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8 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**
9 **COUNTY OF LOS ANGELES**

10 SHANTI GALLARD, individually and on
behalf of all others similarly situated,

11 *Plaintiff,*

12 vs.

13 IRONWORKS COLLECTIVE INC., and
14 STIIIZY LLC,

15 *Defendants.*
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Case No. **22STCV38021**

Class Action Complaint

- 1. **Unfair Competition Law**
- 2. **False Advertising Law**
- 3. **Consumer Legal Remedies Act**
- 4. **Breach of Express Warranty**
- 5. **Negligent Misrepresentation**
- 6. **Intentional Misrepresentation**
- 7. **Unjust Enrichment**

Jury Trial Demanded

General Jurisdiction – Civil

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1 **I. Introduction.**

2 1. The state of California has permitted the use of cannabis in some form since
3 1996.¹ Today, there are an estimated 6.7 million cannabis consumers in California. About two
4 million of them use cannabis medicinally, to treat conditions such as cancer, glaucoma, AIDS,
5 and seizures.^{2,3}

6 2. Like other consumer products, cannabis must be truthfully and accurately labeled.

7 3. The California Department of Cannabis Control (“DCC”) oversees the labeling of
8 cannabis products. As the DCC explains, “Cannabis must be properly labeled to make sure
9 consumers are informed about what they are buying.”⁴

10 4. Tetrahydrocannabinol (commonly known as “THC”) is the primary active
11 ingredient in cannabis. THC “is the chemical responsible for most of marijuana’s psychological
12 effects.”⁵

13 5. DCC regulations require that the label of cannabis products include a declaration
14 of the product’s THC content.⁶ Depending on the nature of the product, the THC content can be
15 expressed as a percentage (for example, 30% THC) or in milligrams (for example, 550mg).⁷
16 Further, the THC content on the label must be within 10% of what is actually in the package.⁸
17 As an example, if the THC content is expressed as a percentage and is listed as 30%, the actual
18 THC of the product must be between 27-33%.⁹ As a second example, if the THC content of the

21 ¹ [California’s cannabis laws - Department of Cannabis Control](#) (Californians passed Prop.
22 215 in 1996, permitting medical cannabis use); [California Proposition 64, Marijuana
23 Legalization \(2016\) - Ballotpedia](#) (Californians passed Prop. 64 in 2018, permitting the
24 recreational use of marijuana for persons aged 21 or older under state law).

23 ² [Number of cannabis consumers by state U.S. 2020 | Statista](#)

24 ³ [Medical Marijuana Patient Numbers \(mpp.org\)](#) (an estimated 1,920,294 people use
25 cannabis medially in California); <https://cannabis.ca.gov/consumers/medicinal-cannabis/> (listing
26 diseases that cannabis can help manage).

26 ⁴ [https://cannabis.ca.gov/wp-content/uploads/sites/2/2021/12/Labeling-Checklist-
27 Nonmanufactured-Goods_211022.pdf](https://cannabis.ca.gov/wp-content/uploads/sites/2/2021/12/Labeling-Checklist-Nonmanufactured-Goods_211022.pdf)

27 ⁵ [What is THC \(Tetrahydrocannabinol\)? | Live Science](#)

27 ⁶ Cal. Code Regs. Title 4, §§ 17407.

27 ⁷ Cal. Code Regs. Title 4, §§ 17407.

28 ⁸ Cal. Code Regs. Title 4, § 15307.1.

28 ⁹ Cal. Code Regs. Title 4, § 15307.1.

1 product is expressed in milligrams and is listed as 550mg, then the actual THC content of the
2 product must be between 495mg and 605mg.

3 6. Defendants Ironworks Collective Inc. and Stiiizy LLC make, sell, and market the
4 “Stiiizy” brand, including “preroll” products. A “preroll” consists of cannabis that has been
5 “rolled” in paper so that it can be smoked out of the box (as opposed to “loose” cannabis, such as
6 flower, which a consumer must roll into a joint or consume in some other way).¹⁰

7 7. As required by DCC regulations, each of Defendants’ products include a label
8 that purportedly identifies the THC content of the product. For Defendants’ products, the labels
9 include the THC content expressed as a percentage.

10 8. The THC content declared on the label of Defendants’ cannabis products is
11 typically very high (in excess of 40% for infused flower pre-rolls). Because cannabis consumers
12 generally prefer and are willing to pay more for high-THC cannabis products, declaring that their
13 products have a very high THC content allows Defendants to charge premium rates for their
14 cannabis products.

15 9. The declarations of THC content on Defendants’ labels, however, are false.
16 Testing by an independent lab reveals that the true THC content of Defendants’ products is
17 materially less than the amount listed on the label. Moreover, the difference is far greater than
18 the 10% margin of error that DCC regulations permit. Defendants are systematically overstating
19 the THC content to deceive consumers into thinking that the effects of their prerolls are more
20 potent than they truly are. This is false and misleading. And, it violates DCC regulations, and
21 California law.

22 10. Plaintiff Shanti Gallard purchased Defendants’ mislabeled products. Like other
23 consumers of Defendants’ products, Plaintiff trusted the accuracy of Defendants’ labels. Like
24 other consumers of Defendants’ products, Plaintiff was deceived by Defendants’ false and
25 misleading labels.

