

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

XAVIER BECERRA
Attorney General of California
NICKLAS A. AKERS
Senior Assistant Attorney General
MICHELE VAN GELDEREN
Supervising Deputy Attorney General
ALICIA K. HANCOCK (SBN 240566)
SHANAIRA U. BANERJEE (SBN 236187)
MICHIO MICHELLE BURKART (SBN 234121)
MARISOL LEÓN (SBN 298707)
TIMOTHY D. LUNDGREN (SBN 254596)
Deputy Attorneys General
300 South Spring Street, Suite 1702
Los Angeles, CA 90013
Telephone: (213) 269-6342
Fax: (213) 897-4951
E-mail: Alicia.Hancock@doj.ca.gov
Attorneys for Plaintiff,
the People of the State of California

CONFORMED COPY
ORIGINAL FILED
Superior Court Of California
County Of Los Angeles

OCT 19 2017

Sherri R. Carter, Executive Officer/Clerk
By: Marlon Gomez, Deputy

[EXEMPT FROM FILING FEES
PURSUANT TO GOVERNMENT
CODE SECTION 6103]

SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF LOS ANGELES

BC680425

THE PEOPLE OF THE STATE OF CALIFORNIA,

Plaintiff,

v.

**ADIR INTERNATIONAL, LLC, A DELAWARE
LIMITED LIABILITY COMPANY, ALSO DOING
BUSINESS AS CURACAO AND LA CURACAO;
LA CURACAO, A CALIFORNIA CORPORATION;
RON AZARKMAN, AN INDIVIDUAL;
AND DOES 1 THROUGH 100, INCLUSIVE,**

Defendants.

Case No. _____

**COMPLAINT FOR PERMANENT
INJUNCTION, CIVIL PENALTIES,
RESTITUTION, AND OTHER
EQUITABLE RELIEF**

(BUS. & PROF. CODE, §§ 17200 et seq.,
17500 et seq.)

[VERIFIED ANSWER REQUIRED
PURSUANT TO CALIFORNIA CODE OF
CIVIL PROCEDURE SECTION 446]

1 Plaintiff, the People of the State of California (“Plaintiff” or the “People”), by and through
2 Xavier Becerra, Attorney General of the State of California, alleges the following on information
3 and belief:

4 INTRODUCTION

5 1. For years, Defendant Adir International, LLC, dba Curacao, a retail store chain, and
6 its co-founder Ron Azarkman, have preyed upon Curacao’s Latino customer base. While
7 Curacao touts its commitment to the Latino community, the company actually takes advantage of
8 its customers, many of whom are low-income, monolingual Spanish-speaking immigrants who
9 lack access to traditional credit to purchase basic big-ticket household necessities from other
10 retailers. Curacao victimizes consumers through a variety of unlawful, unfair, and fraudulent
11 business practices, including the following: misleading advertising; unwanted contract add-ons;
12 illegal sale of warranties; failure to honor warranties; failure to clearly post return policies; refusal
13 to honor returns; illegal debt collection practices; and violating consumers’ rights when suing
14 them in small claims actions.

15 2. Curacao’s unlawful business practices are pervasive. They begin even before a
16 consumer walks into a store—through misleading advertisements—and may not end until months
17 or years after the consumer’s original purchase—often in a small-claims judgment obtained by
18 violating court rules. Targeting Latino immigrants who lack credit, Curacao lures consumers into
19 its stores by advertising easy credit and low prices on merchandise ranging from electronics to
20 furniture to appliances. Once in the store, however, consumers discover that they can only
21 purchase merchandise at the advertised price if they agree to buy “add-ons” such as warranties,
22 installation services, and/or accessories. In some instances, Curacao adds these items without
23 consumers’ knowledge or consent, or tells consumers that items are free when, in fact, consumers
24 are charged for them. Curacao conceals these contract add-ons by having consumers sign credit
25 or retail installment contracts electronically without first showing them an itemized receipt, or by
26 giving monolingual Spanish-speaking consumers English-language contracts, which they cannot
27 read or understand. When consumers try to return items that were added without their consent,
28 they are often told that Curacao’s return policy—which was not disclosed to consumers—

1 prevents Curacao from accepting the return. When consumers try to use their warranties (many
2 of which are Curacao-backed warranties sold illegally and without the proper financial backing),
3 Curacao often denies them service or forces them to wait months to have their merchandise
4 repaired or replaced. All the while, Curacao expects consumers to continue making regular
5 payments on their purchases. When consumers fall behind on their payments, Curacao debt
6 collectors not only harass the consumers themselves, but also contact their family members and
7 employers, Curacao debt collectors also threaten consumers with arrest if they do not pay.
8 Finally, when Curacao sues consumers in small claims court for outstanding debts, the company
9 often fails to properly serve the customers it is suing. As a result, consumers sued by Curacao
10 discover that they have had default judgments entered against them without any opportunity to
11 defend themselves in court.

