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12	Interneys for 1 lands	
13	SUPERIOR COURT OF	THE STATE OF CALIFORNIA
14		
15	COUNTY OF SAN FRANCIS	CO (UNLIMITED JURISDICTION)
16	FENWICK CRECY, an individual;	) Case No.: <b>CGC-18-568356</b>
17	KIM MAH, an individual;	
18	MASON FARRELL, an individual; FATIMA HAWANA, an individual;	) COMPLAINT FOR DAMAGES
19	JERRY PHILLIPS, an individual;	) 1. VIOLATIONS OF CALIFORNIA
20		) RESTRICTIONS ON UNSOLICITED COMMERCIAL E-MAIL (Cal. Bus. &
21	Plaintiffs,	) Prof. Code § 17529.5)
22	v.	)
23	CHW GROUP, INC., a New Jersey	)
24	corporation dba CHOICE HOME	
25	WARRANTY; and DOES 1-200;	)
26	-	)
27	Defendants.	
28	COME NOW PLAINTIFFS FENWICK CRI	ECY et al and file this Complaint for one cause of
29		IC. dba CHOICE HOME WARRANTY ("CHW")
30	et al and allege as follows:	
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COMPLAINT

## I. INTRODUCTION AND SUMMARY OF THE COMPLAINT

- 1. Plaintiffs FENWICK CRECY *et al* bring this Action against professional "spamvertiser" CHW GROUP, INC. dba CHOICE HOME WARRANTY ("CHW") and its Marketing Partners for advertising/conspiring to advertise in 75 unlawful unsolicited commercial emails ("spams") advertising home warranties. Exhibit A is a representative sample (showing the spam as appears in the recipient's inbox, clickthrough and redirect links, full headers, and source code), and Plaintiffs incorporate Exhibit A herein by reference.
- 2. No Plaintiff gave direct consent to receive commercial email advertisements from, or had a preexisting or current business relationship with, CHW or any other entity advertised in the spams.
- 3. The spams all materially violated California Business & Professions Code § 17529.5 ("Section 17529.5") due to materially false and deceptive information contained in or accompanying the email headers (i.e. From Name, Sender Email Address, and Subject Line).
- 4. CHW is strictly liable for advertising in spams sent by its Marketing Partners. Even if CHW's Marketing Partners are not directly liable under Section 17529.5 for advertising in the spams, they are still liable on the basis of civil conspiracy, as discussed herein.
- 5. Spam recipients are not required to allege or prove reliance or actual damages to have standing. See Cal. Bus. & Prof. Code § 17529.5(b)(1)(A)(iii). Plaintiffs elect to recover statutory damages only and forego recovery of any actual damages. See Cal. Bus. & Prof. Code § 17529.5(b)(1)(B).
- 6. This Court should award liquidated damages of \$1,000 per email as provided by Section 17529.5(b)(1)(B)(ii), and not consider any reduction in damages, because CHW and its Marketing Partners failed to implement reasonably effective systems to prevent advertising in/conspiring to advertise in unlawful spams. The unlawful elements of these spams represent willful acts of falsity and deception, rather than clerical errors.
- 7. This Court should award Plaintiffs their attorneys' fees pursuant to Section 17529.5(b)(1)(C). See also Cal. Code of Civil Procedure § 1021.5, providing for attorneys' fees when private parties bear the costs of litigation that confers a benefit on a large class of persons; here, by reducing the amount of false and deceptive spam received by California residents.

KIM MAH ("MAH") was domiciled in and a citizen of the State of California, when she

MASON FARRELL ("FARRELL") was domiciled in and a citizen of the State of

FATIMA HAWANA ("HAWANA") was domiciled in and a citizen of the State of

California, when she received the spams at issue. The spams at issue were sent to HAWANA's

JERRY PHILLIPS ("PHILLIPS") was domiciled in and a citizen of the State of

California, when he received the spams at issue. The spams at issue were sent to FARRELL's

FENWICK CRECY ("CRECY") was domiciled in and a citizen of the State of

California, when he received the spams at issue. The spams at issue were sent to CRECY's

email address rcrecy44@gmail.com that she ordinarily accesses from California.

received the spams at issue. The spams at issue were sent to MAH's email address

email address masebruh@gmail.com that he ordinarily accesses from California.

email address hawanaf@yahoo.com that he ordinarily accesses from California.

kimmah53@earthlink.net that he ordinarily accesses from California.

