the Class conferred a benefit on
7 Defendant, which Defendant knew about, when it initiated its false pricing
9 scheme.

10 108. Plaintiff and members of the Class were, and many continue to 11 be, consumers of Defendant's products. They reasonably believed that 12 13 Defendant would not falsely advertise discounted products. Plaintiff and 14 members of the Class suffered financial losses when they were deceived into 15 purchasing products that they reasonably believed to be on sale. By inflating 16 17 the reference price and then offering a "sale," Defendant creates a false sense 18 of urgency, a misleading perception of value, and a misleading perception of 19 savings, tricking customers into paying more than they should or would for 20 21 Defendant's product. Customers who rely on advertised sales to make 22 informed decisions are deceived into paying a premium for the product and 23 do not receive a product worth as much as Defendant represented the product 24 25 to be worth. 26 This deceptive practice undermines fair competition and allows 109. 27

Defendant to profit unfairly. Defendant has accepted and retained these
 benefits as a result of its sales of merchandise offered at a false discounted
 price, making Defendant's retention of them unjust.

5 110. By its wrongful acts and omission described herein, including
6 engaging in deceitful and misleading advertising practices by using false
7 discounts to lure in consumers to purchase products they would not have
9 otherwise purchased or for amounts they would not have otherwise paid,
10 Defendant was unjustly enriched at the expense of Plaintiff and the members
12 of the Class.

13 111. Plaintiff's and the Class members' detriment, and Defendant's
14 enrichment, were related to and flowed from the wrongful conduct alleged in
16 this Complaint.

17 112. Defendant has profited from its unlawful, unfair, misleading, and
18 deceptive practices at the expense of Plaintiff and the members of the Class.
20 It would be inequitable for Defendant to retain the profits, benefits, and other
21 compensation obtained from its wrongful conduct described herein.

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114. Plaintiff and the members of the Class are entitled to recover
 from Defendant all amounts wrongfully collected and improperly retained by

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Defendant. 1 2 115. As a direct and proximate result of Defendant's wrongful 3 conduct and unjust enrichment, Plaintiff and the members of the Class are 4 5 entitled to restitution of, disgorgement of, and/or imposition of a constructive 6 trust upon all profits, benefits, and other compensation obtained by Defendant 7 for its inequitable and unlawful conduct. 8 9 COUNT V VIOLATION OF CALIFORNIA'S CONSUMER LEGAL REMEDIES 10 ACT ("CLRA") 11 Cal. Civ. Code §§ 1750 et seq. (On behalf of Plaintiff and the California Subclass) 12 13 Plaintiff repeats and realleges each and every allegation 116. 14 contained in paragraphs 1–115 as if fully set forth herein. 15 117. Plaintiff brings this claim individually and on behalf of the 16 17 members of the California Subclass against Defendant. 18 Plaintiff and all members of the California Subclass are 118. 19 'persons" and "consumers" as defined in Cal. Civ. Code § 1761(d). 20 21 119. Defendant is a "person" as defined in Cal. Civ. Code § 1761(c). 22 120. The products purchased by Plaintiff and the members of the 23 California Subclass from Defendant are "goods" as defined by Cal. Civ. Code 24 25 § 1761(a). 26 Plaintiff's and the California Subclass members' purchases from 121. 27 28 43 **CLASS ACTION COMPLAINT** 

Defendant constitute "transactions," as defined by Cal. Civ. Code § 1761(e). 1 2 122. The CLRA prohibits "unfair methods of competition and unfair 3 or deceptive acts or practices undertaken by any person in a transaction 4 5 intended to result or which results in the sale or lease of goods or services to 6 any consumer." Cal. Civ. Code § 1770. 7 123. As alleged herein, Defendant engaged in unfair and deceptive 8 9 acts or practices insofar as they made and disseminated false and misleading 10 statements of facts in its advertisements to class members by using false 11 reference prices and advertising fake discounts in violation of the CLRA. See 12 13 Id. 14 124. Defendant's conduct as described herein was and is in violation 15 of the CLRA. Defendant's conduct violates at least the following enumerated 16 17 CLRA provisions: 18 a. Cal. Civ. Code § 1770(a)(5): Representing that goods or 19 services have characteristics, uses, benefits, or quantities that they do not have or that a person has a sponsorship, 20 approval, status, affiliation, or connection that the person 21 does not have; 22 b. Cal. Civ. Code § 1770(a)(9): Advertising goods or 23 services with intent not to sell them as advertised; and 24 c. Cal. Civ. Code § 1770(a)(13): Making false or 25 misleading statements of fact concerning reasons for, existence of, or amounts of price reductions. 26 27 125. Defendant has violated Section 1770(a)(5) by representing that 28 44 **CLASS ACTION COMPLAINT** 