12 3. Such business practices are not the actions of rogue employees; they are, in fact, the
13 consequence of Curacao's established sales incentive structure and corporate culture. Curacao
14 instructs its employees that the company's future depends on selling high-margin warranties,
15 services, and accessories. To ensure that sales associates push these items on its customers,
16 Curacao imposes unrealistic sales goals on its employees, constantly monitors them to ensure
17 goals are met, and threatens employees with demotion or termination if they fail to meet those
18 goals. Caught between a rock and a hard place, Curacao employees, many of whom lack other
19 job options, are forced to engage in unfair, unlawful, and fraudulent conduct in order to keep their
20 jobs. Curacao sales representatives are encouraged to lie to customers about contract terms,
21 pricing, and returns, and to add items and services to customers' contracts without their
22 knowledge or consent. This conduct is condoned and sanctioned by Curacao supervisors.
23 Curacao management and executives have been well aware of these practices, and the
24 corresponding customer and employee complaints, for years.

25 4. These business practices violate California's Unfair Competition Law (Business and
26 Professions Code section 17200), the False Advertising Law (Business and Professions Code
27 section 17500), and a number of other California consumer protection statutes.
28

1 **PLAINTIFF**

2 5. Plaintiff is the People of the State of California, who brings this action by and through
3 Attorney General Xavier Becerra. The Attorney General is authorized by Business and
4 Professions Code sections 17203, 17204, and 17206 to bring actions to enforce the Unfair
5 Competition Law (UCL) and by Business and Professions Code sections 17535 and 17536 to
6 bring actions to enforce the False Advertising Law (FAL).

7 **DEFENDANTS**

8 6. Defendant Adir International, LLC is a Delaware limited liability company with its
9 principal place of business in Los Angeles, California. Adir International, LLC owns and
10 operates a retail store chain under the fictitious business names of Curacao, Curacao Travel,
11 iCuracao, and Curacao Export. At all relevant times, Adir International, LLC, itself and doing
12 business as Curacao, Curacao Travel, iCuracao, and Curacao Export, has transacted business in
13 the County of Los Angeles and elsewhere within the State of California.

14 7. Defendant La Curacao is or was a California corporation with its principal place of
15 business in Los Angeles, California. The retail store chain now known as Curacao was formerly
16 known as La Curacao, from its inception in 1981 until the chain was rebranded as Curacao on or
17 around August 1, 2012. At all relevant times, La Curacao transacted business in the County of
18 Los Angeles and elsewhere within the State of California.

19 8. Defendant Ron Azarkman ("Azarkman"), an individual, is a principal of Adir
20 International, LLC and La Curacao. According to a Statement of Information filed with the
21 Secretary of State on September 25, 2013, Azarkman is the Chief Executive Officer of Adir
22 International, LLC. According to a Statement of Information filed with the Secretary of State on
23 January 26, 2006, Azarkman is or was the Chief Executive Officer and Chief Financial Officer of
24 La Curacao, as well as a director of La Curacao. According to an application for registration filed
25 with the Bureau of Electronic and Appliance Repair in November 1996, Azarkman is one of the
26 two officers listed as "in charge of" Adir International LLC's service contract program, through
27 which Curacao ostensibly sold its warranties. Azarkman also signed this application for
28 registration. At all times relevant, Azarkman was in a position of responsibility allowing him to

1 create, direct, and influence corporate policies or activities with respect to Defendants'
2 compliance with California consumer protection laws and regulations at their retail stores and in
3 the conduct of their business in the State of California, and had, by reason of his position in the
4 company and corporation, responsibility and authority either to prevent in the first instance, or
5 promptly correct, the violations complained of herein, but failed to do so. In addition to any
6 direct personal liability, Azarkman is also personally liable as a responsible corporate officer for
7 violations of law committed by Defendants as alleged herein. Azarkman is a resident of Los
8 Angeles County.

