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ELECTRONICALLY  
**FILED**  
Superior Court of California,  
County of San Francisco

**03/26/2026**  
Clerk of the Court  
BY: MARIVIC VIRAY  
Deputy Clerk

*Attorneys for Plaintiff and the Putative Class*  
[Additional counsel listed on signature page.]

**SUPERIOR COURT OF THE STATE OF CALIFORNIA**  
**FOR THE COUNTY OF SAN FRANCISCO**

POONAM GUPTA, on behalf of herself and  
all others similarly situated,

*Plaintiff,*

v.

MADEWELL, INC.

*Defendant.*

Civil Action No. \_\_\_\_\_

1. Violation of Cal. Civ. Code § 1750
2. Violation of Prof. Code § 17200
3. Violation of Cal. Bus. & Prof. Code § 17500 & 17501 **CGC-26-635252**
4. Fraud (Intentional Misrepresentation and Omission)
5. Unjust Enrichment/Quasi-Contract
6. Negligent Misrepresentation

1 Plaintiff, individually and on behalf of all other persons similarly situated, by and through her  
2 attorneys, makes the following allegations against Defendant Madewell, Inc. (“Madewell” or  
3 “Defendant”) pursuant to the investigation of counsel and based upon information and belief, except as  
4 to allegations specifically pertaining to Plaintiff and Plaintiff’s counsel, which are based on personal  
5 knowledge.

#### 6 NATURE OF THE ACTION

7 1. “[P]rice advertisements matter.” *Hinojos v. Kohl’s Corp.*, 718 F.3d 1098, 1106 (9th Cir.  
8 2013). Consumers are more likely to purchase an item if they believe they are getting a good deal.  
9 Likewise, consumers are likely to make purchases sooner rather than wait if they believe a sale is ending  
10 soon.

11 2. Recognizing the importance of legitimate sales and the injury caused by fake sales,  
12 California has enacted a robust and straightforward statutory framework protecting consumers. Section  
13 17500 of California’s False Advertising Law (“FAL”) prohibits businesses from making statements they  
14 know or should know are untrue or misleading, including statements falsely suggesting that products are  
15 on sale when they are not. Similarly, Section 17501 of California’s FAL provides that “[n]o price shall  
16 be advertised as a former price ... unless the alleged former price was the prevailing market price ... within  
17 three months next immediately preceding” the advertising. California’s Consumer Legal Remedies Act  
18 (“CLRA”) also prohibits “advertising goods or services with the intent not to sell them as advertised,”  
19 and specifically prohibits “false or misleading statements of fact concerning reasons for, existence of, or  
20 amounts of price reductions.” Cal. Civ. Code § 1770(a)(9), (13).

21 3. Federal Trade Commission regulations likewise prohibit false or misleading “former price  
22 comparisons,” such as making up “an artificial, inflated price ... for the purpose of enabling the subsequent  
23 offer of a large reduction” off the reference price. 16 C.F.R. § 233.1. These regulations also prohibit false  
24 or misleading “retail price comparisons” and “comparable value comparisons,” such as those that falsely  
25 offer goods at prices lower than those being charged by others for the same merchandise. *Id.*

26 4. As numerous courts have found, fake sales violate these laws. *Hinojos*, 718 F.3d at 1104-  
27 08 (reversing dismissal of claims under the FAL, CLRA, and California’s Unfair Competition Law);  
28

1 *Freeman v. Indochino Apparel, Inc.*, 443 F. Supp. 3d 1107, 1111-13 (N.D. Cal. 2020) (denying motion  
2 to dismiss similar claims where “sale” products never sold at crossed-out reference prices); *Poulopoulos*  
3 *v. OpticsPlanet, Inc.*, 2024 WL 3822774 (C.D. Cal. Aug. 8, 2024) (similar); *Spann v. J.C. Penney Corp.*,  
4 307 F.R.D. 508 (C.D. Cal. 2015) (granting class certification of similar claims under the CLRA, FAL,  
5 and UCL). They also violate California’s general prohibition on unlawful, unfair, and deceptive business  
6 practices. *See* Cal. Bus. & Prof. Code § 17200.

7 5. Plaintiff brings these claims to address Madewell’s misleading and unlawful pricing, sales,  
8 and discounting practices on its website [www.Madewell.com](http://www.Madewell.com) (“Website”). The Madewell products at  
9 issue (“Products”) are goods that it offered or offers on its Website at a sale or discounted price from a  
10 higher advertised “reference price.” Madewell advertises the Products with false, misleading, and inflated  
11 comparison reference prices to deceive customers into believing the sale price is a genuine, discounted  
12 price.

13 6. Unbeknownst to Madewell’s customers, including Plaintiff and Class Members (defined  
14 below), the purported “sale items” have not been available on the Website at the advertised reference  
15 price in the recent past for a substantial time. Nonetheless, Madewell uses inflated reference prices,  
16 sometimes called “strikethrough pricing”— in which a purported reference price is crossed off and a new  
17 “discounted” price shown. This practice tricks reasonable consumers into believing that the products are  
18 being offered at a discount, and had previously been sold on the Website at the former and regular price,  
19 in the recent past, for a substantial period of time.

20 7. Additionally, Madewell misleads consumers because the reference price is not the market  
21 price. The prevailing market price cannot be the higher price because the Products are regularly available  
22 on the Website at discounted prices.

23 8. Most of the reference prices advertised on the Website are false and misleading. Contrary  
24 to consumers’ expectations, they are not the former or regular prices at which the Products were offered  
25 on the Website in the recent past for a substantial time. Nor are they prevailing market prices. To the  
26 contrary, Madewell inflates the reference prices to lure consumers into purchasing Products they would  
27  
28

1 not otherwise have purchased, or to pay more than they would have paid had Madewell not inflated the  
2 reference price.

3 9. By using false reference pricing, Defendant artificially drives up demand for the Products,  
4 and by extension drives up the price of the Products. As a result, consumers received a product worth less  
5 than the price paid. To illustrate, assume a company knows a product will sell in the marketplace at \$50.  
6 But to increase revenue and capture market share, the company advertises the product as having a regular  
7 price of \$100 and being on “sale” at 50% off (i.e., \$50 off). Because consumers value products based on  
8 the regular price, and a purported limited-time sale conveys savings; the company can sell more of that  
9 \$50 product for \$50 when consumers believe they would normally have to pay \$100.

10 10. As a result, consumers are deceived into spending money they otherwise would not have  
11 spent, purchasing items they would not have purchased, and/or spending more money for an item than  
12 they otherwise would have absent deceptive marketing.

13 **PARTIES**

14 11. Plaintiff Poonam Gupta is an individual citizen of California and San Francisco, California  
15 resident. Ms. Gupta was in California when she visited the Website.

16 12. Defendant Madewell, Inc. is a privately held corporation incorporated under the laws of  
17 Delaware and maintains its corporate headquarters in New York.

18 **JURISDICTION AND VENUE**

19 13. As a court of general jurisdiction, this Court has jurisdiction over all claims presented to  
20 it. Further, this is a class action lawsuit brought pursuant to Code of Civil Procedure § 382, and this Court  
21 has jurisdiction over Plaintiff’s claims because the amount in controversy exceeds this Court’s  
22 jurisdictional minimum.

23 14. This Court has personal jurisdiction over the parties because Madewell continuously and  
24 systematically places goods into the stream of commerce for distribution in California, maintains an  
25 interactive commercial website, offers to ship products to California, and allows customers in California  
26 to order products. Exercising jurisdiction over Defendant is fair, just, and reasonable considering the  
27 quality and nature of Defendant’s acts that occur in California and which affect interests located in  
28

1 California. Additionally, upon information and belief, Madewell generates at least 12% of its online sales  
2 from California, such that the Website “is the equivalent of a physical store in California.” *Thurston v.*  
3 *Fairfield Collectibles of Georgia, LLC*, 53 Cal. App. 5th 1231, 1235 (2020), review denied, No. S264780  
4 (Dec. 9, 2020). Madewell also has a significant physical presence in California, with more than 20 brick-  
5 and-mortar stores in the state. Defendant has therefore purposefully availed itself of the privilege of  
6 conducting activities in California and should reasonably anticipate being haled into court in California.

7 15. Venue is proper in this county because Plaintiff Gupta resides in San Francisco County  
8 and because many class members, including Plaintiff Gupta, purchased products at inflated prices in this  
9 county and were accordingly injured in this county.

### 10 **FACTUAL ALLEGATIONS COMMON TO THE CLASS**

#### 11 **A. Madewell’s Purported Sales and Discounts**

12 16. Madewell is a leading American apparel and lifestyle brand, celebrated for its denim,  
13 modern classics, and elevated everyday essentials. Upon information and belief, Madewell employs  
14 around 2,000 employees and brings in an annual revenue of approximately \$860 million.

15 17. Madewell operates the Website, where it advertises, markets, and sells its products directly  
16 to consumers throughout California and the United States. Upon information and belief, Madewell  
17 predominantly sells its products directly to consumers.<sup>1</sup>

18 18. Unknown to Plaintiff and Class Members, Madewell’s business model relies on deceptive  
19 reference prices and sale prices.

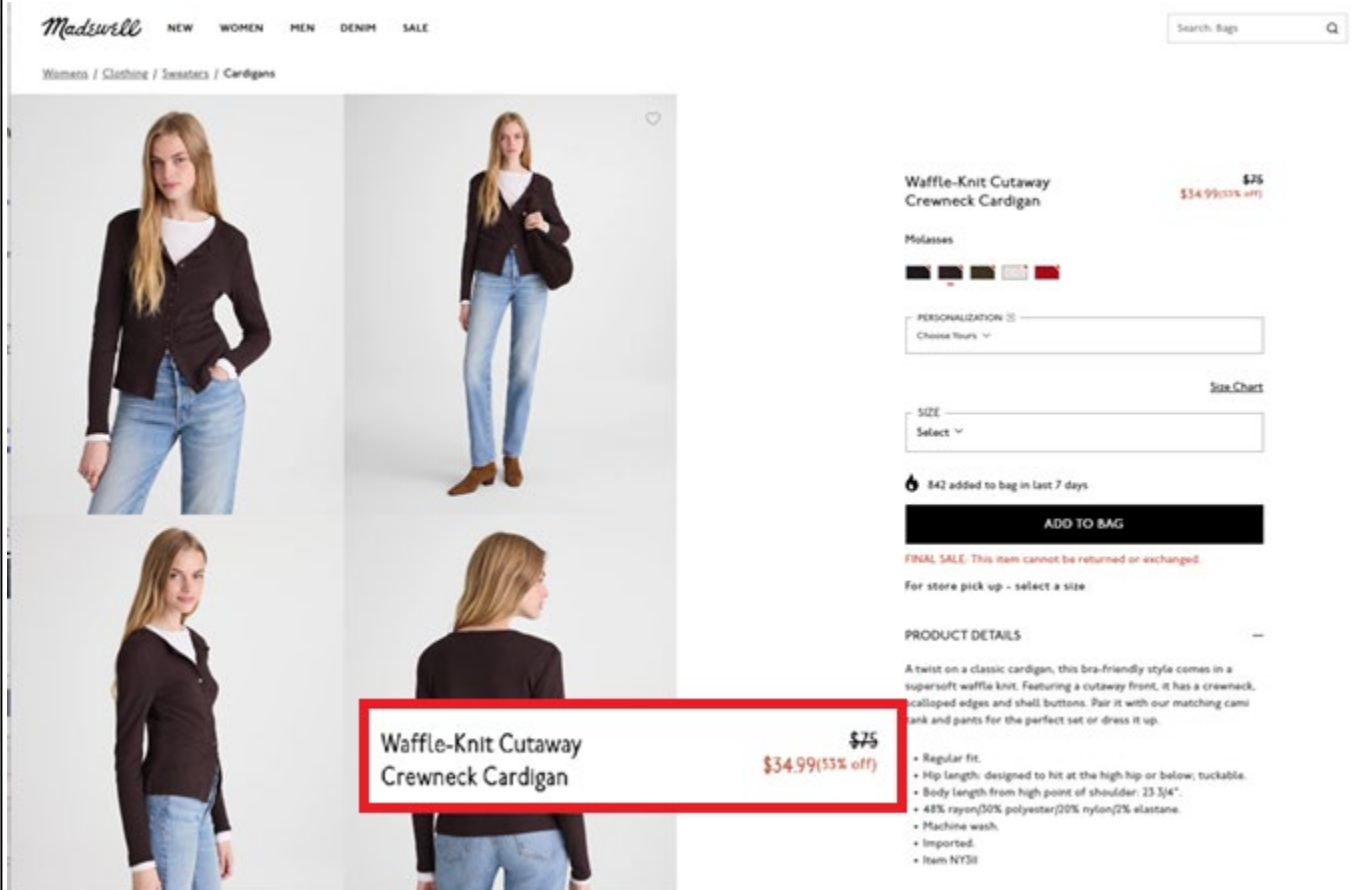
20 19. On any given date, Madewell advertises a large number of Products on the Website as  
21 being discounted from a substantially higher reference price. On Product listing pages, the purported  
22 markdowns are presented to the consumer by prominently displaying a “crossed-out” reference price next  
23 to the sale price in red font, which is sometimes also accompanied by a parenthetical that advertises the  
24 percent markdown (e.g., “(55% off)”).