products offered for sale on its website have characteristics or benefits that
they do not have. Specifically, Defendant represents that the value of their
products is greater than it actually is by advertising inflated reference prices
and false discounts.

- <sup>6</sup> 126. Defendant has violated Section 1770(a)(9) by advertising its
  <sup>7</sup> products as being offered at a discount, when in fact Defendant does not
  <sup>9</sup> intend to sell the products at a discount.
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   127. Defendant has violated Section 1770(a)(13) by misrepresenting
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   12 the regular reference price of products on the Build-A-Bear's website and by
   13 advertising false discounts and savings.
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   129. Defendant's misrepresentations were likely to deceive, and did
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   deceive, Plaintiff and reasonable consumers. Defendant knew, or should have
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   known, that these statements were inaccurate and misleading.

130. Defendant's misrepresentations were intended to induce
 reliance, and Plaintiff reasonably relied on them when making her purchase.
 Defendant's misrepresentations were a substantial factor in Plaintiff's
 purchase decision.

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1 131. Defendant's deceptive practices significantly impacted Plaintiff 2 and the members of the California Subclass. The misleading information 3 presented was material, meaning a reasonable person would consider it 4 5 heavily when deciding to buy products. This false information directly caused 6 financial harm. Plaintiff and the members of California Subclass ended up 7 purchasing goods they otherwise would not have purchased or spending more 8 9 than the products' true value.

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 132. Class-wide reliance can be inferred because Defendant's
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 misrepresentations were material, in that a reasonable consumer would
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 consider them important when deciding whether to buy a product and how
 14
 much to pay for a product.

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 133. Defendant's misrepresentations were a substantial factor and
 17
 proximate cause in causing damages and losses to Plaintiff and the members
 18
 of the California Subclass.

134. Plaintiff and the members of the California Subclass were injured
as a direct and proximate result of Defendant's conduct because they would
not have purchased the products if they had known the truth, and/or they
overpaid for the products because the products were sold at a price premium
due to the misrepresentation.

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Accordingly, pursuant to Cal. Civ. Code § 1780(a)(2), Plaintiff,
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on behalf of himself and all other members of the California Subclass, seeks
injunctive relief.

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136. The practices outlined above have caused significant harm to 4 5 Plaintiff, the California Subclass, and the public at large. Plaintiff and the 6 California Subclass members' injuries were proximately caused by 7 Defendant's unlawful and deceptive business practices. These unlawful and 8 9 unfair practices are ongoing and will likely continue unless stopped. 10 Therefore, Plaintiff seeks a permanent injunction to prevent Defendant from 11 engaging in such deceptive tactics. Additionally, Plaintiff seeks compensation 12 13 for attorney fees and costs incurred. Finally, under the CLRA, Plaintiff seeks 14 a public injunction to protect the general public from Defendant' misleading 15 advertising and omissions. 16

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137. Pursuant to Cal. Civ. Code § 1782(a), on July 31, 2024,
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Plaintiff's counsel served Defendant with notice of its CLRA violations by
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138. Defendant has failed to provide appropriate relief for their CLRA
violations within 30 days of its receipt of Plaintiff's demand notice.
Accordingly, pursuant to §§ 1780 and 1782(b) of the CLRA, Plaintiff is
entitled to recover actual damages, punitive damages, attorneys' fees and