9 9. Plaintiff is not aware of the true names and capacities of defendants sued herein as
10 DOES 1 through 100, inclusive, and, therefore, sues these defendants by such fictitious names.
11 Each fictitiously named defendant is responsible in some manner for the violations of law alleged.
12 Plaintiff will amend this Complaint to add the true names of the fictitiously named defendants
13 once they are discovered. Whenever reference is made in this Complaint to "Defendants," such
14 reference shall include DOES 1 through 100 as well as the named defendants.

15 10. The defendants identified in Paragraphs 6 through 9 above are hereafter referred to
16 collectively in this Complaint as "Defendants" or "Curacao."

17 11. At all relevant times, each Defendant acted individually and jointly with every other
18 named Defendant in committing all acts alleged in this Complaint.

19 12. At all relevant times, each Defendant acted: (a) as a principal; (b) under express or
20 implied agency; and/or (c) with actual or ostensible authority to perform the acts alleged in this
21 Complaint on behalf of every other named Defendant.

22 13. At all relevant times, some or all Defendants acted as the agent of the others, and all
23 Defendants acted within the scope of their agency if acting as an agent of another.

24 14. At all relevant times, each Defendant knew or realized, or should have known or
25 realized, that the other Defendants were engaging in or planned to engage in the violations of law
26 alleged in this Complaint. Knowing or realizing that the other Defendants were engaging in such
27 unlawful conduct, each Defendant nevertheless facilitated the commission of those unlawful acts.
28

1 Each Defendant intended to and did encourage, facilitate, or assist in the commission of the
2 unlawful acts, and thereby aided and abetted the other Defendants in the unlawful conduct.

3 15. Defendants have engaged in a conspiracy, common enterprise, and common course of
4 conduct, the purpose of which is and was to engage in the violations of law alleged in this
5 Complaint. The conspiracy, common enterprise, and common course of conduct continue to the
6 present.

7 JURISDICTION AND VENUE

8 16. This Court has original jurisdiction over this action pursuant to California,
9 Constitution article VI, section 10.

10 17. This Court has jurisdiction over Defendants because Defendants, by maintaining
11 Curacao's principal place of business in the state of California, marketing its merchandise
12 throughout California, and operating stores and selling merchandise in California, intentionally
13 availed themselves of the California market so as to render the exercise of jurisdiction over
14 Defendants by the California courts consistent with traditional notions of fair play and substantial
15 justice.

16 18. The violations of law alleged in this Complaint occurred in the County of Los
17 Angeles and elsewhere throughout California.

18 19. Venue is proper in this Court pursuant to Code of Civil Procedure section 395.5
19 because Defendants' marketing and sales activities included the Los Angeles region and therefore
20 Defendants' liability arises in the County of Los Angeles.

21 20. Venue is also proper in this Court pursuant to Code of Civil Procedure section 393,
22 subdivision (a) because violations of law that occurred in the County of Los Angeles are a "part
23 of the cause" upon which the Plaintiff seeks the recovery of penalties imposed by statute.

24 DEFENDANTS' BUSINESS PRACTICES

25 21. Curacao operates nine retail stores in California, two retail stores in Arizona, and one
26 retail store in Nevada, as well as an online shopping site at <http://www.icuracao.com/>.

27 22. Curacao actively markets its products to the Latino community, the most vulnerable
28 members being low-income, monolingual Spanish-speaking immigrants. These consumers often

1 have minimal experience with credit card and retail installment contracts because they do not
2 qualify for traditional credit or financing. This lack of access to traditional credit makes it
3 difficult for these consumers to purchase necessary big-ticket home staples such as refrigerators
4 and beds at other retailers.

5 23. While claiming to help the Latino community, Curacao instead takes advantage of
6 and exploits this community. Curacao takes advantage of consumers through a variety of
7 unlawful, unfair, and fraudulent business practices, including:

