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10 **UNITED STATES DISTRICT COURT**
11 **FOR THE CENTRAL DISTRICT OF CALIFORNIA**
12 **WESTERN DIVISION**

13 **KNUT GREVLE**, an Individual,
Individually and on Behalf of All Others
Similarly Situated,

14 Plaintiff,

15 v.

16 **CLOSETS BY DESIGN, INC.**, a
California Corporation, and **CBD**
17 **FRANCHISING, INC.**, a California
Corporation,

18 Defendants.

Case No: 2:19-cv-3881

CLASS ACTION COMPLAINT FOR:

- 19 (1) **Violation of California’s Unfair Competition Laws;**
- 20 (2) **Violation of California’s False Advertising Laws;**
- 21 (3) **Violations of California Consumer Legal Remedies Act.;**
- 22 (4) **Violations of the Consumer Protection Laws on Behalf of Classes in States with Similar Laws;**
- 23 (5) **Unjust Enrichment;**
- 24 (6) **Breach of Contract;**
- 25 (7) **Fraud in the Inducement;**
- 26 (8) **Breach of Express Warranty;**
- 27 **and**
- 28 (9) **Violation of Magnuson-Moss Warranty Act;**

JURY TRIAL DEMANDED

1 Plaintiff Knut Grevle alleges the following based upon personal knowledge as to
2 himself and his own acts, and, as to all other matters, upon information and belief and
3 investigation of counsel, which included, among other things, a review of public
4 documents, advertising materials, and public statements concerning, transmitted, or
5 made by or on behalf of Closets by Design, Inc. (“CBD, Inc.”) or CBD Franchising,
6 Inc. (“CBD Franchising,” collectively “Closets by Design” or “Defendants”). Plaintiff
7 believes that substantial additional evidentiary support exists for the allegations set forth
8 herein and will be available after a reasonable opportunity for discovery.

9 **I. JURISDICTION AND VENUE**

10 1. This Court has jurisdiction over this action under the Class Action Fairness
11 Act, 28 U.S.C. §1332(d). The aggregated claims of the individual Class members
12 exceed the sum or value of \$5,000,000, exclusive of interests and costs; there are more
13 than 100 members of the proposed Class; and this is a class action in which there is
14 minimal diversity because at least one member of the proposed nationwide Class is a
15 citizen of a different state than Defendants. This Court also has jurisdiction over the
16 Magnuson-Moss Warranty Act claim pursuant to 28 U.S.C. § 1331. This Court has
17 supplemental jurisdiction over the state law claims pursuant to 28 U.S.C. § 1367(a),
18 because they are so related to the MMWA claim that they form part of the same case or
19 controversy.

20 2. This Court has personal jurisdiction over Defendants because they are
21 California corporations, headquartered in the State of California, systematically and
22 continuously conducted business in and throughout the State, and intentionally avail
23 themselves of the markets within California through the advertising and sale of their
24 products. Moreover, their wrongful conduct, as described herein, emanated from
25 California and foreseeably affects consumers in California.

26 3. Venue is proper in this District under 28 U.S.C. §1391(b)(1), because
27 Defendants each reside in this District. Defendants are deemed to reside in this District
28 under 28 U.S.C. §§1391(c)(2) and (d), because they are subject to the Court’s personal

1 jurisdiction with respect to this action and because their contacts with the District are
2 sufficient to subject them to personal jurisdiction. Venue is also proper in this District
3 under 28 U.S.C. §1391(b)(2), because a substantial part of the events or omissions
4 giving rise to Plaintiff’s claims occurred in this District. Specifically, Defendants’
5 wrongful conduct relating to the deceptive pricing scheme described herein emanated
6 and was directed from this District. A venue affidavit pursuant to California Civil Code
7 §1780(d) is attached as **Exhibit 1**.

8 **II. INTRODUCTION**

9 4. This action seeks to remedy Defendants’ unfair, deceptive, and unlawful
10 business practices with respect to the advertising and sales of closets, garage cabinets,
11 and other home organizer systems across the United States.