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1 costs, and any other relief the Court deems proper. 2 COUNT VI 3 VIOLATION OF CALIFORNIA'S FALSE ADVERTISING LAW ("FAL") 4 Cal. Bus. & Prof. Code §§ 17501 et seq. 5 (On behalf of Plaintiff and the California Subclass) 6 Plaintiff repeats and realleges each and every allegation 139. 7 contained in paragraphs 1–138 as if fully set forth herein. 8 9 140. Plaintiff brings this claim individually, and on behalf of the 10 members of the California Subclass against Defendant. 11 141. Defendant has violated Section 17501 of the California Business 12 13 and Professions Code. 14 142. Defendant has engaged in false or misleading advertising in 15 violation of the FAL. Defendant advertised, and continues to advertise, 16 17 reference prices and "sale" prices that are false, misleading and/or have the 18 tendency and likelihood to deceive reasonable consumers. Brady v. Bayer 19 Corp., 26 Cal. App. 5th 1156, 1173 (2018) ("these laws prohibit 'not only 20 21 advertising which is false, but also advertising which[,] although true, is either 22 actually misleading or which has a capacity, likelihood or tendency to deceive 23 or confuse the public."). To state a claim under the FAL "it is necessary only 24 25 to show that "members of the public are likely to be deceived." Id. (citations 26 omitted). 27 28 48 **CLASS ACTION COMPLAINT** 

1 143. Defendant engaged in deceptive advertising practices within 2 California and nationwide. These practices involved promoting its products 3 through online platforms that contained untrue or misleading statements about 4 5 the advertised goods. Notably, Defendant knew, or should have known with 6 reasonable diligence, the information they disseminated was inaccurate. 7 144. As alleged more fully above, Defendant advertises reference 8 9 prices on its website along with discounts. 10 The reference prices advertised by Defendant were not the 145. 11 prevailing market prices for the products within three months preceding 12 13 publication of the advertisement. 14 146. Defendant's reference price advertisements do not state clearly, 15 exactly, and conspicuously when, if ever, the former reference prices 16 17 prevailed. Indeed, the advertisements do not indicate whether or when the 18 purported former reference prices were offered at all. 19 147. The deceptive advertising practices employed by Defendant led 20 21 Plaintiff and the members of the California Subclass to make decisions based 22 on inaccurate information. Defendant's misrepresentations were intended to 23 induce reliance, and Plaintiff reasonably relied on these misrepresentations 24 25 when making her purchase decision. 26 Class-wide reliance can be inferred because Defendant's 148. 27 28 49 **CLASS ACTION COMPLAINT** 

1 ||misrepresentations were material.

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<sup>149.</sup> Defendant's misrepresentations were a substantial factor and proximate cause in damages to Plaintiff and the members of the California
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150. Plaintiff and the members of the California Subclass were injured
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8 as a direct and proximate result of Defendant' conduct because they would
9 not have purchased the products if they had known the truth, and/or they
10 overpaid for the products because the products were sold at a price premium
11 due to the misrepresentation.

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 COUNT VII
 Violation of California's False Advertising Law, Bus & Prof. Code §§17500 et seq.
 (On behalf of Plaintiff and the California Subclass)

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 151. Plaintiff repeats and realleges each and every allegation
 18 contained in paragraphs 1–150 as if fully set forth herein.

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152. Plaintiff brings this claim individually and on behalf of the
20
California Subclass.

153. Defendant has violated Section 17500 of the California Business
 and Professions Code.

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<sup>1</sup> prices and false discounts regarding its products.

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<sup>155.</sup> Defendant's representations were likely to deceive, and did
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  156. Defendant's misrepresentations were intended to induce
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  Plaintiff's purchase decision.
- 12 157. Class-wide reliance can be inferred because Defendant's
   <sup>13</sup> misrepresentations were material in that they concerned the price of the
   <sup>14</sup> product.
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   158. Defendant's misrepresentations were a substantial factor and
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   Subclass.
- 159. Plaintiff and the members of the California Subclass were injured
  as a direct and proximate result of Defendant's conduct because they would
  not have purchased the products if they had known the truth, and/or they
  overpaid for the products because the products were sold at a price premium
  due to the misrepresentation.
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#### <u>COUNT VIII</u> VIOLATION OF CALIFORNIA UNFAIR COMPETITION LAW