26 **II. Parties.**

27 11. Plaintiff Shanti Gallard is domiciled in Los Angeles, California.

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¹⁰ Cal. Code Regs. Title 4, § 1500(bbb).

1 12. The proposed class includes citizens of California.

2 13. Defendant Ironworks Collective Inc. is a California corporation with a principal
3 place of business in Los Angeles, California. Ironworks Collective Inc. makes, sells, and
4 markets the Stiiizy brand of preroll products.

5 14. Defendant Stiiizy LLC is a California limited liability corporation with a principal
6 place of business in Los Angeles, California. It makes, sells, and markets the Stiiizy brand of
7 preroll products.

8 **III. Jurisdiction and Venue.**

9 15. The Court has personal jurisdiction over Defendant Ironworks Collective Inc.
10 because it resides in California and does business here.

11 16. The Court has personal jurisdiction over Defendant Stiiizy LLC because it resides
12 in California and does business there.

13 17. Venue is proper because Defendants do business in this county, Plaintiff resides
14 in Los Angeles County, and a substantial portion of the transactions occurred in this county.

15 **IV. Facts.**

16 **A. Californians want high-THC cannabis products, and are willing to pay more**
17 **for them.**

18 18. For the past seventeen years, the state of California has permitted the use of
19 cannabis in some form. In 1996, Californians passed Prop. 215, the Compassionate Use Act,
20 permitting the possession and use of cannabis for medical purposes.¹¹ In 2018, Californians
21 passed Prop. 64, which legalized the recreational use of marijuana for persons aged 21 or older
22 under state law.¹²

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¹¹ [California's cannabis laws - Department of Cannabis Control.](#)

¹² [California Proposition 64, Marijuana Legalization \(2016\) - Ballotpedia](#)

1 19. Today, an estimated 6.7 million Californians use cannabis.¹³ Of those, about two
2 million people, or about 5% of California’s population, use cannabis medically to treat
3 conditions such as cancer, glaucoma, AIDS, and seizures.^{14,15}

4 20. The California Department of Cannabis Control (“DCC”) is responsible for
5 issuing regulations regarding the labeling of cannabis products.¹⁶ The DCC’s regulations require
6 labeling of the THC content in cannabis products. THC “is the chemical responsible for most of
7 marijuana’s psychological effects.”¹⁷ For preroll products such as the ones sold by Defendants,
8 California regulations require that the label include the THC content of the cannabis product
9 (which may be expressed in percentages such as THC: 10%, THC: 20%, etc.).¹⁸

10 21. California regulations further require that the THC content listed on the label to
11 be within a particular margin of error of what is actually in the product. (That is, the THC
12 content listed on the label must match the true THC content of the product, with some allowance
13 for error.) Specifically, the THC “claimed to be present on a label,” must be within “plus or
14 minus 10.0%” of the true THC content of product.¹⁹ As an example, if the label states that a
15 product is 30% THC, the product must be between 27%-33% THC. Thus, if the actual product
16 contained only 25% THC but the THC content was listed at 30%, the label would violate
17 California regulations and be inaccurate and mislabeled.

18 22. The THC content of cannabis products is important to consumers, and drives
19 consumer purchasing decisions. Because THC is responsible for most of the psychological
20 effects that cannabis produces, many consumers prefer and seek out cannabis with a higher THC
21 content. The THC content of cannabis products largely drives the demand for those products.

23 ¹³ [Number of cannabis consumers by state U.S. 2020 | Statista](#)

24 ¹⁴ [Medical Marijuana Patient Numbers \(mpp.org\)](#) (an estimated 1,920,294 people use
25 cannabis medically in California).

26 ¹⁵ <https://cannabis.ca.gov/consumers/medicinal-cannabis/> (listing of diseases that
27 cannabis can help manage).

28 ¹⁶ [https://cannabis.ca.gov/wp-content/uploads/sites/2/2021/12/Labeling-Checklist-
Nonmanufactured-Goods_211022.pdf](https://cannabis.ca.gov/wp-content/uploads/sites/2/2021/12/Labeling-Checklist-Nonmanufactured-Goods_211022.pdf)

¹⁷ [What is THC \(Tetrahydrocannabinol\)? | Live Science](#)

¹⁸ [https://cannabis.ca.gov/wp-content/uploads/sites/2/2021/12/Labeling-Checklist-
Nonmanufactured-Goods_211022.pdf](https://cannabis.ca.gov/wp-content/uploads/sites/2/2021/12/Labeling-Checklist-Nonmanufactured-Goods_211022.pdf)

¹⁹ Cal. Code Regs. Title 4, § 15307.1.

1 23. Because of this, cannabis products with higher THC content sell for substantially
2 higher prices. As industry publications confirm, “potency, defined strictly in terms of the THC
3 levels...dictates both how quickly products sell and the price per gram.”²⁰ Simply put, “Higher
4 numbers = higher prices.”²¹

5 24. Consumers “use THC percentages like nutritional labels, purchasing products
6 based on their THC content.”²² In 2020, cannabis that was 7-14% THC content retailed for
7 \$5.31 a gram, whereas cannabis with over 28% THC retailed for more than twice that—\$12.89.²³

8 25. Cannabis with low THC content, in contrast, is difficult to sell. As Julia Jacobson,
9 CEO of a California farm, puts it, “The pressure is real. Full stop. We have some retailers who
10 love us, who sell out of our products, and they will only put our product on their shelves when it
11 tests over 20 percent...The buyers are always caveating, saying, ‘We know there’s so much more
12 to cannabis and its effects [than just THC], but our consumers are still THC hunting.’”²⁴

13 26. In short, high-THC cannabis products are in higher demand and sell for more.
14 Companies that sell and market cannabis have a strong economic incentive to declare a high
15 THC content on the label of their products.