25 \_\_\_\_\_  
26 <sup>1</sup> For example, in a 2019 regulatory filing filed with the SEC, Madewell represented that over 91% of its  
27 sales from approximately February to August 2019 were made directly to consumers as opposed to  
28 wholesale, compared with over 95% for the same period in 2018. See  
<https://www.sec.gov/Archives/edgar/data/1513842/000119312519244895/d741756ds1.htm>

20. Several representative “sale” items are displayed below.

**Figure 1.1**<sup>2, 3</sup>

A “Waffle-Knit Cutaway Crewneck Cardigan”, displayed as on sale for “53% off” its reference price of \$75, as displayed on the Website on January 29, 2026.

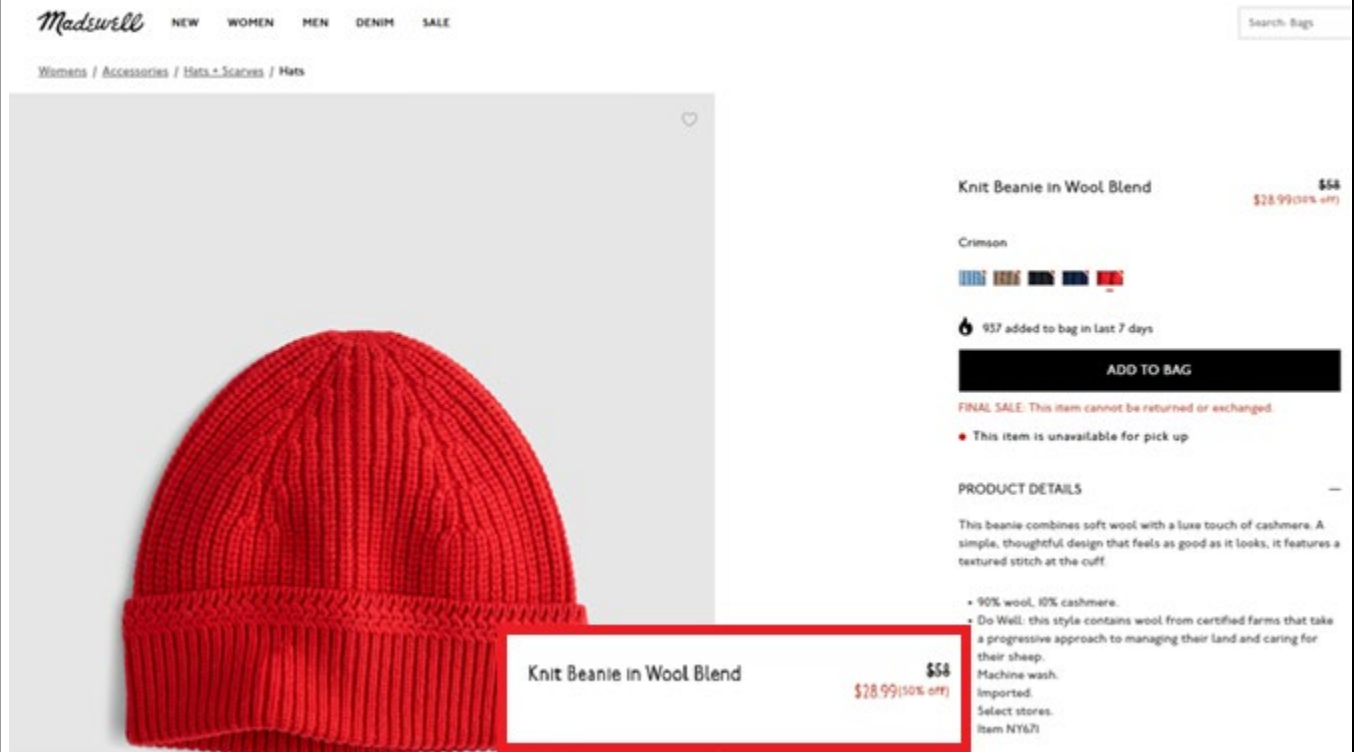


<sup>2</sup> The sales information appearing alongside photographs in figures throughout this Complaint have been overlaid for ease of viewing.

<sup>3</sup> Available at <https://www.madewell.com/p/womens/clothing/sweaters/cardigans/waffle-knit-cutaway-crewneck-cardigan/NY311>

**Figure 1.2<sup>4</sup>**

A “Knit Beanie in Wool Blend”, displayed as on sale for “50% off” its reference price of \$58, as displayed on the Website on January 29, 2026.

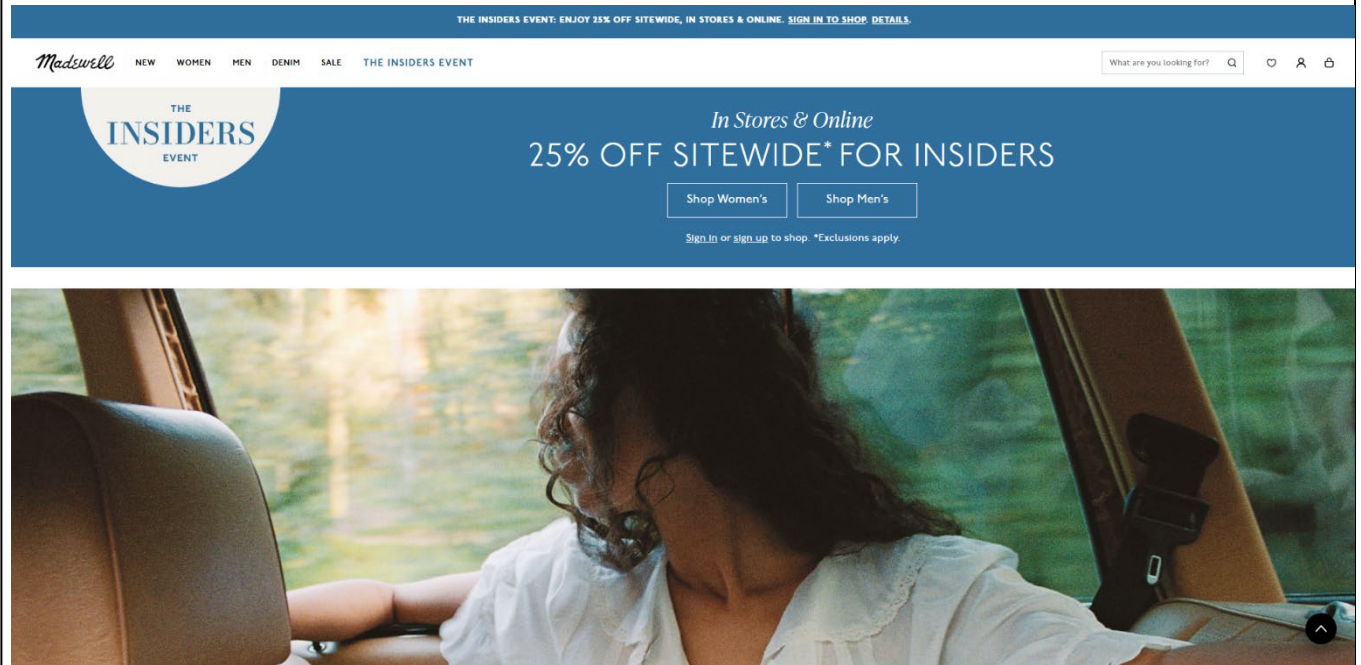


<sup>4</sup> Available at <https://www.madewell.com/p/womens/accessories/hats--scarves/hats/knit-beanie-in-wool-blend/NY671/?ccode=RD5906>.

1 21. Madewell designed the Website to attract consumers to sale items. At the top of  
2 Madewell’s homepage, the Website’s header prominently features six distinct categories, including a  
3 dedicated and highly visible section for the “SALE” page, as depicted below in Figure 2.

4 **Figure 2**

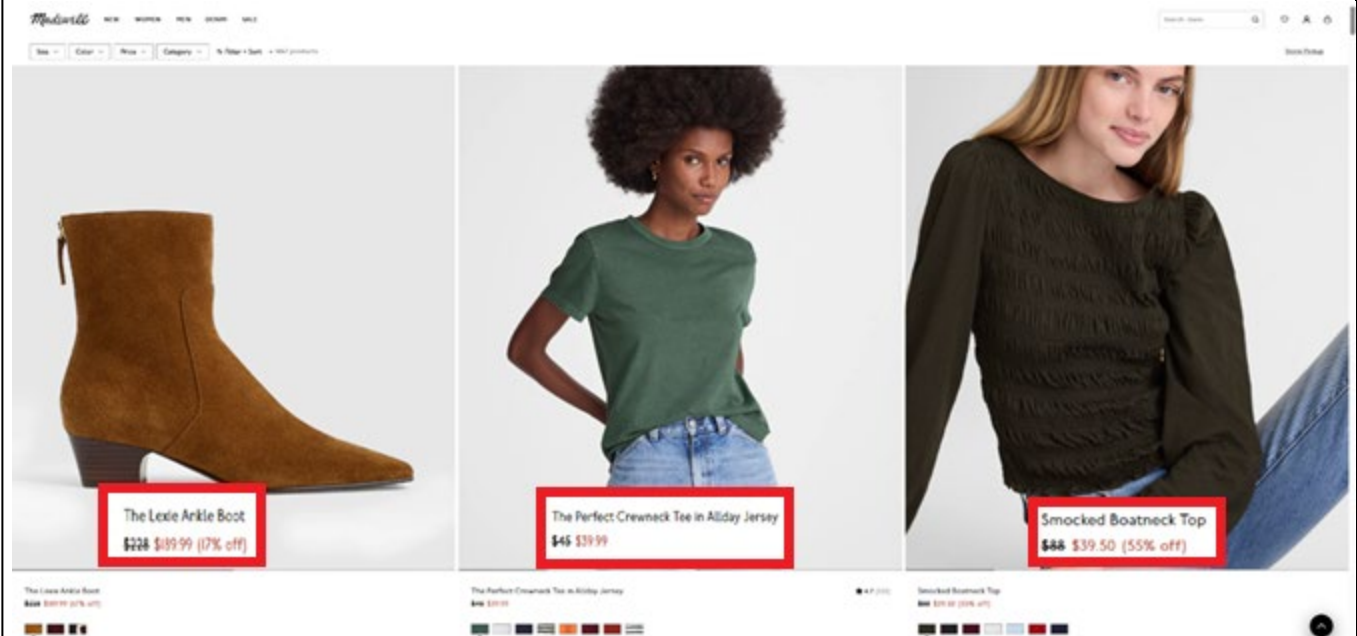
5 Madewell’s Landing Page, as displayed on the Website on March 11, 2026.