1 ("UCL") Bus. Prof. Code §§ 17200, et seq. 2 (On behalf of Plaintiff and the California Subclass) 3 Plaintiff repeats and realleges each and every allegation 160. 4 5 contained in paragraphs 1–159 as if fully set forth herein. 6 161. Plaintiff brings this claim individually and on behalf of himself 7 and all members of the California Subclass. 8 9 The UCL prohibits and provides civil remedies for unfair 162. 10 competition. Its purpose is to protect both consumers and competitors by 11 promoting fair competition in commercial markets for goods and services. In 12 13 service of that purpose, the California legislature framed the UCL's 14 substantive provisions in broad, sweeping language. By defining unfair 15 competition to include any "any unlawful, unfair or fraudulent business act or 16 17 practice," the UCL permits violations of other laws to serve as the basis of an 18 independently actionable unfair competition claim and sweeps within its 19 scope acts and practices not specifically proscribed by any other law. 20 21 163. Defendant's acts and omissions alleged herein, specifically 22 Defendant's violations of the CLRA and FLA, constitute unfair competition 23 and/or unlawful, unfair, or fraudulent business practices in violation of the 24 25 UCL. 26 Defendant's actions and omissions have violated, and continue 164. 27 28 52 **CLASS ACTION COMPLAINT** 

to violate, the "unlawful" prong of the UCL by creating misleading 1 2 advertisements with inflated reference prices and false discounts. 3 Additionally, Defendant has engaged in deceitful practices as outlined in Cal. 4 5 Civ. Code §§ 1705, 1709, and 1713. Further, Defendant engaged in unlawful 6 conduct by violating the Federal Trade Commission Act ("FTCA"), which 7 prohibits "unfair or deceptive acts or practices in or affecting commerce" and 8 9 prohibits the dissemination of false advertisements. 15 U.S.C. § 45(a)(1), 15 10 U.S.C. § 52(a). As the FTC's regulations make clear, Defendant's false 11 pricing scheme violates the FTCA. 16 C.F.R. §§ 233.1, et seq. 12

13 165. As further alleged herein, Defendant's conduct also violates the
14 "deceptive" prong of the UCL in that Defendant' representations that its
16 products were on sale, that the sale was limited in time, that the products had
17 a specific regular price, and that the customers were being offered discounts
18 from a higher value, were false and misleading.

166. Defendant's material misrepresentations, omissions, and lack of
 disclosure are likely to mislead reasonable and potential customers, along
 with the general public. These practices are inherently deceptive and mislead
 consumers.

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1 168. Defendant's misrepresentations and omissions are significant 2 because a reasonable consumer would consider this information when making 3 purchasing decisions. Plaintiff reasonably relied upon this misleading 4 5 information and would have acted differently if she had been presented with 6 accurate details. Similarly, class-wide reliance can be inferred because 7 Defendant's misrepresentations were material in that they concerned the price 8 9 of the product. 10 169. Defendant's conduct, as alleged above, was immoral, unethical, 11 oppressive, unscrupulous, and substantially injurious to consumers. 12 13 170. Defendant violated the "unfair" prong of the UCL by falsely 14 representing that that its products were on sale, that the sale was limited in 15 time, that the products had a regular reference price higher than the sale price, 16 17 and that the customers were receiving discounts. 18 171. Defendant violated established public policy by violating the 19 CLA, the FAL, and the FTCA. 20 21 172. Defendant's misrepresentations and omissions resulted in it 22 receiving more money from Plaintiff and the members of the California 23 Subclass than it rightfully deserved. This money is subject to restitution. As 24 25 a direct consequence of Defendant's unfair, unlawful, and deceptive 26 practices, Plaintiff and the members of the California Subclass suffered 27 28

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as a direct and proximate result of Defendant's conduct because they would

not have purchased the products if they had known the truth, and/or they

Plaintiff and the members of the California Subclass were injured

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overpaid for the products because the products were not worth the "regular" reference price represented by Defendant. 174. The harm to Plaintiff and the members of the California Subclass

financial losses.

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9 174. The harm to Plaintiff and the members of the California Subclass
10 greatly outweighs the public utility of Defendant's conduct. False statements
11 in connection with the sale of consumer products harms consumers and
13 injures competition. There is no public utility to misrepresenting the price of
14 a consumer product. This injury was not outweighed by any countervailing
16 benefits to consumers or competition.