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A. Plaintiffs

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- California, when he received the spams at issue. The spams at issue were sent to DAVIS's email address jephilli2288@gmail.com that he ordinarily accesses from California.
- Plaintiffs' joinder in this Action is proper pursuant to Cal. Code of Civil Procedure § 378 13.
- because Plaintiffs seek relief based on the same series of transactions or occurrences: all received
- similar spams in the same general time period advertising CHW's websites and its home
- warranties, and all of those spams were sent by CHW or its Marketing Partners. The same
- questions of law (e.g., violations of Section 17529.5, strict liability) and fact (e.g., direct consent,
- practices and procedures to prevent advertising in unlawful spam) will arise in this Action. The
- fact that each Plaintiff does not sue for exactly the same spams does not bar joinder: "It is not necessary that each plaintiff be interested as to every cause of action or as to all relief prayed for.
- Judgment may be given for one or more of the plaintiffs according to their respective right to
- relief." Cal. Code Civ. Proc. § 378(b).

## B. Defendants

- 1. CHW Group, Inc.
- Plaintiffs are informed and believe and thereon allege that Defendant CHW GROUP, 14.
- INC. dba CHOICE HOME WARRANTY ("CHW") is now, and was at all relevant times, a New

Jersey Corporation with its principal place of business in Edison, New Jersey. Plaintiffs are informed and believe and thereon allege that CHW is responsible for advertising its websites and home warranties in all of the spams at issue in this Action.

#### 2. Marketing Partner Defendants

15. Plaintiffs are informed and believe and thereon allege that CHW entered into various contracts ("Marketing Partner Contracts") with third-party spam networks and publishers ("Marketing Partners") who advertised in and sent some, if not all, of the spams at issue. Pursuant to the terms of the Marketing Partner Contracts, CHW and each respective Marketing Partner agreed to share in the benefits and risks derived from email advertising campaigns advertising CHW's websites/products and the Marketing Partners' services. Plaintiffs further allege, on information and belief, that pursuant to the terms of the Marketing Partner Contracts, the Marketing Partner Defendants who sent the spams used their own lists of email addresses (as opposed to lists provided by CHW) as the source of intended recipients for the spams. Plaintiffs further allege, on information and belief, that in some cases, the Marketing Partners (as opposed to CHW) created the unlawful content in the emails, such as the From Names, Subject Lines, sending email addresses, and clickthrough hyperlinks. Just as Valpak also advertises its own mailing services when sending "snail mail" advertisements for its partners, so did CHW's Marketing Partners advertise their own emailing services when they sent these spams for CHW.

#### 3. DOE Defendants

- 16. CHW's Marketing Partners, whom Plaintiffs cannot identify at this time, advertised in and/or conspired with CHW to advertise in all of the spams at issue.
- 17. Plaintiffs do not know the true names or legal capacities of the Defendants designated herein as DOES 1 through 200, inclusive, and therefore sue said Defendants under the fictitious name of "DOE." Plaintiffs allege that certain Defendant(s) designated herein as DOES advertised in/conspired with CHW to advertise in all of the spams at issue.
- 18. Plaintiffs are informed and believe and thereon allege that each of the Defendants designated herein as a DOE is legally responsible in some manner for the matters alleged in this complaint and is legally responsible in some manner for causing the injuries and damages of which Plaintiffs complain. Plaintiffs are informed and believe and thereon allege that each of the Defendants designated herein as a DOE Defendant was, at all times relevant to the matters alleged within this complaint, acting in conjunction with the named Defendants, whether as a

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director, officer, employee, partner, affiliate, customer, participant, or co-conspirator. When the identities of DOE Defendants 1-200 are discovered, or otherwise made available, Plaintiffs will seek to amend this Complaint to allege their identity and involvement with particularity.

19. Defendants' joinder in this Action is proper pursuant to Cal. Code of Civil Procedure § 379 because Plaintiffs seek relief jointly and severally from Defendants arising form the same series of transactions and occurrences, and because common questions of law and fact as to Defendants will arise in the Action. The fact that all Defendants may not be implicated in all spams does not bar joinder: "It is not necessary that each defendant be interested as to every cause of action or as to all relief prayed for. Judgment may be given against one or more defendants according to their respective liabilities." Cal. Code Civ. Proc. § 379.

#### III. JURISDICTION AND VENUE

## A. Jurisdiction is Proper in a California Superior Court

20. This California Superior Court has jurisdiction over the Action because all Plaintiffs are located in California, HAWANA's claims exceed the \$25,000 minimum for unlimited jurisdiction, and no Plaintiff's claims exceeds \$75,000.

## B. Venue is Proper in San Francisco County

- 21. Venue is proper in San Francisco County (or indeed, any county in California of Plaintiffs' choosing) because CHW is a foreign company that has not designated the location and address of a principal office in California or registered to do business in California with the California Secretary of State. *See Easton v. Superior Court of San Diego (Schneider Bros. Inc.)*, 12 Cal. App. 3d 243, 246 (4th Dist. 1970).
- 22. Also, "A corporation or association may be sued in the county where . . . the obligation or liability arises." Code Civ. Proc. § 395.5.