16 **B. Scientific research reveals serious problems with the accuracy of labeled**
17 **THC content.**

18 27. The demand for high-THC products has, unfortunately, led to “THC inflation”—
19 the practice of intentionally listing false, high THC content on labels.²⁵ According to Dan Land,
20 a professor of chemistry and forensics at UC Davis, “THC inflation is pernicious, it’s easy to
21 accomplish, and there are strong financial incentives to do it.”²⁶ There is “enormous pressure” on
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23 _____
24 ²⁰ <https://www.leafly.com/news/science-tech/marijuana-thc-inflation-is-getting-out-of-hand>

25 ²¹ https://cannabisindustryjournal.com/feature_article/the-inflated-thc-crisis-plaguing-california-cannabis/

26 ²² <https://fivethirtyeight.com/features/americas-pot-labs-have-a-thc-problem/>

27 ²³ [Cannabis retail price by potency US 2020 | Statista](#) ; [Recreational cannabis in the U.S. - Statistics & Facts | Statista](#)

28 ²⁴ [America’s Pot Labs Have A THC Problem | FiveThirtyEight](#)

²⁵ [America’s Pot Labs Have A THC Problem | FiveThirtyEight](#)

²⁶ [America’s Pot Labs Have A THC Problem | FiveThirtyEight](#)

1 “manufacturers to push their [THC] numbers up.”²⁷ So, companies “proceed to ‘lab shop’:
2 giving their business to whichever lab provides them the highest potency.”²⁸ “[M]any labs have
3 sacrificed their scientific integrity to chase what the clients want: higher THC potency...The
4 practice has become so prevalent that labs openly advertise their higher potency values to gain
5 customers without fear of recourse.”²⁹ The inflated THC numbers printed on labels today is
6 “largely due to fraud rather than mere incompetence.”³⁰

7 28. THC-content fraud is rampant in California. Recently, a few independent labs
8 tested the THC content of cannabis products off of dispensary shelves and compared them to the
9 THC content listed on the labels. “The results were staggering. Eighty-seven percent of the
10 samples failed their label claims (i.e. were >10% deviant of their labeled values), with over half
11 of the samples >20% deviant of their labeled THC values.”³¹

12 **C. Defendants’ Stiiizy Products all include substantially similar representations**
13 **about the THC content on their labels.**

14 29. Defendants make, sell, and market the Stiiizy brand of preroll products (the
15 “Stiiizy Products” or “Products”). Stiiizy is the number one selling cannabis brand in California,
16 and the number three brand nationally.³² They have more than 27 retail locations across
17 California.³³ Defendants’ Stiiizy Products include the following:

- 18 • Stiiizy 40s Prerolls (including but not limited to Skywalker OG, Blue Burst,
19 Pineapple Express, Strawnana, Blue Dream, Strawberry Cough, Watermelon Z
20 and King Louis XIII);

23 _____
24 ²⁷ https://cannabisindustryjournal.com/feature_article/the-inflated-thc-crisis-plaguing-california-cannabis/

25 ²⁸ *Id.*

26 ²⁹ *Id.*

26 ³⁰ <https://www.leafly.com/news/science-tech/marijuana-thc-inflation-is-getting-out-of-hand>

27 ³¹ https://cannabisindustryjournal.com/feature_article/the-inflated-thc-crisis-plaguing-california-cannabis/

28 ³² <https://bdsa.com/top-five-us-cannabis-brands-of-2021/>

28 ³³ <https://www.stiiizy.com/blogs/news/stiiizy-barstow-grand-opening>

- Stiiizy Premium Prerolls (including but not limited to Pink Rosay, White Raspberry, Rainbow Kush, Black Truffle, Grape Sorbet, Zelato, Pink Acai and Apple Berry).