17
175. Plaintiff and the members of the California Subclass could not
18
19
18 have reasonably avoided the injury caused by Defendant.

176. Without an injunction, Defendant will continue to harm Plaintiff,
 the members of the California Subclass, and prospective consumers at large.
 Defendant's misrepresentations and omissions are ongoing, and even if it
 were to stop temporarily, there is a risk of it repeating these deceptive
 practices.

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27 177. Plaintiff, on behalf of himself and all members of the California

Subclass, seeks public injunctive relief under the UCL to safeguard the
 general public from Defendant's deceptive discount advertising and
 misleading omissions.

5 178. Defendant's actions have caused substantial harm to Plaintiff, the
6 California Subclass, and the public. These practices are ongoing and are likely
8 to continue unless stopped.

9 179. Therefore, Plaintiff seeks a permanent injunction to prevent 10 Defendant from engaging in such unlawful, unfair, and fraudulent business 11 practices. Additionally, Plaintiff seeks restitution for the California Subclass 12 13 in an amount to be determined at trial, as well as attorney fees and costs under 14 Cal. Code Civ. Proc. § 1021.5. Further Plaintiff, on behalf of the members of 15 the California Subclass, requests that he be awarded all relief as may be 16 17 available by law, pursuant to Cal. Bus. Prof. Code § 17203.

#### **PRAYER FOR RELIEF**

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WHEREFORE, Plaintiff respectfully requests that the Court enter
 judgment against Defendant as follows:

A. Certifying this action as a class action under Rule 23(b)(2) and (b)(3) of the Federal Rules of Civil Procedure and naming Plaintiff as a representative of the Classes and Plaintiff's undersigned attorneys as Class

Case 3	:24-cv-02268	-BEN-DEB Docume	ent 1 58	Filed 12/05/24	PageID.57	Page 57 of
1 2 3	Counsel to r B.	represent the Classes For an Order declari		t Defendant' cor	nduct violated	l the laws
4	referenced l	nerein;				
5	C.	For an Order findin	g in fa	vor of Plaintiff	and the Class	ses on all
6 7	counts asser	rted herein;				
8	D.	For an Order awar	ding a	ctual, statutory	, treble, and	punitive
9	damages as applicable;					
10 11	E.	For an Order award	ing pre	-judgment and j	post-judgmen	t interest
12	on all amou	nts awarded;				
13	F.	For injunctive relief	as plea	aded or as the Co	ourt may deer	n proper;
14 15	G.	For disgorgement ar	nd rest	itution to Plainti	ff and the me	mbers of

 $\frac{16}{16}$  the Classes of all monies received or collected from Plaintiff and the members

<sup>17</sup> of the Classes and all other forms of equitable relief;

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H. For an Order awarding reasonable attorneys' fees and expenses
and costs of suit; and

I. For such other and further relief as the Court may deem proper.

## **DEMAND FOR JURY TRIAL**

Plaintiff hereby demands trial by jury as to all triable issues.

Dated: December 5, 2024 Respectfully submitted,

57 CLASS ACTION COMPL

Case 3:24-cv-02268-BEN-DEB	

ase 3	:24-cv-02268-BEN-DEB	Document 1 58	Filed 12/05/24	PageID.58	Page 58 of
1 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28	24-cv-02268-BEN-DEB	58 <u>By: /s/</u> Kyle M Lisa R David Leslie 700 Fl Suite I Los Ar Teleph Facsin Email: Email: Email: Attorn Class	<i><u>Kyle McLean</u></i> McLean (SBN 33 . Considine* J. DiSabato* L. Pescia* ower Street	30580)) 30580)) 091 67 1p.com illp.com 1lp.com 1lp.com <i>ff and the</i>	
			58 DN COMPLAINT		