For purposes of laying venue, a liability 'arises' where the injury occurs. . . . The 'obligation or liability' provision of section 395.5 does *not* require that the defendant perform any act inside the county for venue to be proper; it merely requires that *the obligation arise there*.

Black Diamond Asphalt Inc. v. Superior Court of San Joaquin County, 109 Cal. App. 4th 166, 172, 173 (3d Dist. 2003) (internal citations omitted) (emphasis added). Here, Defendants' obligations arose in San Francisco County, where Plaintiff CRECY received the spams and was damaged.

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23. Plaintiffs allege that Defendants engaged in tortious conduct: "wrongful act[s] other than a breach of contract for which relief may be obtained in the form of damages or an injunction." See Merriam-Webster, www.merriam-webster.com/dictionary/tort (last viewed Nov. 5, 2013).

California's False Advertising Law, Business & Professions Code § 17500 prohibits "not only advertising which is false, but also advertising which[,] although true, is either actually misleading or which has a capacity, likelihood or tendency to deceive or confuse the public." . . . [T]he UCL and the false advertising law prohibit deceptive advertising even if it is not actually false.

Chapman v. Skype Inc., 220 Cal. App. 4th 217, 226-27 (2d Dist. 2013) (citation omitted).

## A. The Emails at Issue are "Spams"; Recipients and Counts

- 25. The emails at issue are "commercial email advertisements" because they were initiated for the purpose of advertising and promoting CHW and its Marketing Partners' products and services.
- 26. The emails are "unsolicited commercial email advertisements" because no Plaintiff gave "direct consent" to or had a "preexisting or current business relationship" with CHW or any of its Marketing Partners.

<sup>&</sup>lt;sup>1</sup> "Commercial e-mail advertisement' means any electronic mail message initiated for the purpose of advertising or promoting the lease, sale, rental, gift offer, or other disposition of any property, goods, services, or extension of credit." Bus. & Prof. Code § 17529.1(c).

<sup>&</sup>lt;sup>2</sup> "Unsolicited commercial e-mail advertisement' means a commercial e-mail advertisement sent to a recipient who meets both of the following criteria: (1) The recipient has not provided direct consent to receive advertisements from the advertiser. (2) The recipient does not have a preexisting or current business relationship, as defined in subdivision (*l*), with the advertiser promoting the lease, sale, rental, gift offer, or other disposition of any property, goods, services, or extension of credit." Bus. & Prof. Code § 17529.1(o).

<sup>&</sup>lt;sup>3</sup> "Direct consent' means that the recipient has expressly consented to receive e-mail advertisements *from the advertiser*, either in response to a clear and conspicuous request for the consent or at the recipient's own initiative." Bus. & Prof. Code § 17529.1(d) (emphasis added).

<sup>&</sup>lt;sup>4</sup> "'Preexisting or current business relationship,' as used in connection with the sending of a commercial e-mail advertisement, means that the recipient has made an inquiry and has provided his or her e-mail address, or has made an application, purchase, or transaction, with or without consideration, regarding products or services offered by the advertiser. []" Bus. & Prof. Code § 17529.1(*l*).

27. Plaintiffs did not consent or acquiesce to receive the spams at issue. Plaintiffs did not waive any claims related to the spams at issue.

28. Defendants advertised in, sent, and/or conspired to send at least 32 unlawful spams that Plaintiffs received at their "California email addresses" as shown below:

PLAINTIFF	SPAMS RECEIVED	PLAINTIFF	SPAMS RECEIVED
CRECY	8	MAH	10
FARRELL	14	HAWANA	13
PHILLIPS	13	TOTAL	75

29. The spams are all unlawful because there is materially false and deceptive information contained in or accompanying the email headers as described in more detail below.

30. Although "fraud" in the context of a Cal. Business & Professions Code § 17500 action does not mean the common-law tort, 6 Plaintiffs are not bringing claims for fraud and are not required to plead with particularity.

B. Spams With Generic or False From Names Misrepresent Who is Advertising in the Spams and Violate Cal. Business & Professions Code § 17529.5(a)(2)

31. Section 17529.5(a)(2) prohibits falsified or misrepresented information contained in or accompanying email headers.

<sup>&</sup>lt;sup>5</sup> "California e-mail address' means 1) An e-mail address furnished by an electronic mail service provider that sends bills for furnishing and maintaining that e-mail address to a mailing address in this state; 2) An e-mail address ordinarily accessed from a computer located in this state; 3) An e-mail address furnished to a resident of this state." Bus. & Prof. Code § 17529.1(b).