30. Example products are shown below:



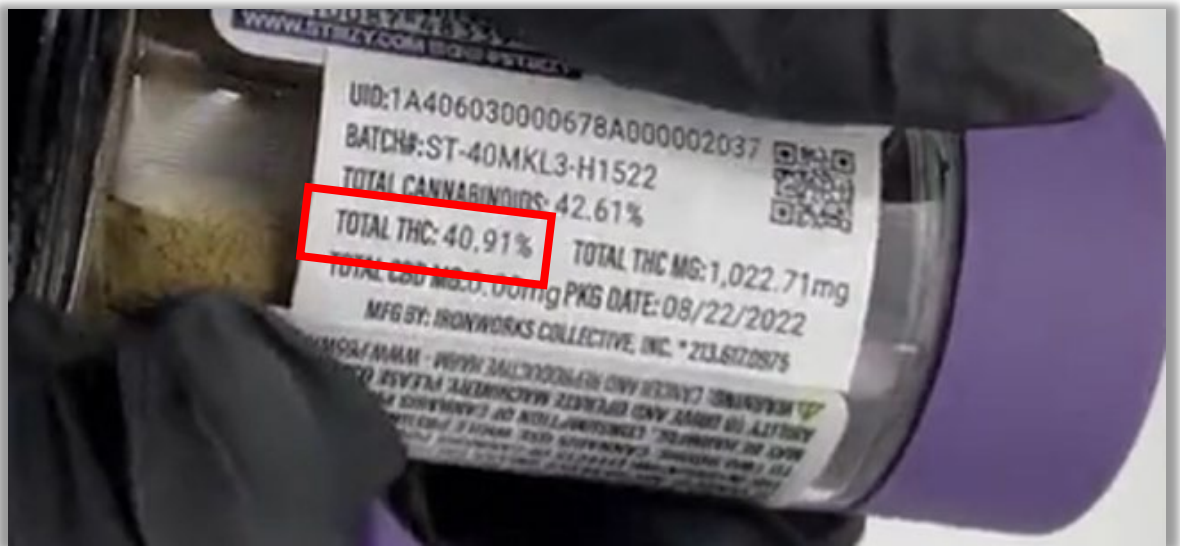
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31. As required by DCC regulations, all of the Stiiizy Products claim to have a specific, high THC content.³⁴ This representation is in the same format and in the same place across all of the Stiiizy Products. A representative example is shown below:



³⁴ 4 CA Code of Regs 17407.

1
2 32. All of the Stiiizy Products claim to have a very high-THC content—for example,
3 in excess of 40% THC potency for the Stiiizy 40s prerolls.³⁵

4 33. Defendants also prominently advertise the high THC content of their products.
5 For example:

6
7 **Elevate your pre-roll game. STIIIZY 40's pre-rolls are setting the**
8 **standard with high potency, cannabis infused joints coated evenly with**
9 **kief. Using our proprietary live resin infusion methods, we've designed**
10 **every pre-roll to offer 40% cannabinoids (THC) potency with a unique**
11 **flavor profile. With a smooth inhale and tasteful exhale, each and**
12 **every STIIIZY 40's is packed with premium, high quality flower,**
13 **specifically made to ensure a potent and long-lasting high. Spark up**
14 **the 40's.**

15 **D. Scientific testing reveals that Stiiizy prerolls are labeled with inflated THC**
16 **content.**

17 34. Independent laboratory testing of Stiiizy Products reveals that the actual THC
18 content of the products was materially less (well below the allowable 10% margin of error) than
19 what was declared on the label.

20 35. For example, the Stiiizy 40s Strawnana 2G Preroll was listed as having 50.57%
21 THC on the label. The lab testing showed, however, that the actual THC content of the product
22 was substantially lower, between 33-34% THC. Thus, the THC content was overstated by
23 33%—substantially more than the 10% margin of error allowed under the California regulations.

24 36. As a second example, the Stiiizy 40s Strawberry Cough 2G Preroll was listed as
25 having 46.10% THC on the label. The lab testing showed, however, that the actual THC content
26 of the product was substantially lower (between 33% and 34%). Thus, the THC content was
27 overstated by 24-27%—again, far more than the margin of error allowed under the California
28 regulations.

³⁵ <https://www.stiiizy.com/products/stiiizy-40s-infused-pre-rolls>

1 37. As an additional example, the Stiiizy 40s Blue Dream 2G Preroll was listed as
2 having 40.57% THC on the label. The lab testing showed that the actual THC content of the
3 product was substantially lower (between 31% and 33%). Thus, the actual THC content was
4 overstated by 17-21%--demonstrating results far below the allowable margin of error.

5 38. As the results show, the actual THC content is substantially lower than the labeled
6 content. Defendants' THC content labeling is systematically wrong and overstated.

7 **E. Defendants' labeling violates DCC regulations and is false and misleading to**
8 **reasonable consumers.**

9 39. As described above, DCC regulations require an accurate statement of the THC
10 content of cannabis products on the label, and state a permissible margin of error: 10%.
11 Defendants' labels include a statement of the THC content of their cannabis products that far
12 exceed the true THC content of Defendants' products. Moreover, the excess is far greater than
13 the excess allowable under the applicable DCC regulations. Accordingly, Defendants' labels
14 violate DCC regulations.

15 40. In addition, Defendants' labels are false and misleading to reasonable consumers.
16 Reasonable consumers expect that the required THC content declaration on the label of cannabis
17 products is reasonably accurate. In other words, reasonable consumers expect that the declared
18 THC content is substantially the same as the true THC content. Reasonable consumers also
19 expect that the labels of cannabis products comply with DCC regulations, and so reasonably
20 expect that the declared THC content is no more than 10% greater than the true THC content.
21 No reasonable consumer expects that the THC content declaration on the label of the product is
22 wildly inaccurate, and that the true THC content is far less than the declared content. In short,
23 reasonable consumers reasonably believe that they are receiving a product that has the THC
24 content that is listed on the label, when in fact they are receiving much less.

25 41. The inaccurate labeling of Defendants' Products is highly material to reasonable
26 consumers. THC is one of the active ingredients in cannabis products, and the one that causes
27 the vast majority of the product's psychological and medicinal effects. Consumers care about
28

1 the THC content of cannabis products and decide which cannabis product to buy in large part
2 based on the declared THC content.