# JS 44 (Rev. 03/2) ase 3:24-cv-02268-BEN-DE CIVERENT SHEET 12/05/24 PageID.59 Page 1

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.)* 

purpose of initiating the civil do	ocket sheet. (SEE INSTRUC	TIONS ON NEXT PAGE C	OF THIS FO	DRM.)						
I. (a) PLAINTIFFS DEFENDANTS					NTS					
CAMERON PEREZ, individually and on behalf of all others similarly situated				BUILD-A-BEAR WORKSHOP, INC						
(b) County of Residence of First Listed Plaintiff <u>San Diego County</u> , (EXCEPT IN U.S. PLAINTIFF CASES)			<u>, CA</u>	County of Resid		(IN U.S. PI	ed Defendant S LAINTIFF CASES C ON CASES, USE T	· · · · · · · · · · · · · · · · · · ·		
				THE T	RACT OI	F LAND IN	VOLVED.	THE ECCATION	01	
	Address, and Telephone Number		,	Attorneys (If Ki	nown)		'24CV22	68 BEN D	DEB	
Suite 1000, Los	Angeles, CA 90017;	Tel: 212-532-10	91							
II. BASIS OF JURISD	ICTION (Place an "X" in (	One Box Only)	III. CI	<b>FIZENSHIP O</b> (For Diversity Cases)		NCIPA		(Place an "X" in and One Box for		
1       U.S. Government       3       Federal Question         Plaintiff       (U.S. Government Not a Party)		Citize	n of This State	<b>PTF</b> 1	<b>DEF</b> 1	Incorporated or Pr of Business In 7		<b>PTF</b> 4	<b>DEF</b> 4	
2 U.S. Government Defendant	× 4 Diversity (Indicate Citizenshi)	p of Parties in Item III)	Citize	n of Another State	2	2	Incorporated and I of Business In A		5	<b>X</b> 5
				n or Subject of a reign Country	3	3	Foreign Nation		6	6
IV. NATURE OF SUIT		ly) RTS	EC	RFEITURE/PENAL			for: <u>Nature of S</u> KRUPTCY		scription STATUT	
110 Insurance 120 Marine 130 Miller Act 140 Negotiable Instrument	PERSONAL INJURY 310 Airplane 315 Airplane Product Liability	PERSONAL INJUR 365 Personal Injury - Product Liability 367 Health Care/	Y 62	5 Drug Related Seizur of Property 21 USC 0 Other	re	422 App 423 With 28 U	eal 28 USC 158	375 False ( 376 Qui Ta 3729(	Claims Act am (31 USC	2
<ul> <li>150 Recovery of Overpayment &amp; Enforcement of Judgment</li> <li>151 Medicare Act</li> <li>152 Recovery of Defaulted Student Loans (Excludes Veterans)</li> <li>153 Recovery of Overpayment of Veteran's Benefits</li> <li>160 Stockholders' Suits</li> <li>190 Other Contract</li> <li>195 Contract Product Liability</li> <li>196 Franchise</li> </ul>	<ul> <li>320 Assault, Libel &amp; Slander</li> <li>330 Federal Employers' Liability</li> <li>340 Marine</li> <li>345 Marine Product</li> <li>Liability</li> <li>350 Motor Vehicle</li> <li>355 Motor Vehicle</li> <li>Product Liability</li> <li>360 Other Personal</li> <li>Injury</li> <li>362 Personal Injury - Medical Malpractice</li> </ul>	Pharmaceutical Personal Injury Product Liability 368 Asbestos Personal Injury Product Liability <b>PERSONAL PROPER'</b> 370 Other Fraud 371 Truth in Lending 380 Other Personal Property Damage 385 Property Damage Product Liability	<b>TY</b> 71 72 74	LABOR 0 Fair Labor Standard Act 0 Labor/Management Relations 0 Railway Labor Act 1 Family and Medical Leave Act		PROPE           820 Cop           830 Pate           835 Pate           New           840 Trac           880 Defi           Act           SOCIA           861 HIA           862 Blac           863 DIW	ERTY RIGHTS over the second se	410 Antitru 430 Banks 450 Comm 460 Depor 470 Racke Corrup 480 Consu (15 U) 485 Teleph Protec 490 Cable/ 850 Securi Excha	and Bankin terce tation to Organizat mer Credit SC 1681 or toone Consu tion Act 'Sat TV ties/Commo	ng need and tions • 1692) mer odities/
REAL PROPERTY         210 Land Condemnation         220 Foreclosure         230 Rent Lease & Ejectment         240 Torts to Land         245 Tort Product Liability         290 All Other Real Property	CIVIL RIGHTS 440 Other Civil Rights 441 Voting 442 Employment 443 Housing/ Accommodations 445 Amer. w/Disabilities - Employment 446 Amer. w/Disabilities - Other 448 Education	PRISONER PETITION         Habeas Corpus:         463 Alien Detainee         510 Motions to Vacate Sentence         530 General         535 Death Penalty         Other:         540 Mandamus & Other         550 Civil Rights         555 Prison Condition         560 Civil Detainee - Conditions of Confinement	79 46	0 Other Labor Litigati 1 Employee Retirement Income Security Ac IMMIGRATION 2 Naturalization Appl 5 Other Immigration Actions	nt	FEDER/ 870 Tax or I 871 IRS	(405(g)) AL TAX SUITS es (U.S. Plaintiff Defendant) —Third Party USC 7609	895 Freedo Act 896 Arbitra 899 Admir Act/Re Agenc	onmental M om of Information histrative Pr eview or Ap y Decision tutionality	latters mation rocedure opeal of
	noved from 3 I te Court 2	Remanded from	4 Reins Reop	ened A	ransferre nother D <i>pecify)</i>	District	6 Multidistr Litigation Transfer		Multidis Litigatio Direct F	n -
VI. CAUSE OF ACTIO	<b>DN</b> 28 U.S.C. § 1332 Brief description of ca	tute under which you ar use: esentation, Breach of Co			nal statute	es unless di	versity):			
VII. REQUESTED IN COMPLAINT:	CHECK IF THIS UNDER RULE 23	IS A <b>CLASS ACTION</b> 3, F.R.Cv.P.	•	E <b>MAND \$</b> 00000			HECK YES only URY DEMAND:	_	n complai	nt:
VIII. RELATED CASE(S) IF ANY (See instructions): JUDGE						DOCK	ET NUMBER			
DATE     SIGNATURE OF ATTORNE       12/5/2024     /s/ Kyle McLean			FORNEY C	OF RECORD						
FOR OFFICE USE ONLY										
RECEIPT # AN	10UNT	APPLYING IFP		JUD	GE		MAG. JU	DGE		