<sup>&</sup>lt;sup>6</sup> See Day v. AT&T Corporation, 63 Cal. App. 4th 325, 332 (1st Dist. 1998) ("Actual deception or confusion caused by misleading statements is not required . . . . The term 'fraudulent' as used in the section 'does not refer to the common law tort of fraud' but only requires a showing members of the public 'are likely to be deceived.' No proof of direct harm from a defendant's unfair business practice need be shown, such that '[a]llegations of actual deception, reasonable reliance, and damage are unnecessary.") (citations omitted). See also Buller v. Sutter Health, 160 Cal. App. 4th 981, 986 (1st Dist. 2008) ("In order to state a cause of action under the fraud prong of the [Unfair Competition Law] a plaintiff need not show that he or others were actually deceived or confused by the conduct or business practice in question. The 'fraud prong of [the UCL] is unlike common law fraud or deception. A violation can be shown even if no one was actually deceived, relied upon the fraudulent practice, or sustained any damage. Instead, it is only necessary to show that members of the public are likely to be deceived").

- 32. The From Name field is part of email headers. The From Name does not include the Sender Email Address. So, for example, if an email's From Line says: "John Doe <johndoe@yahoo.com>", the From Name is just "John Doe."
- 33. The From Name in an email's headers is, not surprisingly, supposed to identify who the email is from; it is not supposed to be an advertising message. Because computers must use standard protocols in order to communicate, the Internet Engineering Task Force created a collection of "Requests for Comment" ("RFCs") that define the rules that enable email to work. According to RFC 5322 at ¶ 3.6.2 (emphasis in original):

The "From:" field specifies the author(s) of the message, that is, the mailbox(es) of the person(s) or system(s) responsible for the writing of the message. . . . In all cases, the "From:" field SHOULD NOT contain any mailbox that does not belong to the author(s) of the message.

- 34. Plaintiffs do not insist on any particular label (e.g., "Choice Home Warranty," etc.) in the From Name field. Rather, Plaintiffs contend that the text, whatever it is, cannot misrepresent who the emails are from.
- 35. The From Name is important to an email user, because in almost all email programs, the inbox view only displays a list of emails, showing the From Name, Subject Line, and Send Date. Therefore, even if the body of the email identifies the advertiser, the recipient will not know that until s/he has already clicked to open the email.
- 36. Indeed, empirical evidence has demonstrated that the From Name is the most important factor email recipients use to determine whether or not an email is spam. *See* eMarketer, E-Mail Open Rates Hinge on 'Subject' Line, *available at* http://www.emarketer.com/Article/E-Mail-

Select Criteria Used by US Internet Users to Decide Whether to Click on an E-Mail "Report Spam" or "Junk" Button without Opening the Actual Message, December 2006 (% of respondents)

"From" line 73%

"subject" line 69%

Note: n=2,252 AOL, MSN/Hotmail, Yahool, Lycos, Excite, Gmail, Netscape or Compuserve users
Source: Email Sender and Provider Coalition (ESPC) and Ipsos, March 2007 082363

- Open-Rates-Hinge-on-Subject-Line/1005550 (Oct. 31, 2007). Thus, a From Name that misrepresents who a spam is from is not a mere technical error; rather, it is a material misrepresentation of the most important part of the email header.
- 37. Although Plaintiffs do not sue under the federal CAN-SPAM Act, Plaintiffs note that the Federal Trade Commission has also identified the From Name as the first item in misleading header information in its guide to CAN-SPAM compliance when it stated

1. Don't use false or misleading header information. Your "From," "To," "Reply-To," and routing information – including the originating domain name and email address – must be accurate and identify the person or business who initiated the message.

Federal Trade Commission, CAN-SPAM Act: A Compliance Guide for Business, available at http://www.business.ftc.gov/documents/bus61-can-spam-act-compliance-guide-business (emphasis added).

38. In *Balsam v. Trancos Inc.*, the unlawful spams were sent from generic From Names that did not identify anyone. The trial court ruled, and the court of appeal affirmed in all respects, that generic From Names violate the statute because they misrepresent who the emails are from:

... The seven [] emails do not truly reveal who sent the email . . . . The [] "senders" identified in the headers of the [] seven emails do not exist or are otherwise misrepresented, namely Paid Survey, Your Business, Christian Dating, Your Promotion, Bank Wire Transfer Available, Dating Generic, and Join Elite. . . . . Thus the sender information ("from") is misrepresented.

203 Cal. App. 4th 1083, 1088, 1090-91, 1093 (1st Dist. 2012), petition for review denied, 2012 Cal. LEXIS 4979 (Cal. May 23, 2012), petition for certiori denied, 2012 U.S. LEXIS 8423 (U.S. Oct. 29, 2012), petition for rehearing denied, 2013 U.S. LEXIS 243 (U.S. Jan. 7, 2013). More specifically, Balsam confirmed that generic From Names that "do not exist or are otherwise misrepresented when they do not represent any real company and cannot be readily traced back to the true owner/sender" violate the statute. *Id.* at 1093. The Court affirmed the award of \$1,000 liquidated damages for the seven emails with misrepresented information in the From Name field, even though most of the spams identified the advertiser in the body. *Id.* at 1091, 1093. Therefore, truthful information in the body of a spam does not cure misrepresented information contained in or accompanying the headers.