22. Clicking the “SALE” tab directs consumers to a dedicated sale page featuring all discounted items, with filtering and sorting tools that allow shoppers to browse by category, size, color, or product type. The page also includes options to view items labeled “New to Sale” and to refine results by specific categories such as jeans, shoes, tees, shirts, dresses, skirts, pants, and shorts. A screenshot of the “SALE” page appears below, with pricing information appearing below the products overlaid for ease of reference.

**Figure 3**

An excerpt from Madewell’s “SALE” page, as viewed on January 29, 2026.



23. As depicted above, Madewell frequently displays Products as being “on sale,” showing the purported “original” price with a strikethrough alongside the discounted price and an accompanying percentage discount (e.g., “30% off”), creating the impression of a substantial and time-limited deal.

24. In addition to these representations, Madewell maintains a dedicated “New to Sale” section, implying that certain items have only recently been discounted. However, many Products appear within this “New to Sale” category, despite having been continuously discounted for months. This

1 reinforces the fictitious nature of the purported discounts and further misleads consumers into believing  
2 they are viewing newly reduced items when, in fact, the sale pricing has long been in effect.

3 25. Madewell employs these advertising practices to convey that the product was listed or sold  
4 on the Website at the reference price in the recent past and for a substantial period of time, but is now  
5 being sold to the customer at a genuine discount.

6 26. As Madewell intended, reasonable consumers in fact do understand the strikethrough  
7 reference price and sale price to convey that the Product was listed or sold on the Website at the reference  
8 price, in the recent past and for a substantial period of time, but is being offered to the customer at a  
9 substantial discount. Reasonable consumers also expect the Product is valued in the market at the former  
10 or regular price, such that consumers are receiving a genuine bargain.

11 27. However, this reference price is a falsely inflated price because Madewell rarely, if ever,  
12 lists or sells items at the reference price. As a result, Madewell intentionally misrepresents to customers  
13 that they are receiving a substantial markdown or discounts on the Products.

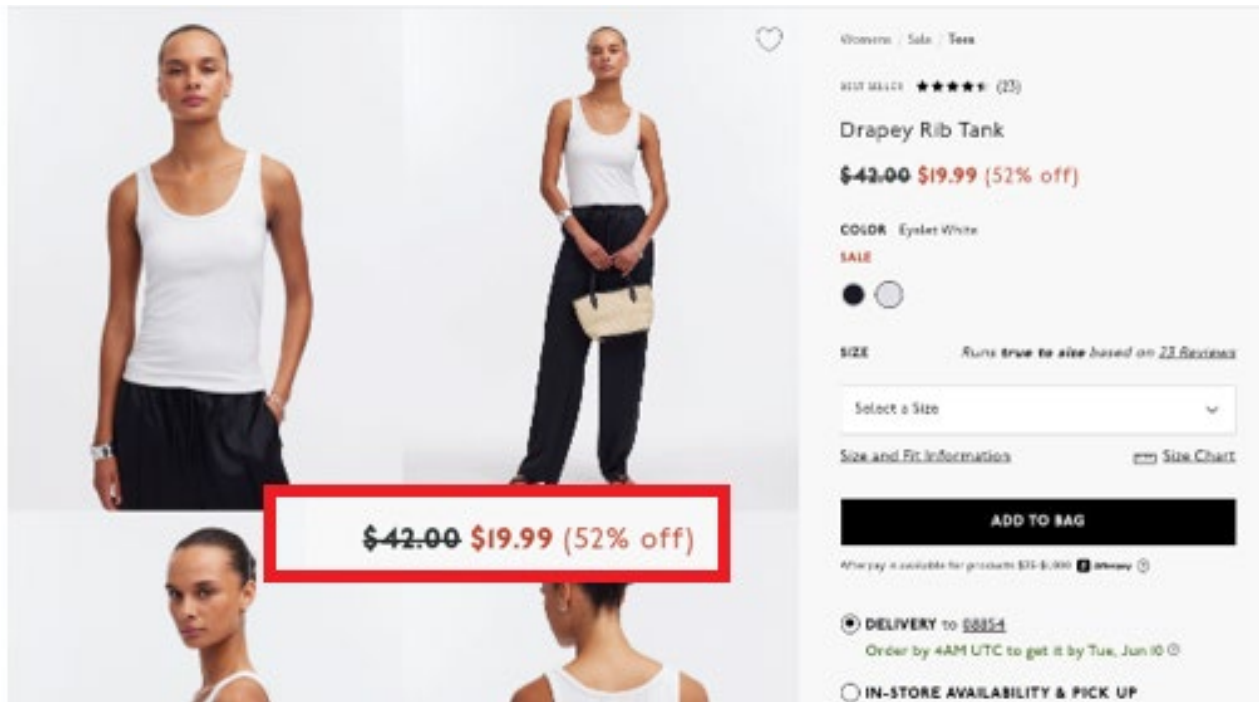
14 **B. Madewell's Reference Prices are False and Misleading**

15 28. Unbeknownst to consumers, the reference prices Madewell advertises on the Website are  
16 not the actual prevailing market prices of the Products.

17 29. For example, as of January 2026, Madewell advertised its Drapey Rib Tank as being on  
18 sale for \$19.99, which it stated is 52% off its regular price of \$42, as depicted below. However,  
19 Madewell's Website has not offered the product for sale at \$42 at any time since *at least* October of 2024.

**Figure 4**

The Drapey Rib Tank, as appearing on the Website on May 31, 2025.



30. Instead, upon information and belief, Madewell offered the Drapey Rib Tank for sale for \$28.99 from approximately September 2024 through January of 2025 and \$19.99 from approximately February 2025 through the present. At all times since at least September 2024, Madewell included a false reference price of \$85 despite *never* offering it for sale at that price.

31. The Website includes many similarly fictitious sales and reference prices. For example, Madewell advertises the Crewneck Thong Bodysuit as on sale for \$24.99, or 52% off its \$52 reference price. Madewell also advertises its (re)sourced Cotton Cuffed Beanie for \$14.99, which it advertises as 49% off its reference price of \$29.50.

Figure 5

The Crewneck Thong Bodysuit, as appearing on the Website on April 18, 2025.

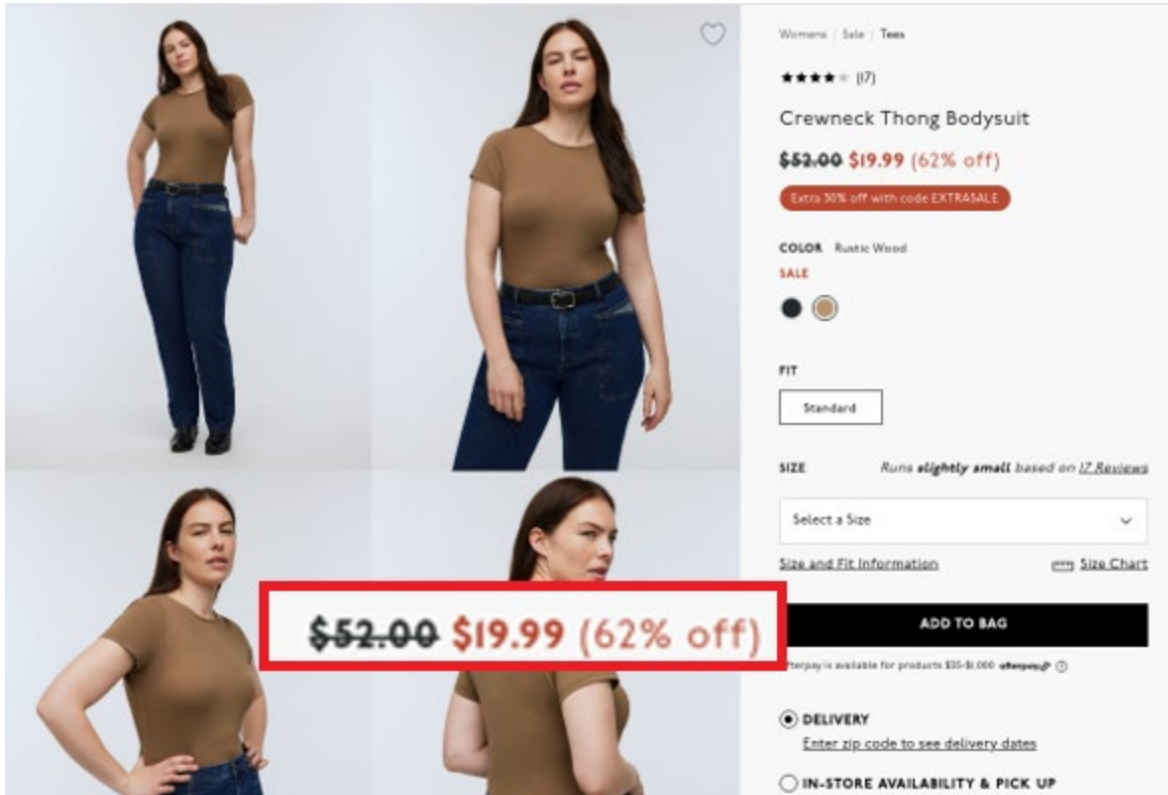
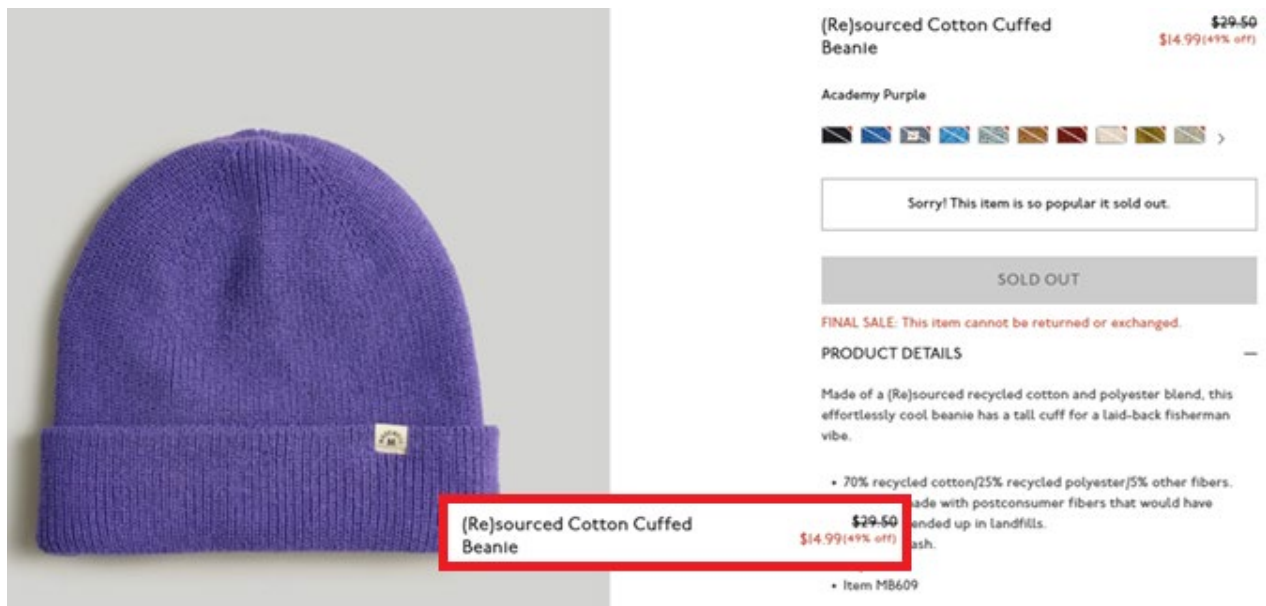


Figure 6

The (Re)sourced Cotton Cuffed Beanie, as appearing on the Website on January 29, 2026.