Ca	se 3:24-cv-02268-BEN-DEB Document of		PageID.60	Page 1			
1 2 3 4 5 6 7 8	Kyle McLean (SBN 330580) Lisa R. Considine ( <i>pro hac vice forthcoming</i> ) David J. Disabato ( <i>pro hac vice forthcoming</i> ) Leslie L. Pescia ( <i>pro hac vice forthcoming</i> ) 700 S. Flower Street, Suite 1000 Los Angeles, CA 90017 Telephone: 212-532-1091 Facsimile: 646-417-5967 Email: kmclean@sirillp.com Email: lconsidine@sirillp.com Email: ddisabato@sirillp.com Email: lpescia@sirillp.com						
9	UNITED STAT	TES DISTRICT COUR	Т				
10	FOR THE SOUTHERN	N DISTRICT OF CALI	FORNIA				
11 12 13	CAMERON PEREZ, individually and on behalf of all others similarly situated, Plaintiff,	Case No. <b>'24CV22</b> AFFIDAVIT OF K REGARDING VEN		- EAN			
14	vs.						
15 16 17	BUILD-A-BEAR WORKSHOP, INC., Defendant.						
18 19	AFFIDAVIT OF KYLE D. MCLEAN						
<ul> <li>20</li> <li>21</li> <li>22</li> <li>23</li> <li>24</li> <li>25</li> <li>26</li> <li>27</li> <li>28</li> </ul>	I, Kyle D. McLean, hereby state and de 1. I am an attorney-at-law licensed attorney with the law firm of Siri & Glimst proposed Class in this matter. As such, I have 2. This Affidavit is being submitted based on my personal knowledge and my revia activities. AFFIDAVIT of	d and in good standing in tad LLP, counsel for Pla personal knowledge of t ed pursuant to the Consu	aintiff Cameror he facts set fort mer Legal Rem	n Perez and the h herein. edies Act and is			