39. Most of the spams that Plaintiffs received advertising CHW's website and products shows generic text such as: "You're Approve" and "Choice Home" in the From Name field.

These From Names misrepresent who the spam is really from. These From Names could just as easily been advertisements for CHW's competitors.

40. In *Fink v. Byron Udell & Associates Inc.*, the trial court overruled defendant's demurrer (in which the defendant argued that fake names in the From Name field did not violate Section 17529.5), ruling that the fictitious people in the From Names did not identify the true sender.

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No. CGC-14-542524 at \*2 (Super. Ct. Cal. Cty. of San Francisco July 1, 2015) (order overruling defendant's demurrer and denying motion to strike).

- In *Rosolowski v. Guthy-Renker LLC*, the court permitted From Names that were not the sender's official corporate name when the identity of the sender was readily ascertainable in the body. 230 Cal. App. 4th 1403, 1407, 1416 (2d Dist. 2014). However, the From Names in that case (Proactiv and Wen Hair Care) were the advertiser's fanciful trademarks and well-known brands with their own websites. But here, unlike the spams in *Rosolowski*, many of the From Names are generic or false; they are not well-known trademarks and/or brands readily associated with Defendants. There is no way an ordinary consumer, looking at the emails in his/her inbox, could readily associate them with Defendants.
- 42. Moreover, in all of the spams at issue, the sender is not identified anywhere in the body of the spams, so *Balsam* would control, not *Rosolowski*.
- Even where a spam purports to identify the sender in the body, using that information 43. alone as described in Rosolowski, an ordinary consumer can still never be sure that the information is true, because spammers can and often do make false claims. For example, a "phishing" spam might appear to come from Bank of America, even including BofA's logo and address in the body of the spam, although the spam was not in fact sent from BofA. See e.g. Federal Trade Commission, Phishing, https://www.consumer.ftc.gov/articles/0003-phishing. As another example, in 2017 the Federal Trade Commission sued Daniel Croft for unlawful spamming. Press Release, FTC Halts Imposter Scheme that Falsely Claimed Connection to the Agency (Apr. 11, 2017), available at https://www.ftc.gov/news-events/press-releases/2017/04/ ftc-halts-imposter-scheme-falsely-claimed-connection-agency. Among other false and misleading representations, the body of the spams led consumers to believe that certain other parties had been shut down by the FTC for putting spyware on their computers, that Croft was affiliated with the FTC, and that the FTC had appointed Croft to contact consumers to inform them of the lawsuit and to remove the spyware from their computers. FTC v. Daniel L. Croft, No. 9:17-cv-80425 (S.D. Fl. filed Apr. 3, 2017), complaint at ¶¶ 22-28 (Docket #1). Rosolowski appears to inherently assume that whatever appears on the face of a spam must be true. But that assumption is wrong. See e.g. Cal. Business & Professions Code § 17529.1(i) ("Many spammers have become so adept at masking their tracks that they are rarely found") and (j) ("actual spammers can be difficult to track down due to some return addresses that show up on the

display as 'unknown' and many others being obvious fakes"). As shown by the above examples, an ordinary consumer can never ascertain the true identity of the sender of a spam simply by looking at the body of the email, so *Rosolowski* is illogical, irrelevant, and inapplicable.

## C. Spams Sent From Domain Names Not Be Readily Traceable to the Sender Violate Cal. Business & Professions Code § 17529.5(a)(2)

- 44. Section 17529.5(a)(2) prohibits falsified, misrepresented, or forged information contained in or accompanying in email headers.
- 45. Registration information for the domain names used to send spams is information contained in or accompanying email headers.
- 46. "[H]eader information in a commercial e-mail is falsified or misrepresented for purposes of section 17529.5(a)(2) when it uses a sender domain name that *neither* identifies the actual sender on its face *nor* is readily traceable to the sender using a publicly available online database such as WHOIS." *Balsam*, 203 Cal. App. 4th at 1101 (emphasis in original).
- 47. All of the spams that Plaintiffs received advertising CHW were sent from domain names that were not registered at all and the headers were forged (a violation of Section 17529.5(a)(2) to show those domain names), in violation of Section 17529.5. *Balsam*, 203 Cal. App. 4th at 1097-1101. For example:
- 48. For example, CRECY received spams advertising CHW's website and products purportedly sent from the domain names dxue, kqwy, u, n.nu, dcg, hbtge, etc. All of those domain names were unregistered when the spams were sent and were apparently never registered; therefore, the domain names do not identify the sender on its face, nor are they readily traceable to the entity that actually sent the spams.
- 49. Thus, for all of the spams at issue, Plaintiffs could not identify CHW's Marketing Partner by querying the Whois database. In those instances, the only way a recipient could even attempt to identify the Marketing Partner responsible for the spam is to click on a link contained in the spam or search the source code of the email both of which require opening the email first in direct violation of *Balsam*.