1           32.     However, as with the Drapey Tank Top, Madewell *never* offered either of these products  
2 for sale at their stated reference price since, at the latest, September 2024. As such, Madewell advertised  
3 these Products with sales based on the same reference price despite never offering those products for sale  
4 at the stated reference price.

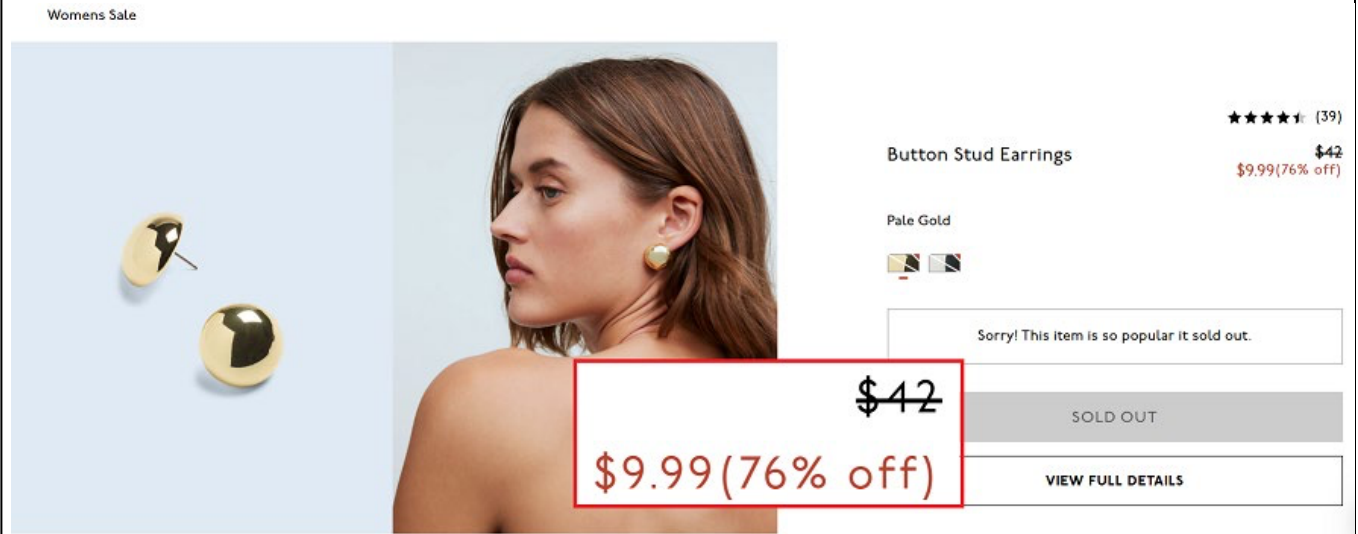
5           33.     Plaintiff's investigation included a randomly selected review of fifty items that the  
6 Website advertised as being on sale, and which were labeled as such for at least thirteen weeks, or ninety-  
7 one days. Of those fifty sales items, Plaintiff was able to retrieve relevant information on forty-four such  
8 items, each of which were found to be advertised as discounted from a reference price that Madewell did  
9 not charge in the last thirteen weeks. As such, 100% of investigated sales items for which Plaintiff located  
10 sufficient information were falsely advertised in violation of California law.

11           34.     Reasonable consumers do not realize the fake nature of Madewell's advertisements.  
12 Consumers who merely purchase Products from the Website would have no opportunity to uncover  
13 Madewell's deceptive marketing practices because Madewell's sales appear to be *bona fide*. Consumers  
14 do not have any reason to go back to the Website day after day to discover that there is still a sale, or to  
15 review price histories over the prior months and even years to determine that Madewell never actually  
16 offered the Products at the reference price (as required by law). Discovering Defendant's deception  
17 required extensive mining and analysis of internet archives, which revealed that the discounts are fake  
18 and that the advertised regular prices are fake.

19           35.     Upon information and belief, Madewell primarily sells its products online through the  
20 Website. Some Madewell products, however, are also available through a small number of third-party  
21 retailers with online shops, including Nordstrom, Bloomingdale's, and Amazon. Madewell products  
22 available online through third parties are consistently sold for well below Madewell's stated reference  
23 price. The pricing and purported discounting on third-party websites mirrors the pricing and purported  
24 discounting of Madewell's own Website.

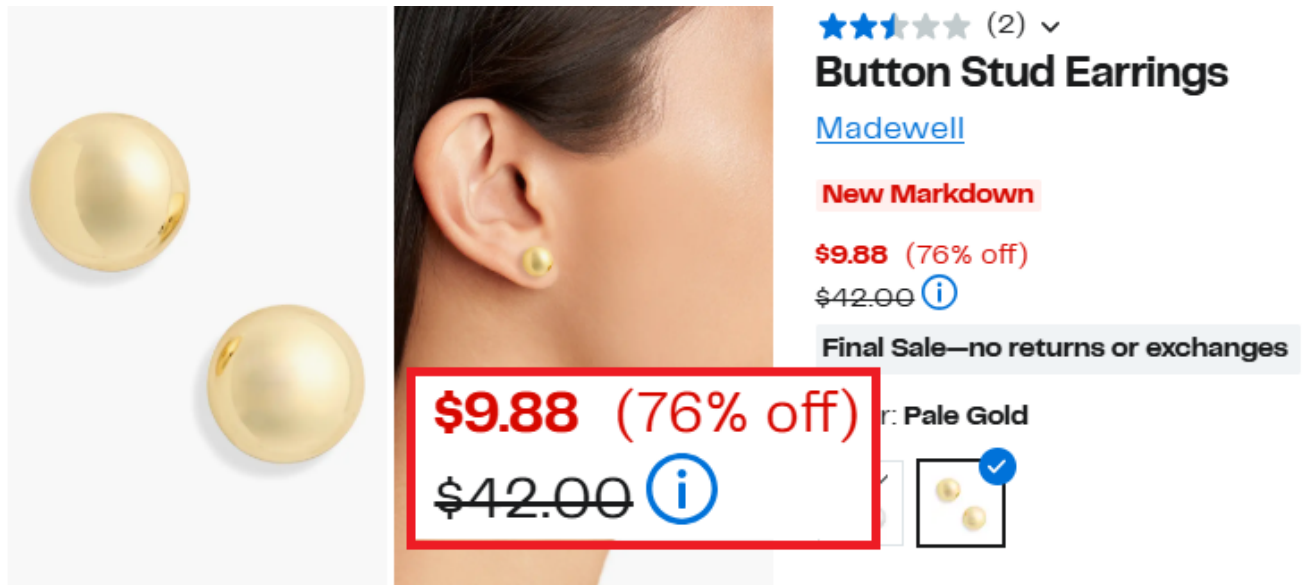
1 36. For example, as depicted below, Madewell advertises its Button Stud Earrings on its  
2 Website on March 24, 2026, for \$9.99, next to a reference price of \$42 in strikethrough text and a  
3 parenthetical stating that the earrings are on sale for 76% off. As with the other falsely advertised Products  
4 described above, however, upon information and belief, Madewell has not offered these earrings for sale  
5 at or above the stated reference price of \$42 since at least September or 2024.

6 **Figure 7**



37. On that same day, as depicted below, Nordstrom Rack also advertised Madewell Button Stud Earrings for sale for the nearly identical price of \$9.88, also with a reference price of \$42 in struck through text and a parenthetical stating that the earrings were on sale for 76% off.

Figure 8



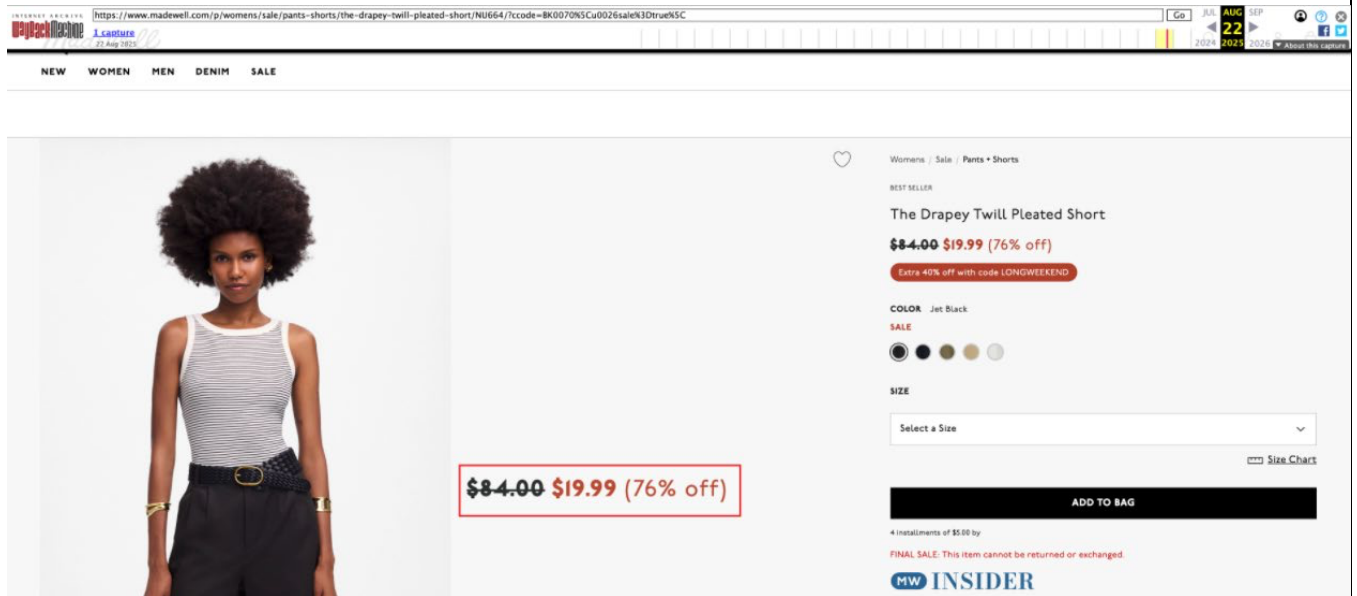
38. The same pattern applies across Madewell’s other Products where available for sale by third parties. Madewell’s products are regularly available, both from the Website and third parties, for less than the purported reference prices Madewell’s Website advertises. Unsurprisingly, third parties typically charge prices that converge on Madewell’s price, in part because the products are sold in the e-commerce market and Madewell, the manufacturer, sells the products directly to consumers through its publicly available Website.

39. Further, upon information and belief, Madewell products are primarily sold through its branded Website, meaning that if consumers are searching for a Madewell product, they will typically go to Madewell’s Website. For example, if a consumer searches “Madewell Drapey Rib Tank” on Google, the first sponsored and unsponsored result leads to the Website. Accordingly, because Madewell’s products are most commonly sold on the Website, they are most commonly sold at or around the discounted prices available on the Website.

**C. Plaintiff’s Purchases from the Website**

40. On November 27, 2025, Plaintiff Gupta purchased several items from Madewell’s Website that it advertised as being on sale, including The Drapey Twill Pleated Short, depicted below as it appeared on August 22, 2025.