3 42. In addition, as detailed above, consumers are willing to pay more for cannabis
4 products with higher THC content, and expect to pay less for cannabis products with lower THC
5 content. This makes sense, since the primary reason that consumers purchase cannabis is for its
6 psychological and medicinal effects, and those psychological and medicinal effects are largely
7 driven by the THC content of the product.

8 43. Defendants know, or reasonably should know, that they are misleading
9 consumers. Defendants know that THC content is highly material to consumers, and have a
10 direct financial incentive to overstate the THC content of their products. Moreover, as one of the
11 largest players in California’s cannabis industry, Defendants are aware of industry trends, aware
12 of the rampant testing fraud in the cannabis market, and know which labs participate in the fraud.
13 Accordingly, Defendants are intentionally and knowingly causing the THC content declared on
14 the label of their products to be substantially, and systematically, overstated, either by misstating
15 the results themselves or by intentionally and knowingly causing testing labs, which are their
16 agents, to report fraudulently high THC content results.

17 44. In the alternative, Defendants are willfully blind (and at a minimum negligent
18 with respect to) to the fact that the THC content declared on their products is substantially and
19 systematically overstated. Given the rampant testing fraud in the cannabis industry, any
20 reasonable cannabis distributor in Defendants’ position would have tested their products
21 independently. This is especially true because, as described above, the declared THC content for
22 Defendants’ products is very high—often in excess of 40%. But as industry publications warn
23 (and as Defendants are well aware), there is an “upper limit” on cannabis potency. “The
24 biological limits on THC production mean that ~35% total THC by dry weight is a rough upper
25 limit for strains. On average, high-THC strains contain ~18-20% total THC, while the more
26 potent strains will contain ~25-30% total THC. You should almost never see a strain with more
27 than 35% total THC by dry weight. Be skeptical if you do.”³⁶

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³⁶ <https://www.leafly.com/news/science-tech/peak-thc-cbd-levels-for-cannabis-strains>

1 **F. Defendants overcharge millions of consumers.**

2 45. Defendants’ false and misleading labeling allows Defendants to charge higher
3 prices for their products. As explained above, the THC content drives the sales of cannabis
4 products—including the price at which the products sell for, how quickly they sell, and whether
5 they sell at all.³⁷

6 46. If Defendants told the truth— that is, that its products’ THC content is
7 substantially lower than represented on the label— the price of its Products would fall
8 dramatically. If consumers knew the truth—that the Products contain substantially less THC
9 than the label says—Defendants could not sell their Products for its current prices. Indeed, as
10 explained above, cannabis products with lower declared amounts of THC content sell for
11 substantially less than ones with higher declared amounts of THC content. Accordingly, if
12 Defendants told the truth about the THC content of their products, they would have had to lower
13 the price, and Plaintiff and class members would have paid less.

14 47. Thus, Plaintiff and each class member paid a substantial price premium because
15 of Defendants’ false and misleading labeling. Said differently, Plaintiff paid more for a superior
16 product worth more, and received an inferior product worth less. Plaintiff and the class therefore
17 sustained an economic injury and paid a price premium as a result of Defendants’ false and
18 misleading labels.

19 **G. Plaintiff was misled and harmed by Defendants’ misleading labeling.**

20 48. Like millions of other consumers, Plaintiff bought the Stiiizy Products and relied
21 on the accuracy of the THC content on the label. Like millions of other consumers, Plaintiff paid
22 a price premium for Defendants’ products as a result of Defendants’ false and misleading labels.
23 Like millions of other consumers, Plaintiff was overcharged.

24 49. On April 24, 2022, Shanti Gallard purchased the Stiiizy 40s Watermelon Z 5 Pack
25 Preroll from the Blaze 420 dispensary delivery service in Los Angeles, California. On April 29,

26 _____
27 ³⁷ [https://www.leafly.com/news/science-tech/marijuana-thc-inflation-is-getting-out-of-](https://www.leafly.com/news/science-tech/marijuana-thc-inflation-is-getting-out-of-hand;)
28 [hand](https://www.leafly.com/news/science-tech/marijuana-thc-inflation-is-getting-out-of-hand;); <https://fivethirtyeight.com/features/americas-pot-labs-have-a-thc-problem/>; [Cannabis](https://www.statista.com/statistics/1088142/cannabis-retail-price-by-potency-us-2020/)
[retail price by potency US 2020 | Statista](https://www.statista.com/statistics/1088142/cannabis-retail-price-by-potency-us-2020/)

1 2022, Shanti Gallard also purchased the Stiiizy 40s Strawnana 5 Pack Preroll from the Blaze 420
2 dispensary. Additionally, on May 10, 2022, Ms. Gallard bought the Stiiizy 40s Skywalker OG 5
3 Pack Preroll from the Stiiizy store in downtown Los Angeles. Finally, on July 11, 2022, Shanti
4 Gallard purchased the Stiiizy 40s Pineapple Express 5 Pack Preroll from Blaze 420 dispensary
5 delivery service. She read and relied on the accuracy of the THC content of each of these
6 products. If she had known the truth, she would not have purchased the products, or would have
7 paid less for them.