- 8 a. **Bait-and-switch Advertising/Bundling.** Curacao lures consumers into its
9 stores through advertisements disseminated via mailers, television, radio, and
10 the internet. These advertisements contain false or misleading statements about
11 the condition, price, and availability of particular products. Curacao sales
12 associates are instructed not to sell available merchandise at the advertised
13 prices unless they can sell the products bundled with high-margin services,
14 warranties, and accessories. As a result, Curacao often tells consumers that
15 merchandise advertised by Curacao is either unavailable, or available only as
16 part of a more expensive bundle that was not disclosed in Curacao's
17 advertising. Curacao fails to honor prices as they are advertised and marked on
18 its sales floor, and fails to supply reasonably expected demand for the
19 merchandise it advertises. Curacao also markets and sells used items to
20 consumers without disclosing that they are not new.
- 21 b. **Store Credit.** Curacao encourages consumers to apply for store credit and pay
22 for merchandise via retail installment contracts. Curacao claims that opening
23 credit with the store will improve consumers' credit scores and open up other
24 avenues for financing in the future. Curacao also promotes low monthly
25 payments on advertised items if purchased with Curacao credit. Such promises
26 of easy credit and low monthly payments are attractive to many consumers,
27 especially those who lack a positive credit history. But in reality, the advertised
28 low monthly payments are based on an APR of 19.99%, a rate very few

1 consumers actually get. Curacao conducts most of its sales through retail
2 installment contracts, typically charging consumers a 34.99% APR. Once a
3 consumer is approved for credit, Curacao sales associates encourage the
4 consumer to use all available credit in the first purchase, as instructed by their
5 supervisors. Sometimes, Curacao opens new accounts or sub-accounts for
6 consumers without their knowledge or consent. Curacao sales associates also
7 mislead consumers by telling them that Curacao can reactivate or increase a
8 consumer's credit line without running a hard inquiry on the consumer's credit
9 report. In reality, Curacao runs hard inquiries on consumer credit reports
10 without the consumer's informed consent, and at times, in direct contravention
11 of the consumer's explicit requests.

12 c. **Contract Add-Ons.** To meet the company's aggressive and strict sales goals,
13 Curacao sales associates add warranties and services to consumer contracts by
14 any means possible: sometimes by misleading the consumer about the terms,
15 conditions, or price of a warranty or service, and sometimes by simply adding a
16 warranty or service to a consumer's contract without the consumer's knowledge
17 or consent. Accessories are often added to a consumer's purchase through
18 deception. Sales representatives lie about the price of accessories, and
19 sometimes falsely claim that accessories are essential to the proper operation of
20 certain merchandise. To hide unauthorized contract add-ons, Curacao sales
21 associates ask consumers to electronically sign their contracts on a screen
22 similar to a credit card terminal before showing them an itemized receipt or
23 paper contract. Curacao does not provide consumers with a paper copy of their
24 retail installment contract until they have already signed it. As a consequence,
25 consumers often leave the store with a contract that binds them to pay Curacao
26 hundreds of dollars more than they expected or intended, for services or items
27 they did not want or did not know they purchased.
28

1 d. **Contract Translations.** In some instances, Curacao negotiates with consumers
2 in Spanish, but provides those consumers with only an English-language
3 contract. Even when Curacao sales associates provide a Spanish-language
4 translation of the contract, important contract terms and conditions remain in
5 English. Curacao also fails to post any signs or notices informing consumers of
6 their right to receive a version of their contract that is fully translated into
7 Spanish.

8 e. **Warranties.** Curacao sales associates misrepresent the terms of the warranties
9 (also known as service contracts) that Curacao sells and they often do not
10 provide consumers with a copy of the warranty terms or contract. In some
11 instances, sales associates fail to provide the consumer with *any* information
12 about the warranty added to their contract. For years, Curacao misled the
13 Bureau of Electronic and Appliance Repair, Home Furnishings, and Thermal
14 Insulation, the agency tasked with regulating the sale of warranties. While
15 applying to sell only warranties administered by another company, Curacao
16 actually sold its own self-administered warranties, without the necessary
17 financial backing or insurance policy required by California law. Curacao also
18 fails to respond in a timely manner (or at all) to consumer requests for repairs,
19 and in many instances it cancels or voids warranties without proper
20 justification. Curacao has refused to replace or repair defective items covered
21 by Curacao's warranty, falsely claiming that damage to a product was caused
22 by the consumer. Curacao has also, in several instances, charged customers for
23 third-party warranty coverage without actually enrolling the product or
24 activating the third-party warranty. In instances when consumers return
25 merchandise for which a warranty was also purchased, Curacao continues to
26 charge consumers for the warranty or charges them an insurance cancellation
27 fee, even when consumers do not attempt to use the merchandise or the
28 warranty and they cancel the warranty within thirty days.