**Figure 9**



41. Plaintiff Gupta made these purchases from her residence located in San Francisco, California.

42. When Plaintiff Gupta purchased The Drapey Twill Pleated Short from the Website on November 27, 2025, Madewell represented that the regular price of The Drapey Twill Pleated Short was \$84.99, as denoted by a prominently displayed struck-through price. Appearing immediately adjacent to the struck-through reference price was the sale price of \$9.99, prominently advertised in red next, which constituted an 88.24% discount off the struck-through reference price.

43. Based on and consistent with the Website advertisement at the time of Plaintiff Gupta’s purchase and the false reference price, Plaintiff Gupta proceeded to purchase The Drapey Twill Pleated Short with the understanding that she was receiving the advertised 88.24% discount off the former and regular prices charged by Madewell on the Website.

1           44.     Prior to making her purchase, Plaintiff Gupta reviewed the Website and saw that Madewell  
2 was advertising these substantial discounts on the Product that Plaintiff purchased. Plaintiff read and  
3 relied on the representations (like those shown and described above) on the Website, including that the  
4 Product had the regular price listed on the Website in struck-through font, but was being offered at  
5 discounted sale prices from those regular prices, and that the sales were time-limited. Based on  
6 Madewell's representations described above, Plaintiff reasonably understood that Madewell usually (and  
7 formerly, before the promotions Madewell was advertising) sold the Product she was purchasing at the  
8 published regular prices (shown in struck through font), that this regular prices was the prevailing price  
9 and market value of the Product that she was buying, that she was receiving the advertised discount as  
10 compared to the regular price, that the advertised discount were only available for a limited time, and that  
11 the Product would go back to retailing for the published regular price when the promotions ended.  
12 Plaintiff would not have made the purchase if she had known that the Product was not discounted as  
13 advertised, and that she would not be receiving the advertised discount.

14           45.     Plaintiff thus viewed and relied on the Website's purported current and temporary  
15 discounts. She relied on the above representations that the Product (1) had former and regular prices of  
16 the stated reference prices, (2) had been offered on the Website at the stated reference price in the recent  
17 past, on a regular basis, and for a substantial time, and (3) was truly being sold at a substantial discount,  
18 as the reference prices indicated the Product's value.

19           46.     The above-listed Product Plaintiff purchased was not substantially marked down, and any  
20 discount had been exaggerated, as shown above.

21           47.     For at least the 90-day period prior to Plaintiff's purchase of the respective Product,  
22 Madewell never offered the discounted item referenced above on its Website at or above the stated  
23 reference price.

24           48.     Plaintiff would not have purchased the Product at the advertised price, or would not have  
25 paid as much as she did, had Madewell been truthful. Plaintiff was persuaded to make her purchase  
26 because of the misleading discounts and based on the false reference prices utilized by Madewell.  
27  
28

1 49. Plaintiff continues to be interested in purchasing products offered by Madewell at  
2 significantly discounted prices, but she will be unable to trust and rely on Madewell's advertising, and so  
3 does not intend to purchase products from Madewell until she can be assured that reference prices and  
4 purported discount percentages are accurate. Absent injunctive relief, Plaintiff cannot know whether  
5 Madewell's advertised reference prices represent honest prices at which the Products were listed for sale  
6 on the Website, on a regular basis for a reasonably substantial period of time, or if Madewell's "sales"  
7 are perpetual and misleading.

8 **D. Reference Price Advertising Influences Consumer Behavior and Percepts of Value**

9 50. Based on Madewell's advertisements, reasonable consumers expect that the reference  
10 prices Madewell advertises are the regular prices at which Madewell usually sells the Products, that these  
11 are recent, former prices at which Madewell sold the Products, and that they are the prevailing market  
12 prices for the Products.

13 51. Reasonable consumers also expect that, if they make purchases during a sale, they will  
14 receive an item whose regular price and/or market value is the advertised reference price and that they  
15 will receive the advertised discount from the regular purchase price.

16 52. In addition, consumers are more likely to buy the product if they believe that the product  
17 is on sale and that they are getting a product with a higher regular price and/or market value at a substantial  
18 discount.

19 53. Consumers presented with discounts are substantially more likely to make a purchase.  
20 "Nearly two-thirds of consumers surveyed admitted that a promotion or a coupon often closes the deal,  
21 if they are wavering or are undecided on making a purchase."<sup>5</sup> Further, "two-thirds of consumers have  
22 made a purchase they weren't originally planning to make solely based on finding a coupon or discount,"  
23 while "80% [of consumers] said they feel encouraged to make a first-time purchase with a brand that is  
24 new to them if they found an offer or discount."<sup>6</sup>

25 \_\_\_\_\_  
26 <sup>5</sup> <https://www.invespcro.com/blog/how-discounts-affect-online-consumer-buying-behavior/>.

27 <sup>6</sup> RetailMeNot Survey: Deals and Promotional Offers Drive Incremental Purchases Online, Especially  
28 Among Millennial Buyers (prnewswire.com).

1 54. Academic studies support the effectiveness of Madewell’s deceptive pricing scheme.

2 55. “By creating an impression of savings, the presence of a higher reference price enhances  
3 subjects’ perceived value and willingness to buy the product.”<sup>7</sup> Thus, “empirical studies indicate that, *as*  
4 *discount size increases, consumers’ perceptions of value and their willingness to buy the product*  
5 *increase, while their intention to search for a lower price decreases.*”<sup>8</sup> The Ninth Circuit observed that  
6 “[m]isinformation about a product’s ‘normal’ price is . . . significant to many consumers in the same way  
7 as a false product label would be.” *Hinojos*, 718 F.3d at 1106.

8 56. “[D]ecades of research support the conclusion that advertised reference prices do indeed  
9 enhance consumers’ perceptions of the value of the deal.”<sup>9</sup> According to academic studies, “[c]onsumers  
10 are influenced by comparison prices even when the stated reference prices are implausibly high.”<sup>10</sup>

11 57. Another academic journal explains that “[r]eference price ads strongly influence consumer  
12 perceptions of value . . . . Consumers often make purchases not based on price but because a retailer  
13 assures them that a deal is a good bargain.”<sup>11</sup>

14 58. “[R]esearch has shown that retailer-supplied reference prices clearly enhance buyers’  
15 perceptions of value” and “have a significant impact on consumer purchasing decisions.”<sup>12</sup>

16 59. “[R]eference prices are important cues consumers use when making the decision  
17 concerning how much they are willing to pay for the product.”<sup>13</sup> This study also concluded that  
18 “consumers are likely to be misled into a willingness to pay a higher price for a product simply because  
19 the product has a higher reference price.”<sup>14</sup>

20 <sup>7</sup> Dhruv Grewal & Larry D. Compeau, *Comparative Price Advertising: Informative or Deceptive?*, 11 J.  
21 Pub. Pol’y & Mktg. 52, 55 (Spring 1992).

22 <sup>8</sup> *Id.* at 56 (emphasis added).

23 <sup>9</sup> Dhruv Grewal & Larry D. Compeau, *Comparative Price Advertising: Believe It Or Not*, *J. of Consumer*  
*Affairs*, Vol. 36, No. 2, at 287 (Winter 2002).

24 <sup>10</sup> *Id.*

25 <sup>11</sup> Joan Lindsey-Mullikin & Ross D. Petty, *Marketing Tactics Discouraging Price Search: Deception and*  
*Competition*, 64 J. of Bus. Research 67 (January 2011).

26 <sup>12</sup> Praveen K. Kopalle & Joan Lindsey-Mullikin, *The Impact of External Reference Price On Consumer*  
*Price Expectations*, 79 J. of Retailing 225 (2003).

27 <sup>13</sup> Jerry B. Gotlieb & Cyndy Thomas Fitzgerald, *An Investigation Into the Effects of Advertised Reference*  
*Prices On the Price Consumers Are Willing To Pay For the Product*, 6 J. of App’d Bus. Res. 1 (1990).

28 <sup>14</sup> *Id.*

1           60. One study quantified this economic injury, concluding that “fake list prices have a strong  
2 influence on purchase outcomes, with a 1-dollar increase in the list price having the same positive effect  
3 on purchase likelihood as a 77-cent decrease in the actual selling price.”<sup>15</sup>

4           61. Accordingly, research confirms that deceptive advertising through false reference pricing  
5 is intended to, and does, influence consumer behavior by artificially inflating consumer perceptions of an  
6 item’s value and causing consumers to spend money they otherwise would not have, purchase items they  
7 otherwise would not have, and/or purchase products from a specific retailer.

#### 8           **E. Consumers Suffered Economic Harm**

9           62. The Products have a market value lower than the promised “regular” price shown on the  
10 Website, and as a result, consumers were harmed. As explained above, the reference prices are false, and  
11 the Products are rarely, if ever, offered or sold at the reference prices. Accordingly, Madewell represented  
12 that the Products had a market value equal to the higher reference price, but consumers did not receive  
13 Products actually discounted from that price.

14           63. Consumers paid a “price premium” for the Products. If the reference prices were omitted  
15 from listings, then consumers would not have paid as much as they did for the Products (or would not  
16 have purchased the Products), and Madewell would not have been able to charge the prices it ultimately  
17 did.

18           64. By using false reference pricing, Madewell intentionally and artificially drives up demand  
19 for the Products, and by extension drives up the price of the Products. As a result, consumers received a  
20 product worth less than the price paid. Reasonable consumers would not have paid the prices charged had  
21 they known that the Products were rarely, if ever, offered on the website (or elsewhere) at the reference  
22 prices.

23           65. For example, assume a company knows a product will sell in the marketplace at \$30. But  
24 to increase revenue, the company advertises the product as having a “regular” price of \$100 and being on  
25 “sale” at 60% off (i.e., \$60 off). Because consumers value products based on the regular price, and a sale  
26

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27 <sup>15</sup> Donald Ngwe, *Fake Discounts Drive Real Revenues in Retail*, Harvard Bus. Sch. (Oct. 14, 2017).

1 conveys additional savings, the company can sell that \$30 product for \$40. That is in effect what  
2 Madewell has done to Plaintiff and Class Members.

### 3 **F. Madewell’s False Reference Prices Violate State and Federal Law**

4 66. Federal and state courts have articulated the abuses that flow from false discount  
5 advertising practices. For example, the Ninth Circuit explained: “Most consumers have, at some point,  
6 purchased merchandise that was marketed as being ‘on sale’ because the proffered discount seemed too  
7 good to pass up. Retailers, well aware of consumers’ susceptibility to a bargain, therefore have an  
8 incentive to lie to their customers by falsely claiming that their Products have previously sold at a far  
9 higher ‘original’ price in order to induce customers to purchase merchandise at a purportedly marked-  
10 down ‘sale’ price.” *Hinojos*, 718 F.3d at 1101.

11 67. The California Court of Appeal has likewise recognized the importance of California’s  
12 false discount advertising statutes in protecting consumers: “Our Legislature has adopted multiple statutes  
13 that specifically prohibit the use of deceptive former price information and misleading statements  
14 regarding the amount of a price reduction.... These statutes make clear that ... our Legislature has  
15 concluded ‘reasonable people can and do attach importance to [a product’s reference price] in their  
16 purchasing decisions.’” *Hansen v. Newegg.com Americas, Inc.*, 25 Cal. App. 5th 714, 730 (2018) (quoting  
17 *Kwikset Corp. v. Superior Ct.*, 51 Cal. 4th 310, 333 (2011)).

18 68. Section 17500 of California’s False Advertising Law prohibits businesses from making  
19 statements they know or should know to be untrue or misleading. Cal. Bus. & Prof. Code § 17500. This  
20 includes statements falsely suggesting that a product is on sale, when it is not.