8 50. Plaintiff wants Defendants to fix their testing and labeling practices and sell their
9 Products with accurate THC content labeling. This will allow Plaintiff, and other class members,
10 to make informed choices about the cannabis products they are purchasing and using.

11 **V. Class Action Allegations.**

12 **A. The California Class.**

13 51. Plaintiff brings her claims for the following class: all persons who, while in the
14 state of California and within the applicable statute of limitations period, purchased one or more
15 Stiiizy Products.

16 52. The following people are excluded from the Class: (1) any Judge or Magistrate
17 Judge presiding over this action and the members of their family; (2) Defendants, Defendants'
18 subsidiaries, parents, successors, predecessors, and any entity in which the Defendants or its
19 parents have a controlling interest and their current employees, officers, and directors; (3)
20 persons who properly execute and file a timely request for exclusion from the Class; (4) persons
21 whose claims in this matter have been finally adjudicated on the merits or otherwise released; (5)
22 Plaintiff's counsel and Defendants' counsel, and their experts and consultants; and (6) the legal
23 representatives, successors, and assigns of any such excluded persons.

24 ***Numerosity & Ascertainability***

25 53. The proposed class contains members so numerous that separate joinder of each
26 member of the class is impractical. There are millions of class members.

27 54. Class members can be identified through public notice.

28 ***Predominance of Common Questions***

1 55. There are questions of law and fact common to the proposed class. Common
2 questions of law and fact include, without limitation:

3 (1) whether Defendants made false or misleading statements of fact in its
4 advertising and labeling;

5 (2) whether Defendants violated California’s consumer protection statutes;

6 (3) whether Defendants committed a breach of contract;

7 (4) whether Defendants committed a breach of an express warranty;

8 (5) damages needed to reasonably compensate Plaintiff and the proposed class.

9 ***Typicality & Adequacy***

10 56. Plaintiff’s claims are typical of the proposed class. Like the proposed class,
11 Plaintiff purchased the Products and relied on the THC content listed on the labels. There are no
12 conflicts of interest between Plaintiff and the class.

13 ***Superiority***

14 57. A class action is superior to all other available methods for the fair and efficient
15 adjudication of this litigation because individual litigation of each claim is impractical. It would
16 be unduly burdensome to have individual litigation of millions of individual claims in separate
17 lawsuits, every one of which would present the issues presented in this lawsuit.

18 **VI. Claims.**

19 **First Cause of Action: California’s Unfair Competition Law (UCL)**

20 **(on behalf of Plaintiff and the class)**

21 58. Plaintiff incorporates each and every factual allegation set forth above.

22 59. Plaintiff brings this cause of action individually and on behalf of the class.

23 60. Defendants have violated California’s Unfair Competition Law (UCL) by
24 engaging in unlawful, fraudulent, and unfair conduct (i.e., violating each of the three prongs of
25 the UCL).

26 ***The Unlawful Prong***

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1 61. Defendants engaged in unlawful conduct by violating the FAL, the CLRA, and
2 the California regulations regarding labeling of cannabis products,³⁸ as alleged throughout and
3 incorporated here.

4 ***The Fraudulent Prong***

5 62. As alleged in detail above, Defendants' labeling is false and misleading. Their
6 labeling is likely to deceive, and did deceive, Plaintiff and other reasonable consumers.

7 ***The Unfair Prong***

8 63. Defendants' conduct caused substantial injury to Plaintiff and class members.
9 The harm to Plaintiff and the class greatly outweighs the public utility of Defendants' conduct
10 (which is none). Inaccurately labeled THC content has no public utility. This injury was not
11 outweighed by any countervailing benefits to consumers or competition. Misleading labels only
12 injure healthy competition and harm consumers.

13 64. Plaintiff and the class could not have reasonably avoided this injury. As alleged
14 above, Defendants' misrepresentations and omissions were deceiving to reasonable consumers.

15 65. Defendants' conduct, as alleged above, was immoral, unethical, oppressive,
16 unscrupulous, and substantially injurious to consumers.

17 66. Defendants' conduct violated the public policy against false and misleading
18 advertising, which is tethered to the CLRA and FAL. Defendants' conduct also violated
19 California's public policy in favor of consumer and patient choice when it comes to cannabis
20 products, and THC content labeling in particular, which is tethered to the DCC regulations
21 governing the labeling of cannabis products.

22 * * *

23 67. For all prongs, Plaintiff saw, read and reasonably relied on Defendants'
24 misrepresentations and omissions when purchasing Defendants' Products. Classwide reliance
25 can be inferred because Defendants' misrepresentations were material, i.e., a reasonable
26 consumer would consider them important in deciding whether to buy Defendants' Products.

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³⁸ Cal. Code Regs. Title 4, §§ 17407, 15307.1.

1 68. Defendants' misrepresentations were a substantial factor in Plaintiff's purchase
2 decisions and the purchase decisions of class members.

3 69. Plaintiff and class members were injured as a direct and proximate result of
4 Defendants' conduct because: (a) they would not have purchased Defendants' Products if they
5 had known that the THC content listed on the product was inflated and (b) they overpaid for the
6 products because the products are sold at a price premium due to Defendants' misleading
7 labeling.

8 **Second Cause of Action: California's False Advertising Law (FAL)**

9 **(on behalf of Plaintiff and the class)**

10 70. Plaintiff incorporates each and every factual allegation set forth above.