- 1 f. **Returns.** Curacao fails to post or otherwise alert consumers to its return
2 policies *before* customers make a purchase. Curacao’s return policy is posted
3 only on retail installment contracts or product receipts (both provided *after*
4 purchase), and at some of its merchandise pick-up windows. Yet, Curacao
5 often relies on its alleged return policies to refuse consumers’ return attempts,
6 claiming that merchandise is “final sale” or subject to a 10% or 15% restocking
7 fee. Curacao associates are incentivized to reject valid returns because their
8 strict sales goals, their compensation, and ultimately their jobs are at stake.
- 9 g. **Debt Collection.** When consumers fall behind in their monthly payments,
10 Curacao’s debt collection agents harass them by calling early in the morning or
11 late at night, berating them, and threatening them with litigation, arrest, losing
12 their home, and/or ruined credit reports. Curacao’s debt collection agents also
13 reveal details about debts to consumers’ relatives, roommates, neighbors,
14 coworkers, and/or employers. Curacao follows up its debt collection calls by
15 sending written debt collection notices to consumers that threaten actions it
16 does not intend to—or cannot legally—take, including seizure of consumers’
17 homes. In some instances, Curacao continues debt collection efforts against
18 consumers, including negative reporting to the credit reporting agencies,
19 months and even years after having received payment in full.
- 20 h. **Small Claims.** Curacao files 250 to 400 small claims actions for allegedly
21 delinquent debt against its consumers each month. Until recently, Curacao used
22 an unregistered process server who failed to personally serve consumers, and
23 fabricated proofs of service. Improper or non-existent service prevented
24 numerous consumers from contesting their alleged debt in court or seeking a
25 stipulated judgment with Curacao. Through subsequent orders and wage
26 garnishment, Curacao has collected on default judgments against consumers
27 who never received proper notice of the small claims lawsuits, and had no
28 opportunity to be heard in court. Curacao also hired an independent contractor

1 to represent the company at small claims hearings by falsely claiming that he
2 was Curacao's in-house "collector." This independent contractor has, on many
3 occasions, testified against consumer defendants and provided information to
4 the court about Curacao records and the alleged consumer debt owed.

5 24. When consumers attempt to contact Curacao about unauthorized contract add-ons,
6 defective products, poor customer service, harassing debt collection, or subpar warranty service,
7 they are confronted with long wait times. Their telephone calls are transferred among several
8 Curacao customer service representatives, and often get disconnected in the process. Customer
9 service representatives are rarely authorized to resolve issues themselves, so consumers are often
10 told that someone will call them back. Consumers routinely wait weeks for a callback and, in
11 many cases, never receive one. Consumers who go directly to a Curacao store to lodge a
12 complaint are often confronted by hostile employees and managers who claim that nothing can be
13 done because the consumer signed the contract and should have known what it entailed. When a
14 consumer persists in her complaint, Curacao elevates the complaint to its Escalations Department,
15 where it is ultimately vetted by executives. Even if Curacao resolves these elevated complaints,
16 the resolution rarely involves making the consumer whole.

17 25. The pervasiveness of Curacao's unlawful, unfair, and fraudulent conduct is
18 perpetuated by the company's sales model and corporate culture. Curacao requires its sales
19 associates to meet daily, weekly, and monthly sales goals for each of the following categories:
20 merchandise, accessories, warranties, services (such as delivery or installation), and approved
21 credit applications. The monthly sales goals, however, are not always clear and often increase
22 unexpectedly in the middle of the month. A sales associate who was on target to meet her
23 monthly goals may suddenly discover, in the third week of the month, that Curacao has raised her
24 goals to a level that is unattainable. Curacao sales associates often express confusion about how
25 their sales goals are calculated and adjusted. Many are unable to meet their monthly goals
26 without resorting to unlawful, unfair, or fraudulent tactics because there simply are not enough
27 customers coming through their department.
28

1 26. Curacao strictly enforces its sales goals through constant monitoring of its employees.
2 Curacao managers are required to meet their own departmental sales goals for all categories.
3 They are instructed to create a sense of urgency in their sales associates by checking in with them
4 on an hourly basis to ensure they are meeting goals for services, accessories, and warranties.
5 Sales associates who are not meeting all of their goals are often approached or called by their
6 managers and reprimanded or berated. At times, managers will actually interrupt a sale and take
7 over communications with a particular consumer to ensure that the consumer purchases services,
8 accessories, and a warranty along with merchandise.