21 69. Moreover, section 17501 of California’s False Advertising Law specifically provides that  
22 “[n]o price shall be advertised as a former price ... unless the alleged former price was the prevailing  
23 market price ... within three months next immediately preceding” the advertising. Cal. Bus. & Prof. Code  
24 § 17501.

25 70. In addition, California’s Consumer Legal Remedies Act prohibits “advertising goods or  
26 services with the intent not to sell them as advertised” and specifically prohibits “false or misleading  
27  
28

1 statements of fact concerning reasons for, existence of, or amounts of price reductions.” Cal. Civ. Code  
2 § 1770(a)(9), (13).

3 71. California’s unfair competition law bans unlawful, unfair, and deceptive business  
4 practices. See Cal. Bus. & Prof. Code § 17200.

5 72. Madewell’s conduct also violates federal law. The Federal Trade Commission Act  
6 (“FTCA”) prohibits “unfair or deceptive acts or practices in or affecting commerce.” 15 U.S.C. § 45(a)(1).  
7 Under FTC regulations, false former pricing schemes like the ones employed by Madewell are deceptive  
8 practices that violate the FTCA.

9 73. 16 C.F.R. § 233.1, titled Former Price Comparisons, provides that:

10 (a) One of the most commonly used forms of bargain advertising is to offer a reduction  
11 from the advertiser’s own former price for an article. If the former price is the actual, bona  
12 fide price at which the article was offered to the public on a regular basis for a reasonably  
13 substantial period of time, it provides a legitimate basis for the advertising of a price  
14 comparison. Where the former price is genuine, the bargain being advertised is a true one.  
**If, on the other hand, the former price being advertised is not bona fide but fictitious  
– for example, where an artificial, inflated price was established for the purpose of  
enabling the subsequent offer of a large reduction – the “bargain” being advertised is  
a false one; the purchaser is not receiving the unusual value he expects.**

15 (b) A former price is not necessarily fictitious merely because no sales at the advertised  
16 price were made. **The advertiser should be especially careful, however, in such a case,  
that the price is one at which the product was openly and actively offered for sale, for  
a reasonably substantial period of time, in the recent, regular course of her business,  
honestly and in good faith – and, of course, not for the purpose of establishing a  
fictitious higher price on which a deceptive comparison might be based.**

17 (c) The following is an example of a price comparison based on a fictitious former price.  
18 John Doe is a retailer of Brand X fountain pens, which cost him \$5 each. His usual markup  
19 is 50 percent over cost; that is, his regular retail price is \$7.50. In order subsequently to  
20 offer an unusual “bargain,” Doe begins offering Brand X at \$10 per pen. He realizes that  
21 he will be able to sell no, or very few, pens at this inflated price. But he doesn’t care, for  
22 he maintains that price for only a few days. Then he “cuts” the price to its usual level—  
\$7.50—and advertises: “Terrific Bargain: X Pens, Were \$10, Now Only \$7.50!” This is  
obviously a false claim. The advertised “bargain” is not genuine.

23 (d) Other illustrations of fictitious price comparisons could be given. **An advertiser might  
24 use a price at which he never offered the article at all; he might feature a price which  
was not used in the regular course of business, or which was not used in the recent  
25 past but at some remote period in the past, without making disclosure of that fact; he  
might use a price that was not openly offered to the public, or that was not maintained for  
26 a reasonable length of time, but was immediately reduced.**

27 16 C.F.R. § 233.1 (emphasis added).

1 74. Moreover, the FTCA also prohibits the pricing scheme employed by Madewell regardless  
2 of whether the Product advertisements and representations use the words “regular,” “original,” or  
3 “former” price. Under 16 C.F.R. § 233.1:

4  
5 **(e) If the former price is set forth in the advertisement, whether accompanied or not**  
6 **by descriptive terminology such as “Regularly,” “Usually,” “Formerly,” etc., the**  
7 **advertiser should make certain that the former price is not a fictitious one.** If the  
8 former price, or the amount or percentage of reduction, is not stated in the advertisement,  
9 as when the ad merely states, “Sale,” the advertiser must take care that the amount of  
10 reduction is not so insignificant as to be meaningless. It should be sufficiently large that  
11 the consumer, if he knew what it was, would believe that a genuine bargain or saving was  
12 being offered. An advertiser who claims that an item has been “Reduced to \$9.99,” when  
13 the former price was \$10, is misleading the consumer, who will understand the claim to  
14 mean that a much greater, and not merely nominal, reduction was being offered.

15 16 C.F.R. § 233.1 (emphasis added).

16 75. Similarly, FTC regulations make clear that it is improper to offer fake limited duration  
17 sales. Retailers “should not . . . make a ‘limited’ offer which, in fact, is not limited.” 16 C.F.R. § 233.5.

18 76. Madewell’s conduct described here violates each of these laws and regulations. Madewell  
19 makes untrue and misleading statements about its prices. It advertises regular prices that are not its true  
20 regular prices, or its former prices, and were not the prevailing market price in the three months  
21 immediately preceding the advertisement. In addition, Madewell advertises goods with the intent not to  
22 sell them as advertised, for example, by advertising goods having certain former prices and/or market  
23 values without the intent to sell goods having those former prices and/or market values. Madewell also  
24 makes false or misleading statements of fact concerning the reasons for, existence of, and amounts of  
25 price reductions, including the existence of steep discounts, and the amounts of price reductions resulting  
26 from those discounts. And Madewell relatedly engages in unlawful, unfair, and deceptive business  
27 practices.

### 28 TOLLING OF THE STATUTE OF LIMITATIONS

77. All applicable statutes of limitations have been tolled by the delayed discovery doctrine.  
Plaintiff and Class members could not have reasonably discovered Defendant’s practice of running false

1 and misleading sales, based on deceptive reference prices and sale prices, at any time prior to commencing  
2 this class action litigation.

3 78. A reasonable consumer viewing the Website on multiple occasions would simply believe  
4 that a product is temporarily discounted from the stated reference price, and that Defendant recently made  
5 the Product available for purchase at the stated reference price. Short of visiting and checking the Website  
6 daily for months, a reasonable consumer would not suspect that Madewell’s sales and pricing practices  
7 were false and misleading. Nor would a reasonable consumer be able to ascertain the actual market value  
8 of the Products being sold absent extensive investigation.

9 79. Plaintiff did not learn of Defendant’s deceptive practices alleged herein until shortly before  
10 commencing this action.

11 80. As a result, any and all applicable statutes of limitations otherwise applicable to the  
12 allegations herein have been tolled.

13 **CLASS ACTION ALLEGATIONS**

14 81. Plaintiff brings this action under California Code of Civil Procedure § 382 on behalf of  
15 themselves and all others similarly situated as a class action on behalf of the following class (the “Class”  
16 and each member, a “Class Member”):

17 All persons who, at any time during the applicable limitations period, purchased any products  
18 from Madewell’s Website while in California at a purported discount from a higher reference  
19 price.

20 82. The following people are excluded from the Class: (i) any Judge presiding over this action  
21 and members of his or her family; (ii) Defendant, Defendant’s subsidiaries, parents, successors,  
22 predecessors, and any entity in which Defendant or its parents have a controlling interest (including  
23 current and former employees, officers, or directors); (iii) persons who properly execute and file a timely  
24 request for exclusion from the Class; (iv) persons whose claims in this matter have been finally  
25 adjudicated on the merits or otherwise released; (v) Plaintiff’s counsel and Defendant’s counsel; and (vi)  
26 the legal representatives, successors, and assigns of any such excluded persons.

1 83. *Numerosity.* Members of the Class are so numerous that joinder of all class members is  
2 impractical. Given the popularity of the Website, the number of persons in the class is estimated to be in  
3 the thousands, if not millions. Additionally, the size and relatively modest value of the claims of the  
4 individual members of the Class renders joinder impractical.

5 84. *Commonality and predominance.* A well-defined community of interest exists in the  
6 questions of law and fact involved in this case. Questions of law and fact common to the members of the  
7 Class that predominate over questions affecting only individual Class members include:

- 8 (a) Whether, during the class period, Defendant advertised false reference prices of its  
9 products offered on its Website;
- 10 (b) Whether, during the class period, Defendant advertised price discounts from false  
11 reference prices on products offered on its Website;
- 12 (c) Whether Defendant's deceptive pricing scheme using false reference prices constitutes  
13 false advertising in violation of the California False Advertising Law under Business &  
14 Professions Code § 17500 *et seq*;
- 15 (d) Whether Defendant's deceptive pricing scheme using false reference prices violates the  
16 CLRA under Civil Code § 1770;
- 17 (e) Whether Defendant's deceptive pricing scheme using false reference prices constitutes an  
18 "unlawful," "unfair," or "fraudulent" business practice in violation of the California Unfair  
19 Competition Law, Cal. Bus & Prof. Code § 17200, *et seq.*;
- 20 (f) Whether Defendant's use of false reference prices on products offered on its Website was  
21 material;
- 22 (g) Whether Defendant had a duty to conspicuously disclose to customers that the reference  
23 prices were false former/regular prices.; and
- 24 (h) Whether the members of the Class are entitled to damages and/or restitution.

25 85. *Adequacy.* Plaintiff will adequately safeguard the interests of the Class members, as  
26 Plaintiff's interests align with, and do not contradict, those of the Class. Plaintiff's counsel has experience  
27 in handling class action litigation, including in the area of consumer digital privacy.

1 86. *Superiority.* A class action is the most effective, efficient, and fair way to resolve this  
2 dispute, as individual litigation by all Class members is impractical and would overburden the court  
3 system. It would also risk inconsistent judgments and increase delays and expenses for all involved  
4 parties. In contrast, proceeding as a class action presents few management challenges, conserves  
5 resources, and protects the rights of each Class member. Plaintiff expects no difficulties in managing this  
6 case as a class action.

7  
8 **FIRST CAUSE OF ACTION**  
9 **Violation of the Consumers Legal Remedies Act (“CLRA”)**  
10 **California Civil Code § 1750 *et seq.***

11 87. Plaintiff incorporates the foregoing allegations as if fully set forth herein.

12 88. Plaintiff brings this claim in her individual capacities, in her capacity as a private attorney  
13 general seeking the imposition of public injunctive relief to protect the general public, and as  
14 representatives of the Class.

15 89. The Products are “goods” as defined by California Civil Code § 1761(a).

16 90. Defendant is a “person,” as defined by Cal. Civ. Code § 1761(c).

17 91. Plaintiff and Class members are each “consumers,” as defined by Cal. Civ. Code § 1761(d).

18 92. Plaintiff and Class members purchased the Products for personal, family, and/or household  
19 purposes, as meant by Cal. Civ. Code § 1761(d).

20 93. Plaintiff and Class members’ purchases from Madewell each constitutes a “transaction,”  
21 as defined by Cal. Civ. Code § 1761(e).

22 94. Venue is proper under Cal. Civil Code § 1780(d) because San Francisco County is the  
23 county in which the transaction or any substantial portion thereof occurred, and it is a county in which  
24 Madewell is doing business. Plaintiff Gupta’s declaration establishing that this Court is a proper venue  
25 for this action is attached hereto as **Exhibit A**.

26 95. The unlawful methods, acts, or practices alleged herein to have been undertaken by  
27 Madewell were all committed intentionally and knowingly. The unlawful methods, acts, or practices  
28

1 alleged herein to have been undertaken by Madewell did not result from a bona fide error notwithstanding  
2 the use of reasonable procedures adopted to avoid such error.