11 71. Plaintiff brings this cause of action individually and on behalf of the class.

12 72. As alleged in detail above, Defendants falsely advertised its products by falsely
13 representing that Defendants' Products contained the THC content listed on the labels.

14 73. Defendants' misrepresentations were likely to deceive, and did deceive, Plaintiff
15 and other reasonable consumers. Defendants knew, or should have known through the exercise
16 of reasonable care, that these statements were false and misleading.

17 74. Defendants' misrepresentations were intended to induce reliance, and Plaintiff
18 saw, read, and reasonably relied on them when purchasing Defendants' Products. Classwide
19 reliance can be inferred because Defendants' misrepresentations and omissions were material,
20 i.e., a reasonable consumer would consider them important in deciding whether to buy the
21 products.

22 75. Defendants' misrepresentations were a substantial factor in Plaintiff's purchase
23 decisions and the purchase decisions of class members.

24 76. Plaintiff and class members were injured as a direct and proximate result of
25 Defendants' conduct because: (a) they would not have purchased Defendants' Products if they
26 had known that the THC content listed on the product was inflated; and (b) they overpaid for the
27 products because the products are sold at a price premium due to Defendants' misleading
28 labeling.

1 **Third Cause of Action: California’s Consumer Legal Remedies Act**
2 **(on behalf of Plaintiff and the class)**

3 77. Plaintiff incorporates each and every factual allegation set forth above.

4 78. Plaintiff brings this cause of action individually and on behalf of the class.

5 79. Plaintiff and the class are “consumers,” as the term is defined by California Civil
6 Code § 1761(d).

7 80. Plaintiff and the class have engaged in “transactions” with Defendants as that
8 term is defined by California Civil Code § 1761(e).

9 81. The conduct alleged in this Complaint constitutes unfair methods of competition
10 and unfair and deceptive acts and practices for the purpose of the CLRA, and the conduct was
11 undertaken by Defendants in transactions intended to result in, and which did result in, the sale
12 of goods to consumers.

13 82. As alleged more fully above, Defendants made and disseminated untrue and
14 misleading statements of facts in its advertisements and labels to class members. Defendants did
15 this by advertising products have a specific THC content, when in fact the products did not have
16 the listed THC content.

17 83. Defendants violated, and continue to violate, Section 1770(a)(5) of the California
18 Civil Code by representing that goods have “characteristics, ingredients, uses, benefits, or
19 quantities which they do not have.”

20 84. Defendants violated, and continue to violate, Section 1770(a)(9) of the California
21 Civil Code by advertising “goods...with intent not to sell them as advertised.”

22 85. Defendants’ representations were likely to deceive, and did deceive, Plaintiff and
23 reasonable consumers. Defendants knew, or should have known through the exercise of
24 reasonable care, that these statements were inaccurate and misleading.

25 86. Defendants’ misrepresentations were intended to induce reliance, and Plaintiff
26 saw, read, and reasonably relied on them when purchasing the Products. Defendants’
27 misrepresentations were a substantial factor in Plaintiff’s purchase decision.

28

1 87. In addition, classwide reliance can be inferred because Defendants’
2 misrepresentations were material, i.e., a reasonable consumer would consider them important in
3 deciding whether to buy the Products.

4 88. Defendants’ misrepresentations were a substantial factor and proximate cause in
5 causing damages and losses to Plaintiff and the class.

6 89. Plaintiff and the class were injured as a direct and proximate result of Defendants’
7 conduct because: (a) they would not have purchased Defendants’ Products if they had known
8 that the THC content listed on the product was inflated; (b) they overpaid for the products
9 because the products are sold at a price premium due to Defendants’ misleading labeling; or (c)
10 they received products that were, in truth, worthless.

11 90. Accordingly, pursuant to California Civil Code § 1780(a)(2), Plaintiff,
12 individually and on behalf of all other members of the class, seeks injunctive relief.

13 91. CLRA § 1782 NOTICE. On November 28, 2022, a CLRA demand letter was
14 sent to Defendants’ headquarters via certified mail (return receipt requested), that provided
15 notice of Defendants’ violations of the CLRA and demanded that Defendants correct the
16 unlawful, unfair, false and/or deceptive practices alleged here. If Defendants do not fully correct
17 the problem for Plaintiff and for each member of the class within 30 days of receipt, Plaintiff and
18 the class will seek all monetary relief allowed under the CLRA.

19 92. A CLRA venue declaration is attached.

20 **Fourth Cause of Action: Breach of Express Warranty**

21 **(on behalf of the class)**

22 93. Plaintiff incorporates by reference each and every factual allegation set forth
23 above.

24 94. Plaintiff brings this cause of action individually and on behalf of the class.

25 95. Defendants, as the designers, manufacturers, marketers, distributors, suppliers,
26 and/or sellers of the Defendants’ cannabis Products, issued a material, written warranty by
27 representing that Defendants’ Products contained the THC content listed on the labels. This was
28 an affirmation of fact about the products and a promise relating to the goods.

1 96. This warranty was part of the basis of the bargain for Plaintiff and class members.
2 Plaintiff read and relied on this warranty.

3 97. The Defendants' Products do not conform to this warranty because, as alleged in
4 detail above, they do not have the THC content listed on the label.