9 27. Curacao also enforces its sales goals through its employee review process. In
10 periodic formal performance reviews, sales associates are rated on their ability to exceed their
11 sales goals in each category. A sales associate cannot earn the highest performance ranking
12 unless she has actually achieved well over 100% of her goals. Sales associate hourly pay is
13 adjusted accordingly; if an associate exceeds her goals, her hourly pay may increase, but if she
14 fails to meet her goals, her hourly pay often decreases, sometimes by as much as \$2.00 per hour.
15 Managers are also subject to periodic formal performance reviews, in which they are rated and
16 ranked based on their department's ability to sell beyond its goals in each category. Sales
17 associates and managers both receive written performance warnings for failing to meet their
18 goals. These documents inform sales associates and managers that their continued failure to meet
19 Curacao's sales goals in each category will result in demotion or termination. And, indeed,
20 Curacao regularly demotes or terminates associates and managers for failing to meet their sales
21 goals. These performance reviews, warnings, demotions, and terminations are regularly reviewed
22 and approved by Curacao management and executives.

23 28. This combination of unrealistic and opaque sales goals, the constant monitoring of
24 those sales goals, and the severe repercussions of falling short predictably and naturally drive
25 Curacao's associates to engage in fraudulent behavior to meet their goals and keep their jobs.

26 29. Since the store's inception, Azarkman has been involved in creating and revising this
27 compensation structure, as well as directing Curacao's retail and inventory strategy,
28

1 communicating with executives and store management, and cultivating Curacao's corporate
2 culture and corporate image.

3 **FIRST CAUSE OF ACTION AGAINST ALL DEFENDANTS**

4 VIOLATIONS OF BUSINESS AND PROFESSIONS CODE

5 SECTION 17500 ET SEQ.

6 (False or Misleading Statements)

7 30. The People reallege and incorporate by reference each of the paragraphs above as
8 though fully set forth herein.

9 31. Defendants have violated, and continue to violate, Business and Professions Code
10 section 17500 et seq. by making or disseminating, or causing to be made or disseminated, false or
11 misleading statements with the intent to induce members of the public to purchase Curacao
12 products when Defendants knew, or by the exercise of reasonable care should have known, that
13 the statements were false or misleading. The false or misleading statements include, but are not
14 limited to, the following:

- 15 a. In print, online, and televised advertisements, as well as in in-store displays,
16 Defendants advertise merchandise for sale at certain prices, but then refuse to
17 sell that merchandise at the advertised price unless the consumer also agrees to
18 purchase a warranty, services, or accessories—a condition that is not stated in
19 the advertisements;
- 20 b. In print and online advertisements, as well as in in-store displays, Defendants
21 advertise merchandise for sale at specified monthly payments based on an APR
22 of 19.99%, an interest rate that most consumers do not get;
- 23 c. Defendants fail to honor prices as stated in the in-store displays; and
- 24 d. Defendants misrepresent used or second-hand merchandise as new.
- 25
26
27
28

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

- vi. Misleading consumers about the terms or conditions of Curacao's contracts, in violation of Civil Code section 1770, subdivision (a)(14).
- c. Defendants have violated the California Translations Act, Civil Code section 1632 et seq., by:
 - i. Failing to provide a full Spanish-language translation of Curacao contracts to consumers who negotiated their purchase in Spanish, in violation of Civil Code section 1632, subdivision (b); and
 - ii. Failing to conspicuously display a notice stating that Curacao is required to provide a contract in Spanish to consumers who negotiate their purchase in Spanish, in violation of Civil Code section 1632, subdivision (f).
- d. Defendants have violated Business and Professions Code section 9855.2, subdivision (a) by issuing, selling, or offering for sale Curacao service contracts without filing with the director of the Bureau of Electronic and Appliance Repair, Home Furnishings, and Thermal Insulation sufficient proof of financial backing for those contracts.
- e. Defendants have violated Business and Professions Code section 9855.3 by:
 - i. Issuing and using a service contract without first filing with the director of the Bureau of Electronic and Appliance Repair, Home Furnishings, and Thermal Insulation the service contract form; and
 - ii. Failing to file with their application for registration and application for registration renewal the requisite proof of financial backing.
- f. Defendants have violated California Code of Regulations section 2758 by failing to provide to the Bureau of Electronic and Appliance Repair, Home Furnishings, and Thermal Insulation the records they are required to maintain.
- g. Defendants have violated Civil Code section 1723, subdivision (a) by failing to conspicuously display return policies for items on which they refuse to give full cash or credit refunds or equal exchanges.