## D. Using Third Parties' Domain Names Without Permission Violates the Statute

- 50. Section 17529.5(a)(1) prohibits spams containing or accompanied by a third party's domain name without the permission of the third party.
- 51. Plaintiffs are informed and believe and thereon allege that all of the 75 spams at issue in this Action contain third parties' domain names without permission of the third parties. The

most common domain name used is amazonaws.com. Such unauthorized use of third parties' domain names is materially false and deceptive.

- 52. To the extent that (a)(1) violations appear in the sending email address, there can be no dispute that these spams were *not* sent from Amazon, etc. Plaintiffs are informed and believe and thereon allege that CHW and/or its Marketing Partners forged the Sender Email Addresses to include domain names belonging to legitimate third-party businesses in order to:
  - Falsely lend an air of legitimacy to the spams by leveraging the brand equity of legitimate advertisers, making the recipients believe that Amazon, etc. endorse CHW, and
  - Trick spam filters as to the source of the spams. If CHW and its Marketing Partners used their *own* domain names, it would be more likely that spam filters would be able to automatically identify the domain names as being associated with spammers, and block the spams. On the other hand, emails purportedly sent by amazonaws.com, etc. are more likely to be treated as legitimate emails and not spams.
- 53. In those instances, the only way a recipient could even attempt to identify the Marketing Partner responsible for the spam is to click on a link contained in the spam or search the source code of the email both of which require opening the email first in direct violation of *Balsam*.
- 54. Furthermore, assuming that these spams were *not* actually sent from the domain names that appear in the Sender Email Addresses, which Plaintiffs are informed and believe and thereon allege to be the case, then the spams also contained falsified and forged information, which violates Section 17529.5(a)(2). In those instances, the only way a recipient could even attempt to identify the Marketing Partner responsible for the spam is to click on a link contained in the spam or search the source code of the email both of which require opening the email first in direct violation of *Balsam*.

# E. CHW is Strictly Liable for Advertising in Spams Regardless of Who Sent Them; CHW's Marketing Partners are Also Liable on the Basis of Civil Conspiracy

55. CHW is strictly liable for advertising in the spams at issue even if third parties hit the Send button. Cal. Bus. & Prof. Code § 17529(j), (k); *Hypertouch Inc. v. ValueClick Inc. et al* 192 Cal. App. 4th 805, 820-21 (2d Dist. 2011).

- 56. Plaintiffs are informed and believe and thereon allege that no one forced CHW to outsource any of its advertising to third party spam networks and spammers, but CHW chose to contract with and partner with them (the Marketing Partners) to advertise its websites for the purpose of selling its products and services for a profit.
- 57. Plaintiffs are informed and believe and thereon allege that CHW and its Marketing Partners agreed to share the benefits and the risks of the marketing venture.
- Plaintiffs are informed and believe and thereon allege that CHW and its Marketing Partners formed a conspiracy (or conspiracies) to advertise CHW's websites and home warranties, and the Marketing Partners' email advertising services, by virtue of signing the Marketing Contracts. Defendants operated the conspiracy by sending and advertising in spams pursuant to the Marketing Contracts. Defendants committed wrongful acts pursuant to the conspiracy by advertising in unlawful spams.
- 59. Plaintiffs are informed and believe and thereon allege that CHW may have provided some of the content (e.g. Subject Lines) to its Marketing Partners, and CHW and its Marketing Partners explicitly or tacitly agreed to use such content to send and advertise in unlawful spams, and CHW's Marketing Partners directed themselves towards those wrongful goals by using that content in the spams that were sent. But, to the extent that CHW's Marketing Partners may have created certain false and misrepresented elements of the spams (e.g. putting generic names in the From Name field or putting third parties' names into the spams without permission), CHW's Marketing Partners must be held liable for violations of Section 17529.5 because such wrongful acts were committed in accordance with the general conspiracy to advertise CHW's websites and the Marketing Partners' services.
- 60. To the extent that some of the Marketing Partners (e.g. the spam networks) did not actually send the spams, and their domain names appear in the redirect links, they are still liable for conspiring with CHW to advertise its websites. But for these Marketing Partners' actions, the spams would not have been sent because these Marketing Partners provided codes and links for other Marketing Partners to use to effectuate the sending of the spams and to ultimately enable recipients to buy CHW's products and services.