5 98. Plaintiff provided Defendants with notice of this breach of warranty (on behalf of
6 themselves and the class), by mailing a notice letter to Defendants' headquarters on November
7 28, 2022.

8 99. Plaintiff and class members were injured as a direct and proximate result of
9 Defendants' conduct because: (a) they would not have purchased Defendants' Products if they
10 had known that the THC content listed on the product was inflated; and (b) they overpaid for the
11 products because the products are sold at a price premium due to Defendants' misleading
12 labeling.

13 **Fifth Cause of Action: Negligent Misrepresentation**

14 **(on behalf of Plaintiff and the class)**

15 100. Plaintiff incorporates by reference the facts alleged above.

16 101. Plaintiff alleges this claim individually and on behalf of the class.

17 102. As alleged in detail above, Defendants' labeling represented to Plaintiff and class
18 members that the Defendants' Products contained the THC content listed on the labels.

19 103. As alleged in detail above, these representations were false.

20 104. When Defendants made these misrepresentations, it should have known that they
21 were false. Defendants had no reasonable grounds for believing that these representations were
22 true when made.

23 105. Defendants intended that Plaintiff and class members rely on these representations
24 and Plaintiff read and reasonably relied on them.

25 106. Defendants' misrepresentations were a substantial factor and proximate cause in
26 causing damages and losses to Plaintiff and class members.

27 107. Defendants' misrepresentations were a substantial factor in Plaintiff's purchase
28 decision and the purchase decisions of class members.

1 108. Plaintiff and class members were injured as a direct and proximate result of
2 Defendants' conduct because: (a) they would not have purchased Defendants' Products if they
3 had known that the THC content listed on the product was inflated; (b) they overpaid for the
4 products because the products are sold at a price premium due to Defendants' misleading
5 labeling.

6 **Sixth Cause of Action: Intentional Misrepresentation**

7 **(on behalf of Plaintiff and the class)**

8 109. Plaintiff incorporates by reference the facts alleged above.

9 110. Plaintiff alleges this claim individually and on behalf of the class.

10 111. As alleged in detail above, Defendants' labeling represented to Plaintiff and class
11 members that the Defendants' Products contained the THC content listed on the labels.

12 112. As alleged in detail above, these representations were false.

13 113. As alleged above, when Defendants made these misrepresentations, it knew that
14 they were false.

15 114. In the alternative, Defendants was reckless or willfully blind to the truth.

16 115. Defendants intended that Plaintiff and class members rely on these representations
17 and Plaintiff read and reasonably relied on them.

18 116. Defendants' misrepresentations and omissions were a substantial factor in
19 Plaintiff's purchase decision and the purchase decisions of class members.

20 117. Plaintiff and class members were injured as a direct and proximate result of
21 Defendants' conduct because: (a) they would not have purchased Defendants' Products if they
22 had known that the THC content listed on the product was inflated; (b) they overpaid for the
23 products because the products are sold at a price premium due to Defendants' misleading
24 labeling.

25 **Seventh Cause of Action: Unjust Enrichment/Quasi-Contract**

26 **(on behalf of Plaintiff and the class)**

27 118. Plaintiff incorporates by reference the facts alleged above.

28

1 119. As alleged in detail above, Defendants' false and misleading labeling caused
2 Plaintiff and the class to purchase Defendants' Products and overpay for the Products.

3 120. In this way, Defendants received a direct and unjust benefit, at the expense of
4 Plaintiff and the class.

5 121. Plaintiff and the class seek the equitable return of this unjust benefit.

6 **VII. Relief.**

7 122. Plaintiff seeks the following relief individually and for the proposed class and
8 classes:

- 9 • An order certifying the asserted claims, or issues raised, as a class action;
- 10 • A judgment in favor of Plaintiff and the proposed class;
- 11 • Damages;
- 12 • Restitution, disgorgement, and other just equitable relief;
- 13 • Punitive damages, as available by law;
- 14 • Attorney's fees, as available by law;
- 15 • An injunction;
- 16 • Pre- and post-judgment interest;
- 17 • Any additional relief that the Court deems reasonable and just.

18
19
20 Dated: December 6, 2022

Respectfully submitted,

21 By: 
22 _____

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Demand for Jury Trial

Plaintiff demands the right to a jury trial on all claims so triable.

Dated: December 6, 2022

By: 

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California Civil Code Section 1780(d) CLRA Venue Declaration

I, Christin Cho, declare:


1. I am a partner in Dovel & Luner, LLP and an attorney licensed to practice in the State of California. I am counsel of record for Plaintiff in this action.

2. This action was commenced in a county described in California Civil Code Section 1780(d) as a proper place for the trial of the action.

3. Plaintiff Shanti Gallard resides in Los Angeles County and purchased Defendants' products from a business in Los Angeles County.

4. Defendants are doing business in Los Angeles County.

I declare under penalty of perjury under the laws of the State of California and of the United States of America that the foregoing is true and correct to the best of my knowledge and that this declaration was signed on December 6, 2022 in Santa Monica, California.



Christin Cho

ClassAction.org

This complaint is part of ClassAction.org's searchable class action lawsuit database and can be found in this post: [Stiiizy Pre-Rolled Joints Contain Less THC Than Advertised, Class Action Alleges](#)