3 96. Madewell's conduct alleged herein has violated the CLRA in multiple respects, including,  
4 but not limited to, the following:

5 (a) Madewell represented that the Products had characteristics that they did not have. (Cal.  
6 Civ. Code § 1770(a)(5));

7 (b) Madewell advertised the Products with an intent not to sell them as advertised. (Cal. Civ.  
8 Code § 1770(a)(9));

9 (c) Madewell made false or misleading statements of fact concerning reasons for, existence  
10 of, or amounts of, price reductions (Cal. Civ. Code § 1770(a)(13)); and

11 (d) Madewell misrepresented that the Products were supplied in accordance with previous  
12 representations when they were not. (Cal. Civ. Code § 1770(a)(16)).

13 97. With respect to any omissions, Madewell at all relevant times had a duty to disclose the  
14 information in question because, inter alia: (a) Madewell had exclusive knowledge of material  
15 information that was not known to Plaintiff and Class Members; (b) Madewell concealed material  
16 information from Plaintiff and Class Members; and (c) Madewell made partial representations which  
17 were false and misleading absent the omitted information.

18 98. Madewell intentionally deceived Plaintiff and the Class, and continues to deceive the  
19 public, by advertising false discounts and false reference prices.

20 99. Madewell's misrepresentations deceive and have a tendency to deceive the reasonable  
21 consumer and the general public.

22 100. Madewell's misrepresentations are material, in that a reasonable person would attach  
23 importance to the information and would be induced to act on the information in making purchase  
24 decisions.

25 101. As a direct, substantial, and/or proximate result of Madewell's unlawful conduct, Plaintiff  
26 and Class members were harmed, suffered injury-in-fact, and lost money or property.

1           102. Plaintiff and Class members reasonably relied on Madewell’s material misrepresentations,  
2 and would not have purchased the Products at the prices that they paid had they known the truth.

3           103. Plaintiff and Class members did not receive the benefits of their bargain. Plaintiff and  
4 Class members did not enjoy the actual discounts that Madewell represented and promised to them.  
5 Plaintiff and Class members did not receive products that were worth the inflated amount that Madewell  
6 represented to them; the Products did not regularly sell for, and were not actually worth, the fictitious  
7 strikethrough reference price advertised by Madewell.

8           104. By its conduct and omissions alleged herein, Madewell caused the demand for its Products  
9 to be artificially increased and caused all customers, including Plaintiff and Class members, to pay price  
10 premiums to Madewell. Put differently, as a result of its misrepresentations, Madewell has been able to  
11 charge a price premium for its products that it would not be able to charge absent the misrepresentations.  
12 Without the misrepresentations, Madewell would have had to charge less for the Products in order to  
13 enjoy the same level of demand.

14           105. **Permanent public injunctive relief.** Plaintiff, acting as a private attorney general, seek  
15 public injunctive relief under the CLRA to protect the general public from Madewell’s false  
16 advertisements, misrepresentations, and omissions.

17           106. Madewell’s misconduct, which affects and harms the general public, is ongoing in part or  
18 in whole and even if such conduct were to cease, it is behavior that is capable of repetition or re-  
19 occurrence by Madewell absent a permanent public injunction. Accordingly, Plaintiff seeks an order  
20 enjoining Madewell from committing the unlawful practices alleged herein.

21           107. The balance of the equities favors the entry of permanent public injunctive relief against  
22 Madewell. Plaintiff, the Class Members, honest competing businesses, and the general public will be  
23 irreparably harmed from Madewell’s ongoing false advertising absent the entry of permanent public  
24 injunctive relief against Madewell.

25           108. Plaintiff lacks an adequate remedy at law to prevent Madewell from engaging in the  
26 unlawful practices alleged herein. Plaintiff would purchase products from Madewell again if she could  
27 have confidence regarding the truth of Madewell’s prices and the value of its products. Plaintiff will be  
28

1 harmed if, in the future, she is left to guess as to whether Madewell is providing a legitimate sale or not,  
2 and whether Madewell’s products are actually worth the amount that Madewell is representing.

3 109. Monetary damages are not an adequate remedy at law for future harm because, *inter alia*  
4 and without limitation: (1) damages will not prevent Madewell from engaging in its unlawful conduct;  
5 (2) damages for future harm cannot be calculated with certainty and thus cannot be awarded; for example,  
6 it is impossible to know what products Plaintiff may want or need in the future; and (3) injunctive relief  
7 is necessary (and monetary damages do not provide a plain, adequate and complete remedy) because,  
8 without forward-looking injunctive relief enjoining the unlawful practices, the courts may be flooded  
9 with future lawsuits by Class members, Plaintiff, and the general public for future violations of the law  
10 by Madewell.

11 110. In accordance with California Civil Code § 1782(a), Plaintiff, through counsel, will be  
12 serving Madewell with notice of its CLRA violations by certified mail, return receipt requested, on March  
13 26, 2026. If Madewell fails to provide appropriate relief for its CLRA violations within 30 days of its  
14 receipt of Plaintiff’s notice letter, Plaintiff will amend this complaint to seek compensatory and exemplary  
15 damages as permitted by Cal. Civ. Code §§ 1780 and 1782(b), along with attorneys’ fees and costs.

16 **SECOND CAUSE OF ACTION**  
17 **Violation of the California Unfair Competition Law (“UCL”)**  
18 **Prof. Code § 17200 *et seq.***

19 111. Plaintiff incorporates the foregoing allegations as if fully set forth herein.

20 112. California Business and Professions Code section 17200 *et seq.*, known as the California  
21 Unfair Competition Law (“UCL”), prohibits acts of “unfair competition,” including any “unfair or  
22 fraudulent business act or practice” as well as “unfair, deceptive, untrue or misleading advertising.”

23 113. **Fraudulent Conduct.** Under the UCL, a business act or practice is “fraudulent” if it is  
24 likely to deceive members of the consuming public.

25 114. Here, members of the public are likely to be deceived by Madewell’s conduct as alleged  
26 above. Among other things, Defendant affirmatively misrepresented the reference prices of the Products,  
27 which misled and deceived consumers into believing that they were buying products at substantially  
28

1 discounted prices. Madewell's deceptive marketing practice gave consumers the false impression that the  
2 Products on the Website were regularly listed for a substantially higher price in the recent past than they  
3 actually were, which led to the false impression that the Products were worth more than they actually  
4 were.

5 115. Madewell's representations that the Products were on sale, that the Products had a specific  
6 former and regular prices, and that consumers were receiving genuine discounts from the reference prices,  
7 were false and misleading.

8 116. In addition, Madewell had a duty to disclose the truth about its pricing deception,  
9 including, among other things, that the reference prices advertised and published on the Website were  
10 not, in fact, prices at which Madewell's items were listed or sold on the Website in the recent past for a  
11 reasonably substantial period of time, but in reality, the Products never (or rarely) were offered or sold at  
12 the advertised reference prices. Members of the public, therefore, were also likely to be deceived by  
13 Madewell's failure to disclose material information.

14 117. Madewell's advertising was fraudulent because it deceived consumers into believing they  
15 were receiving a product that is worth more than it actually is.

16 118. Madewell's representations were materially misleading to Plaintiff and other reasonable  
17 consumers. Price influences consumers, including significant price reductions, as employed by Madewell.

18 119. Plaintiff relied on Madewell's misleading representations and omissions, as detailed  
19 above, believing that she were receiving a genuine discount from the advertised reference price.

20 120. Absent Madewell's misrepresentations, Plaintiff and the Class Members would not have  
21 purchased the items they purchased from Madewell, or, at a minimum, they would not have paid as much  
22 for the items as they ultimately did. Plaintiff and the Class's reliance was a substantial factor in causing  
23 them harm.

24 121. Had the omitted information been disclosed, Plaintiff would have been aware of it and  
25 reasonably would have behaved differently. Among other things, Plaintiff would not have purchased the  
26 items they purchased from Madewell, or, at minimum, would not have paid as much for the items as she  
27 did.

1 122. As a result of Madewell’s fraudulent business acts and practices, Madewell has and  
2 continues to fraudulently obtain money from Plaintiff and members of the Class.

3 123. **Unfair Conduct.** Under the UCL, a business act or practice is “unfair” if its conduct is  
4 substantially injurious to consumers, offends public policy, and is immoral, unethical, oppressive, and  
5 unscrupulous, as the benefits for committing such acts or practices are outweighed by the gravity of the  
6 harm to the alleged victims.

7 124. Madewell’s deceptive marketing gave consumers the false impression that the Products  
8 were regularly listed or sold on the Website for a substantially higher price in the recent past than they  
9 were and, thus, led to the false impression that the Products were worth more than they were.

10 125. Madewell’s conduct was and continues to be of no benefit to purchasers of the Products,  
11 as it is misleading, unfair, unlawful, and injurious to consumers. It is also against public policy, as it  
12 harms fair competition. For example, the federal Lanham Act includes prohibitions on “commercial  
13 advertising or promotion” that “misrepresents the nature, characteristics, qualities, or geographic origin  
14 of his or her or another person’s goods, services, or commercial activities.” 41 U.S.C. § 1125(a).  
15 Similarly, the FTCA and implementing regulations prohibit advertising a former price “for the purpose  
16 of establishing a fictitious [] price on which a deceptive comparison might be based.” 16 C.F.R. § 233.1.  
17 Defendant is siphoning sales away from sellers who compete fairly on price and do not promote fake  
18 regular prices and discounts. Further, there is no benefit to consumers who pay a sale price that is actually  
19 a regular price.

20 126. The harm to Plaintiff and Class Members outweighs the utility of Madewell’s practices.  
21 There were reasonably available alternatives to further Madewell’s legitimate business interests, other  
22 than the unfair conduct described herein.

23 127. As a result of Madewell’s unfair business acts and practices, Madewell has and continues  
24 to unfairly obtain money from Plaintiff and Class Members.

25 128. **Unlawful Conduct.** A cause of action may be brought under the “unlawful” prong of the  
26 UCL if a practice violates another law. Such action borrows violations of other laws and treats these  
27 violations as unlawful practices independently actionable under the UCL.  
28

1 129. By engaging in false advertising, as well as the false, deceptive, and misleading conduct  
2 alleged above, Madewell engaged in unlawful business acts and practices in violation of the UCL,  
3 including violations of state and federal laws and regulations. Specifically, as detailed herein, Madewell  
4 violated 16 C.F.R. §§ 233.1 and California Business & Professions Code section 17501.

5 130. **Remedies.** In the alternative to those claims seeking remedies at law, Plaintiff and Class  
6 Members allege that there is no plain, adequate, and *complete* remedy that exists at law to address  
7 Madewell’s unlawful and unfair business practices. The legal remedies available to Plaintiff are  
8 inadequate because they are not as “equally prompt and certain and in other ways efficient” as equitable  
9 relief. For example, equitable claims may be tried by the court, whereas legal claims are tried by jury,  
10 and the need for a jury trial may result in delay and additional expense. Additionally, unlike damages, the  
11 Court’s discretion in fashioning equitable relief is very broad and can be awarded in situations where the  
12 entitlement to damages may prove difficult.

13 131. Thus, restitution would allow recovery even when normal consideration associated with  
14 damages would not. Furthermore, the standard, showing, and necessary elements for a violation of the  
15 UCL “unlawful” and “unfair” prongs are different from those that govern legal claims.

16 132. Plaintiff, on behalf of herself and the Class Members, seeks restitution and restitutionary  
17 disgorgement of all moneys Madewell received through the conduct described above.

18 133. Plaintiff, on behalf of herself and the Class Members, seeks an injunction from this Court  
19 prohibiting Madewell from engaging in the patterns and practices described herein, including putting a  
20 stop to the deceptive advertisements and false reference prices in connection with the sale of products on  
21 the Website. Plaintiff and Class Members are entitled to injunctive relief, as the dissemination of  
22 Madewell’s false and misleading advertising is ongoing.