## F. Some of CHW's Marketing Partners Also Advertised in the Spams, Making them Directly Liable Under the Statute

Plaintiffs allege that CHW's Marketing Partners both sent and advertised in the spams at issue. Each spam contains domain names used by whatever Marketing Partner sent or was

responsible for sending any particular spam. Because the Marketing Partners' domain names appear in the headers and source code of the spams, the Marketing Partners are advertising in the spams. Plaintiffs are informed and believe and thereon allege that the Marketing Partners did this, in part, to advertise their own services as email marketers.

## G. <u>Plaintiffs Sue for Statutory Liquidated Damages; No Proof of Reliance or Actual Damages is Necessary</u>

- 62. The California Legislature defined liquidated damages to be \$1,000 per spam. Cal. Bus. & Prof. Code § 17529.5(b)(1)(B)(ii).
- Plaintiffs are informed and believe and thereon allege that the \$1,000 per spam figure is comparable with damages in other areas of consumer protection law, e.g., \$500-\$1,500 statutory damages per junk fax, pursuant to Cal. Business & Professions Code § 17538.43(b).
- 64. Plaintiffs' rightful and lawful demand for liquidated damages in the amount of \$1,000 per email is necessary to further the California Legislature's objective of protecting California residents from unlawful spam.
- 65. Section 17529.5 does not require Plaintiffs to quantify their actual damages, allege or prove reliance on the advertisements contained in the spams, or purchase the goods and services advertised in the spams. Recipients of unlawful spam have standing to sue and recover liquidated damages. Cal. Bus. & Prof. Code § 17529.5(b)(1)(A)(iii); *Hypertouch*, 192 Cal. App. 4th at 820, 822-23, 828.
- 66. Plaintiffs do not seek actual damages in this Action, only liquidated damages. Cal. Bus. & Prof. Code § 17529.5(b)(1)(B).

## H. Defendants' Actions Were Willful and Preclude any Reduction in Statutory Damages

- 67. Section 17529.5 authorizes this Court to reduce the statutory damages to \$100 per spam. Cal. Bus. & Prof. Code § 17529.5(b)(2). But, to secure the reduction, Defendants have the burden of proof to demonstrate not only that they established practices and procedures to prevent unlawful spamming, but also that they implemented those practices and procedures, and that the practices and procedures are effective.
- 68. Plaintiffs are informed and believe and thereon allege that Defendants have not established and implemented, with due care, practices and procedures reasonably designed to effectively prevent unsolicited commercial e-mail advertisements that are in violation of Section 17529.5.

- 69. Even if Defendants had established any practices and procedures to prevent advertising in unlawful spam, such practices and procedures were not reasonably designed so as to be effective.
- 70. Even if Defendants reasonably designed practices and procedures to prevent advertising in unlawful spam, such practices and procedures were not implemented so as to be effective.
- 71. Moreover, Plaintiffs are informed and believe and thereon allege that Defendants intended to deceive recipients of their spam messages through the use of falsified and/or misrepresented information in From Names and domain name registrations, as described herein.
- 72. Subject Lines and From Names do not write themselves. Domain names do not register themselves. The false and misrepresented information contained in and accompanying the email headers are not "clerical errors." Plaintiffs are informed and believe and thereon allege that Defendants went to great lengths to create falsified and misrepresented information contained in and accompanying the email headers in order to deceive recipients, Internet Service Providers, and spam filters.
- 73. Plaintiffs are informed and believe and thereon allege that Defendants intended to profit, actually profited, and continue to profit, and were unjustly enriched by, their wrongful conduct as described herein.

#### FIRST CAUSE OF ACTION

#### [Violations of California Restrictions on Unsolicited Commercial Email, California Business & Professions Code § 17529.5] (Against All Defendants)

- 74. Plaintiffs hereby incorporate the foregoing paragraphs as though set forth in full herein.
- 75. Plaintiffs received all of the spams at issue within one year prior to filing this Complaint.
- 76. Defendants advertised in, assisted others in advertising in, conspired to advertise in, and/or contracted with others to advertise in at least 75 unsolicited commercial email advertisements sent to Plaintiffs' California electronic mail addresses that had materially falsified and/or misrepresented information contained in or accompanying the email headers and contained third parties' domain names without permission, in violation of Section 17529.5. The unlawful elements of these spams represent willful acts of falsity and deception, rather than clerical errors.