1 h. Defendants have violated the Rosenthal Fair Debt Collection Practices Act, Civil
2 Code section 1788 et seq., by:

3 i. Threatening to arrest, garnish the wages of, and/or seize the property or
4 homes of, consumers who owe debts to Curacao, even when such action
5 was not in fact contemplated or permitted by law, in violation of Civil
6 Code section 1788.10;

7 ii. Harassing consumers with frequent and repeated telephone calls, often
8 made at times known to be inconvenient, in violation of Civil Code
9 sections 1788.11 and 1788.17;

10 iii. Communicating repeatedly with persons other than the consumer for the
11 purpose of acquiring location information about the consumer and/or
12 discussing the details of consumers' debts with consumers' employers or
13 family members, when such communication was not necessary to the
14 collection of debt, in violation of Civil Code sections 1788.12 and 1788.17;
15 and

16 iv. Collecting or attempting to collect debts from consumers when Curacao
17 knew that service of process of the underlying small claims actions had not
18 been legally effected, in violation of Civil Code section 1788.15.

19 i. Defendants have violated the Song-Beverly Consumer Warranty Act, Civil Code
20 section 1790 et seq., by:

21 i. Failing to provide consumers at or before the time of purchase a copy of
22 the service contract sold or a brochure which specifically describes the
23 terms, conditions, and exclusions of the service contract sold, in violation
24 of Civil Code section 1794.41, subdivision (a)(2); and

25 ii. Failing to provide consumers with a full refund for service contracts on
26 home electronic products or home appliances returned within 30 days of
27 purchase, and where no claim was filed, in violation of Civil Code section
28 1794.41, subdivision (a)(4)(A).

1 j. Defendants have violated the Small Claims Act, Code of Civil Procedure section
2 116.110 et seq., by:

3 i. Failing to timely serve consumers with Curacao's claim and the associated
4 order to appear, in violation of Code of Civil Procedure section 116.340,
5 subdivisions (b) and (c); and

6 ii. Authorizing an independent contractor to appear on Curacao's behalf and
7 participate in small claims actions, in violation of Code of Civil Procedure
8 section 116.540, subdivision (c).

9 **PRAYER FOR RELIEF**

10 WHEREFORE, Plaintiff prays for judgment as follows:

11 1. Pursuant to Business and Professions Code section 17535, that Defendants, along
12 with Defendants' successors, agents, representatives, employees, and all persons who act in
13 concert with Defendants, be permanently enjoined from making any false or misleading
14 statements in violation of Business and Professions Code section 17500 as alleged in this
15 Complaint;

16 2. Pursuant to Business and Professions Code section 17203, that the Court enter all
17 orders necessary to prevent Defendants, as well as Defendants' successors, agents,
18 representatives, employees, and all persons who act in concert with Defendants from engaging in
19 any act or practice that constitutes unfair competition in violation of Business and Professions
20 Code section 17200;

21 3. Pursuant to Business and Professions Code section 17203, that the Court enter all
22 orders or judgments as may be necessary to restore to any person in interest any money or other
23 property that Defendants may have acquired by violations of Business and Professions Code
24 section 17200, as proved at trial;

25 4. Pursuant to Business and Professions Code section 17536, that the Court assess a civil
26 penalty of two thousand five hundred dollars (\$2,500) against Defendants for each violation of
27 Business and Professions Code section 17500, as proved at trial;

1 5. Pursuant to Business and Professions Code section 17206, that the Court assess a civil
2 penalty of two thousand five hundred dollars (\$2,500) against Defendants for each violation of
3 Business and Professions Code section 17200, as proved at trial;

4 6. Pursuant to Business and Professions Code section 17206.1, subdivision (a), that the
5 Court assess, in addition to any penalties assessed under Business and Professions Code sections
6 17206 and 17536, a civil penalty of two thousand five hundred dollars (\$2,500) against
7 Defendants for each violation of Business and Professions Code section 17200 perpetrated
8 against senior citizens or disabled persons, as proved at trial;

9 7. That Plaintiff recover its costs of suit, including costs of investigation; and

10 8. For such other and further relief that the Court deems just and proper.

11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

Dated: October 19, 2017

Respectfully Submitted,
XAVIER BECERRA
Attorney General of California
NICKLAS A. AKERS
Senior Assistant Attorney General
MICHELE VAN GELDEREN
Supervising Deputy Attorney General



ALICIA K. HANCOCK
Deputy Attorney General
*Attorneys for Plaintiff, the People of the
State of California*