23 **THIRD CAUSE OF ACTION**  
24 **Violation of California’s False Advertising Law (“FAL”)**  
25 **Cal. Bus. & Prof. Code § 17500 & 17501 *et seq.***

26 134. Plaintiff incorporates the foregoing allegations as if fully set forth herein.  
27  
28

1 135. Madewell has violated sections 17500 and 17501 of California’s False Advertising Law  
2 (“FAL”).

3 136. Madewell has violated, and continues to violate, section 17500 of the FAL by  
4 disseminating untrue and misleading advertisements to Plaintiff and class members.

5 137. As alleged more fully above, Madewell advertises former prices along with discounts.  
6 Madewell does this, for example, by crossing out a higher price and displaying it next to a lower,  
7 discounted price. Reasonable consumers would understand prices advertised in strikethrough font from  
8 which time-limited discounts are calculated to denote “former” or “reference” prices (i.e., the prices that  
9 Madewell charged before the discount went into effect.).

10 138. The prices advertised by Madewell are not Madewell’s regular prices. Those prices are  
11 not Madewell’s regular prices (i.e., the price you usually have to pay to purchase the Products in question),  
12 because Madewell consistently advertises ongoing promotions entitling consumers to a substantial  
13 discount. Moreover, for the same reasons, those prices were not the former prices of the Products.  
14 Accordingly, Madewell’s statements about the former prices of the Products, and its statements about its  
15 discounts from those former prices, were untrue and misleading.

16 139. In addition, Madewell has violated, and continues to violate, section 17501 of the FAL by  
17 advertising former prices that were not the prevailing market price within three months immediately  
18 preceding the advertising. As explained above, Madewell’s advertised regular prices, which reasonable  
19 consumers would understand to denote former prices, were not the prevailing market prices for the  
20 Products within three months preceding publication of the advertisement. And Madewell’s former price  
21 advertisements do not state clearly, exactly, and conspicuously when, if ever, the former prices prevailed.  
22 Madewell’s advertisements do not indicate whether or when the purported former prices were offered at  
23 all.

24 140. Madewell’s misrepresentations were intended to induce reliance, and Plaintiff saw, read,  
25 and reasonably relied on the statements when purchasing Madewell’s purportedly discounted Products.  
26 Madewell’s misrepresentations were a substantial factor in Plaintiff’s purchasing decision.

1 141. In addition, class-wide reliance can be inferred because Madewell’s misrepresentations  
2 were material (i.e., a reasonable consumer would consider them important in deciding whether to buy the  
3 Products.).

4 142. Madewell’s misrepresentations were a substantial factor and proximate cause in causing  
5 damages and losses to Plaintiff and the Class.

6 143. Plaintiff and the Class were injured as a direct and proximate result of Madewell’s conduct  
7 because (a) they would not have purchased the products if they had known the truth, (b) they overpaid  
8 for the products because they were sold at a price premium due to the misrepresentation, and/or (c) they  
9 did not receive the discounts they were promised, and received products with market values lower than  
10 the promised market values.

11 144. For the claims under the FAL, Plaintiff seeks all available equitable relief, including  
12 injunctive relief, disgorgement, and restitution in the form of a full refund and/or measured by the price  
13 premium charged to Plaintiff and the Class as a result of Madewell’s unlawful conduct.

14 **FOURTH CAUSE OF ACTION**  
15 **Fraud (Intentional Misrepresentation and Omission)**

16 145. Plaintiff incorporates the foregoing allegations as if fully set forth herein.

17 146. Madewell made false or misleading statements of fact concerning the existence and  
18 amounts of price reductions because, as explained above, (a) the reference prices misled customers into  
19 believing the products were previously offered for sale and/or sold on the Website at the higher reference  
20 prices on a regular basis for a reasonably substantial period of time, and (b) the advertised discounts are  
21 fictitious or exaggerated.

22 147. In addition, Madewell had a duty to conspicuously disclose the truth about its pricing  
23 deception, including that (1) the reference prices advertised and published on the Website were not prices  
24 at which Madewell’s items had been offered and/or sold on the Website in the recent past on a regular  
25 basis for a reasonably substantial period of time, (2) Madewell’s products rarely (if ever) were offered or  
26 sold anywhere at the advertised reference prices on a regular basis for a reasonably substantial period of  
27 time, and (3) the advertised reference prices are not indicative of market value.

1 148. Madewell knew that its representations were false when made. Madewell knew that the  
2 items Plaintiff and the Class purchased had rarely, if ever, been offered or sold on the Website (or  
3 elsewhere) at the substantially higher reference price.

4 149. Madewell's representations were made with the intent that Plaintiff and the Class rely on  
5 the false representations and spend money they otherwise would not have spent, purchase items they  
6 otherwise would not have purchased, and/or spend more money for an item than they otherwise would  
7 have absent the deceptive marketing scheme.

8 150. Madewell engaged in this fraud to the Plaintiff and the Class's detriment to increase its  
9 own sales and profits.

10 151. Plaintiff and the Class reasonably relied on Madewell's representations. Absent  
11 Madewell's misrepresentations, Plaintiff and the Class would not have purchased the items they  
12 purchased from Madewell or, at minimum, would not have paid as much for the items as they ultimately  
13 did. Plaintiff and the Class's reliance was a substantial factor in causing them harm.

14 152. Had the omitted information been disclosed, Plaintiff and the Class reasonably would have  
15 behaved differently. Among other things, they would not have purchased the items they purchased from  
16 Madewell or would not have paid as much for the items as they ultimately did.

17 153. As a direct and proximate result of the above, Plaintiff and the Class have suffered  
18 damages in an amount to be proven at trial. Plaintiff and the Class are also entitled to punitive or  
19 exemplary damages. Madewell, through its senior executives and officers, undertook the illegal acts  
20 intentionally or with conscious disregard of the rights of Plaintiff and the Class, and did so with fraud,  
21 malice, and/or oppression. Based on the allegations above, Madewell's actions were fraudulent because  
22 it intended to and did deceive and injure Plaintiff and the Class. Based on the allegations above,  
23 Madewell's conduct was made with malice because it acted with the intent to and did cause injury to  
24 Plaintiff and the Class, and because Madewell willfully and knowingly disregarded the rights of Plaintiff  
25 and the Class.

26 **FIFTH CAUSE OF ACTION**  
27 **Unjust Enrichment/Quasi-Contract**

1 154. Plaintiff incorporates the foregoing allegations as if fully set forth herein.

2 155. Plaintiff pleads this claim under California law and in the alternative to her remaining  
3 claims.

4 156. California law permits a standalone claim for unjust enrichment, allowing the court to  
5 construe the cause of action as a quasi-contract claim.

6 157. California law recognizes a right to disgorgement of profits resulting from unjust  
7 enrichment, even where an individual has not suffered a corresponding loss.

8 158. California law requires disgorgement of unjustly earned profits regardless of whether a  
9 defendant's actions caused a plaintiff to directly expend his or her own financial resources or whether a  
10 defendant's actions directly caused the plaintiff's property to become less valuable.

11 159. Under California law, a stake in unjustly earned profits exists regardless of the plaintiff's  
12 actual loss.

13 160. By its wrongful acts and omissions, Madewell was unjustly enriched at the expense of and  
14 to the detriment of Plaintiff and the Class and/or while Plaintiff and the Class were unjustly deprived.  
15 Madewell's unlawful and deceptive pricing scheme induced Plaintiff and the Class to spend money they  
16 otherwise would not have spent, purchase items they otherwise would not have purchased, and/or spend  
17 more money for a product than they otherwise would have absent the deceptive advertising.

18 161. Plaintiff and members of the Class also conferred a monetary benefit on Madewell in the  
19 form of Madewell's profits generated by the deceptive marketing scheme. Madewell profited from  
20 inappropriately and artificially inflated prices.

21 162. On behalf of the Class, Plaintiff seeks restitution from Madewell and an order disgorging  
22 all deceptively obtained payments and profits.

23 163. Plaintiff and the Class seek this equitable remedy because their legal remedies are  
24 inadequate. An unjust enrichment theory provides the equitable disgorgement of profits even where an  
25 individual has not suffered a corresponding loss in the form of money damages.

26 **SIXTH CAUSE OF ACTION**  
27 **Negligent Misrepresentation**

1 164. Plaintiff incorporates the foregoing allegations as if fully set forth herein.

2 165. Madewell made false or misleading statements of fact concerning the existence of and the  
3 amounts of price reductions because, as explained herein, (a) the advertised reference prices misled  
4 customers into believing the Products were previously offered for sale and/or sold on the Website at the  
5 higher reference prices on a regular basis for a reasonably substantial period of time, and (b) the advertised  
6 discounts are fictitious or exaggerated.

7 166. In addition, Madewell had a duty to conspicuously disclose the truth about its pricing  
8 deception, including that the reference prices advertised on the website were not prices at which its items  
9 were listed or sold on the Website in the recent past on a regular basis for a reasonably substantial period  
10 of time, and in truth, its products are typically not offered or sold on the Website (and/or in the  
11 marketplace) at the advertised reference prices.

12 167. Madewell knew that its representations were false when made. Madewell knew that the  
13 items Plaintiff and the Class purchased had rarely, if ever, been offered or sold on the Website at the  
14 substantially higher reference price in the recent past. And Madewell knew or should have known that  
15 the reference prices were not the prevailing market prices.

16 168. Madewell had no good faith or reasonable basis to believe that its representations were  
17 true when made.

18 169. Madewell's representations were made with the intent that Plaintiff and the Class rely on  
19 the false representations and spend money they otherwise would not have spent, purchase items they  
20 otherwise would not have purchased, and/or spend more money for an item than they otherwise would  
21 have absent the deceptive marketing scheme.

22 170. Madewell engaged in this deception to the Plaintiff and the Class's detriment to increase  
23 its own sales and profits.

24 171. Plaintiff and the Class reasonably relied on Madewell's representations. Absent  
25 Madewell's misrepresentations, Plaintiff and the Class would not have purchased the items they  
26 purchased from Madewell, or, at the very least, they would not have paid as much for the items as they  
27 ultimately did. Plaintiff and the Class's reliance was a substantial factor in causing them harm.  
28

1 172. Had the omitted information been disclosed, Plaintiff and the Class reasonably would have  
2 behaved differently. Among other things, they would not have purchased the items they purchased from  
3 Madewell or, at the very least, would not have paid as much for the items as they did.

4 173. As a direct and proximate result of the above, Plaintiff and the Class have suffered  
5 damages in an amount to be proven at trial.

6 **PRAYER FOR RELIEF**

7 174. Accordingly, Plaintiff, on behalf of herself and the proposed Class, respectfully requests  
8 that this Court grant judgment against the Madewell as follows:

- 9 (a) An order certifying the Class, naming Plaintiff as representative of the Class, and  
10 naming Plaintiff's attorneys as Class Counsel to represent the Class.
- 11 (b) An order declaring that Madewell's conduct, as described above, violates the  
12 statutes and common law giving rise to the claims brought in this action;
- 13 (c) An order finding in favor of Plaintiff and the Class on all counts;
- 14 (d) For monetary damages, including but not limited to statutory and punitive  
15 damages, and any other damages the Court deems fair and just;
- 16 (e) For pre- and post-judgment interest on all amounts awarded;
- 17 (f) For an order of restitution and all other forms of equitable monetary relief;
- 18 (g) For an order awarding Plaintiff and the Class their reasonable attorney's fees and  
19 expenses and costs of suit; and
- 20 (h) For any other or further relief as the Court deems just and proper.

21 **JURY DEMAND**

22 Plaintiff demands a trial by jury on all claims and issues so triable.  
23  
24  
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1 Dated: March 26, 2026

Respectfully submitted,

2 /s/ Matthew W. Ruan  
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24 *Attorneys for Plaintiff and the Putative Class*

25 *\*Pro Hac Vice application forthcoming*