Ca	se 3:24-cv-02268-BEN-DEB Document 1-2 Filed 12/05/24 PageID.61 Page 2 of 2
1 2 3 4	3. Venue is proper in the United States District Court for the Southern District of California because a substantial part of the events giving rise to this action occurred in this District. Plaintiff viewed the website, made the purchase, and received the purchase in La Mesa, California.
5	4. I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge, information, and belief.
6 7	Dated: December 5, 2024
8	///Veda D. Malary
9	<u>/s/Kyle D. McLean</u> Kyle D. McLean (SBN 330580)
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	AFFIDAVIT OF KYLE D. MCLEAN

Case 3:24-cv-02268-BEN-DEB

Document 1-3 of 4

Filed 12/05/24 PageID.62

Page 1

#### FREE Shipping on ALL Orders with Code SUMMERVIBES





Home

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# **Order Summary**

Order Placed: June 11, 2024 Estimated Delivery: Wed Jun 19 2024 – Thu Jun 20 2024 Order Status: Complete Order Number: W6834403

Sh	in	aina	Details
SI	пр	Jing	Derails

Cameron Perez 7445 Seneca Pl La Mesa, CA 91942 USA 6199757058 Method: SMP Tracking Number: <u>74892700987760091359</u>

#### **Billing Details**

Cameron Perez
7445 Seneca Pl
La Mesa, CA 91942
USA
6199757058

Mastercard		
Cameron Perez		
Amount: 22.60		

Payment Total				
Order Value	\$13.50			
Shipping	\$7.95			
Sales Tax	\$1.15			
Order Total	\$22.60			

# Product Image: Wight of the second state of the second

Document 1-3

of 4

**Return to Shopping** 

# Need Help?

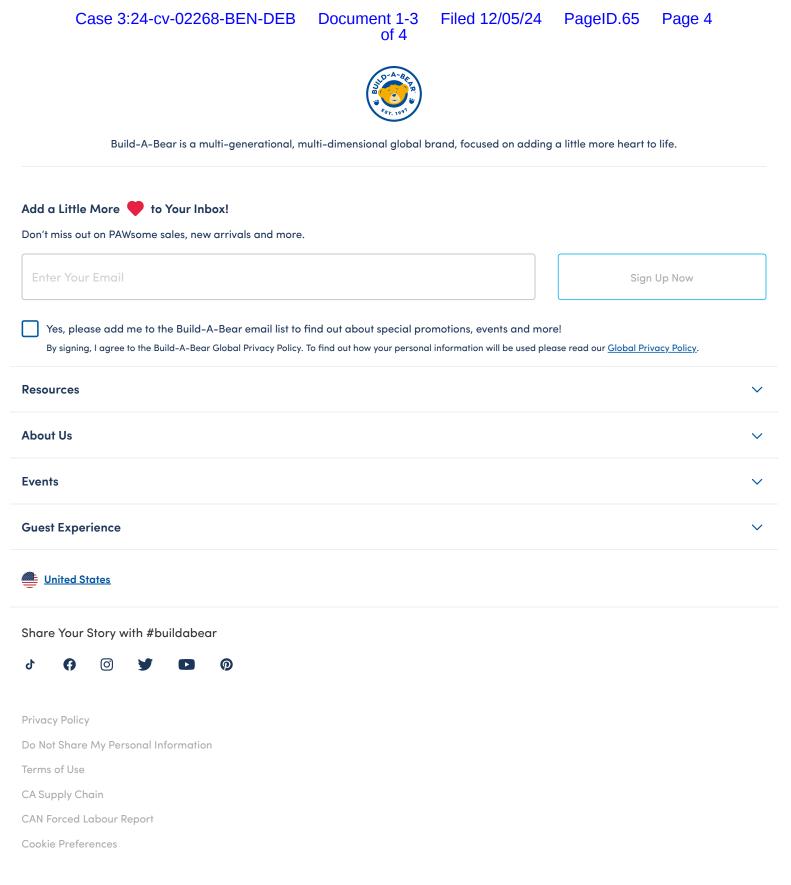
If you have any questions or need help with your account, you may Contact Us to assist you.



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