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- The California Legislature set liquidated damages at One Thousand Dollars (\$1,000) per 77. email.
- Defendants have not established and implemented, with due care, practices and 78. procedures to effectively prevent advertising in unlawful spams that violate Section 17529.5 that would entitle them to a reduction in statutory damages.
- Plaintiffs seek reimbursement of attorneys' fees and costs as authorized by Section 79. 17529.5(b)(1)(C).
- The attorneys' fees provision for a prevailing spam recipient is typical of consumer 80. protection statutes and supported by Cal. Code of Civil Procedure § 1021.5. By prosecuting this action, Plaintiffs expect to enforce an important right affecting the public interest and thereby confer a significant benefit on the general public or a large class of persons. The necessity and financial burden of private enforcement is such as to make the award appropriate, and the attorneys' fees should not, in the interest of justice, be paid out of the recovery of damages.

WHEREFORE, Plaintiffs pray for judgment against Defendants as hereinafter set forth.

#### PRAYER FOR RELIEF

### (Against All Defendants)

- An Order from this Court declaring that Defendants violated California Business & A. Professions Code § 17529.5 by advertising in unlawful spams.
- Liquidated damages against Defendants in the amount of \$1,000 for each of at least 75 B. unlawful spams, as authorized by Section 17529.5(b)(1)(B)(ii), for a total of at least \$75,000 (subject to reduction by any settlements with third parties), as set forth below:

PLAINTIFF	DAMAGES SOUGHT	PLAINTIFF	DAMAGES SOUGHT
CRECY	\$8,000	MAH	\$10,000
FARRELL	\$14,000	HAWANA	\$30,000
PHILLIPS	\$13,000	TOTAL	\$75,000

- Liquidated damages against CHW, in the amount of \$1,000 for each of 75 unlawful C. spams (\$75,000) that it advertised in that were sent to Plaintiffs, according to proof.
- Liquidated damages against each DOE 1-200 (when their true names are learned and they D. are added to the Action), jointly and severally with CHW, in the amount of \$1,000 for

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1		each of the unlawful spams they advertised in, or conspired to advertise CHW in, that		
2		Plaintiffs received, according to proof.		
3	E.	Attorneys' fees as authorized by Section 17529.5(b)(1)(C) and Cal. Code of Civil		
4		Procedure § 1021.5 for violations of Section 17529.5.		
5	F.	Costs of suit.		
6	G.	Such other and further relief as the Court deems proper.		
7				
8		LAW OFFICES OF JACOB HARKER		
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11		1 1/1 /V/		
12	Date:_	July 24, 2018 BY: LV		
13		JACOB HARKER Attorneys for Plaintiffs		
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EXHIBIT A

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Rick Crecy <rcrecy44@gmail.com>

\_Congratulations \_\_Link => FREE-month home Coverage!!-----fc76b661Qj

1 message

\_You're Approve\_ <fc76b661Qj@fc76b661qj.n.nu> To: OWNIX9HO@cisco.com.uk

Fri, Sep 1, 2017 at 12:31 PM

HI -Rcrecy-

\_Covered Repairs On Us + 1st\_Month F R E E! \_ **CLICK HERE please!** 









## What's Covered? All Your Home's Major Systems & Appliances!

- Air Conditioning System
- Heating System
- Electrical System
- Plumbing System
- Water Heater
- Plumbing Stoppages

- Refrigerator
- Oven
- Stove
- Cook Top
- Microwave
- Oishwasher
- Clothes Washer
- Clothes Dryer
- Garbage Disposal
- Garage Door Opener
- Ceiling Fans
- Ductwork

All Choice Home Warranty plans are subject to terms and conditions

A home warranty is a renewable service contract that covers the repair or replacement of many of the most frequently occurring breakdowns of system components and appliances.

Your home is most likely one of your biggest investments. Unexpected repair or replacement costs of covered items can easily strain your budget. Plus, finding a qualified professional to solve your problems can be stressful and inconvenient.

All Choice Home Warranty plans are subject to terms and conditions.

Physical Address: 1090 King Georges Post Rd Edison NJ 08837

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Gmail - Congratulations Link => FREE-month home Coverage!!----- https://mail.google.com/mail/u/0/?ui=2&ik=e02e9b3c0a&jsver=EfWGX...

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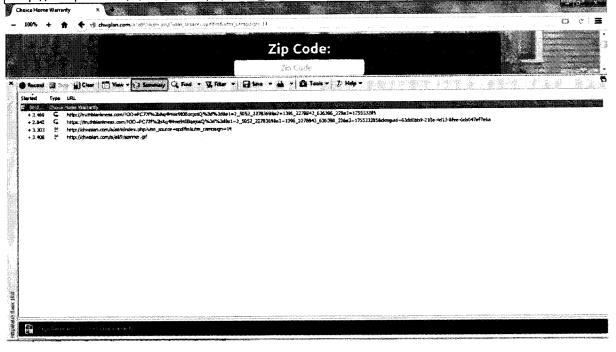
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http://chwplan.com/a/a69/index.php?utm\_source=spdlfm&utm\_campaign=14



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