12 5. Throughout the Class Period (defined below), Defendants advertised their
13 home organizer systems at “40% off” or “\$200 off.” These offers represent and warrant
14 that Defendants’ products are usually sold at a higher undiscounted price and that the
15 sale offer represents a significant savings over that reference price. In fact, Defendants’
16 “discounted” price is simply their regular price. During the relevant time period,
17 Defendants never offered their home organizer systems for sale or actually sold them at
18 the reference price. Defendants also manufacture their own products and are the
19 exclusive source for them, so there is no basis for the reference price in the market for
20 home organizer systems. Accordingly, the reference price and the supposed “sale”
21 based on the reference price are deceptive and misleading to reasonable consumers.
22 Defendants’ offers misrepresent the existence of a discount, the particular worth of
23 Closets By Design products, the perceived value of those products, and the products’
24 resale or market value.

25 6. The Federal Trade Commission prohibits offering these kinds of
26 “fictitious” or “false” bargains because the purchaser does not receive “the unusual
27 value he expects”:
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1 One of the most commonly used forms of bargain advertising is to offer
2 a reduction from the advertiser’s own former price for an article. If the
3 former price is the actual, bona fide price at which the article was
4 offered to the public on a regular basis for a reasonably substantial
5 period of time, it provides a legitimate basis for the advertising of a
6 price comparison. . . . *If, on the other hand, the former price being*
7 *advertised is not bona fide but fictitious—for example, where an*
8 *artificial, inflated price was established for the purpose of enabling the*
9 *subsequent offer of a large reduction—the “bargain” being advertised*
10 *is a false one; the purchaser is not receiving the unusual value he*
11 *expects.* In such a case, the “reduced” price is, in reality, probably just
12 the seller’s regular price.

13 16 C.F.R. §233.1(a) (emphasis added). As the Ninth Circuit observed in *Hinojos v.*
14 *Kohls Corp.*, the California legislature has likewise “prohibited” retailers from using
15 such “misleading” schemes:

16 Most consumers have, at some point, purchased merchandise that was
17 marketed as being ‘on sale’ because the proffered discount seemed too
18 good to pass up. Retailers, well aware of consumers’ susceptibility to a
19 bargain, therefore have an incentive to lie to their customers by falsely
20 claiming that their products have previously sold at a far higher
21 ‘original’ price in order to induce customers to purchase merchandise
22 at a purportedly marked-down ‘sale’ price. *Because such practices are*
23 *misleading—and effective—the California legislature has prohibited*
24 *them.*

25 718 F.3d 1098, 1101 (9th Cir. 2013) (emphasis added).

26 7. Indeed, Defendants’ false and misleading advertising led Plaintiff to
27 believe he was purchasing Closets By Design services and merchandise at a steep
28 discount, when he was actually paying a standard retail price. The existence of the

1 discount and the information it conveyed regarding Closets By Design products were
2 material to Plaintiff and formed part of the basis of the bargain he struck with
3 Defendants. But for Defendants' wrongful conduct, Plaintiff would not have purchased
4 a Closets By Design home organizer system or would have paid less for one. Plaintiff
5 and Class members (defined below) were harmed thereby.

6 8. As a result of this illicit pricing scheme, Defendants violated and continue
7 to violate California's Unfair Competition Law, Cal. Bus. & Prof. Code §§ 17200, *et*
8 *seq.*; California's False Advertising Law, Cal. Bus. & Prof. Code §§ 17500, *et seq.*; the
9 California Consumer Legal Remedies Act, Civ. Code § 1750, *et seq.*, and the consumer
10 protection laws in states with laws similar to California. Defendants also have been
11 unjustly enriched as a result of their wrongful conduct, breached their contracts with
12 Plaintiff and Class members, fraudulently induced Plaintiff and Class members to
13 purchase Closets By Design products, breached express warranties regarding their
14 products, and violated the Magnuson-Moss Warranty Act, 15 U.S.C. §§ 2301, *et seq.*

15 9. Plaintiff seeks damages, restitution, and disgorgement of all profits and
16 unjust enrichment that Defendants obtained from Class members as a result of their
17 unlawful, unfair, and fraudulent business practices (except as provided by the CLRA).
18 Plaintiff seeks declaratory and injunctive relief enjoining Defendants from continuing
19 the unlawful practices as set forth herein, directing Defendants to identify all victims of
20 their misconduct, ordering Defendants to engage in a corrective advertising campaign,
21 and ordering Defendants to provide an accounting of their profits and unjust enrichment.
22 Plaintiff seeks reasonable attorneys' fees and costs, and such other and further relief as
23 the Court may deem necessary or appropriate.

24 **III. PARTIES**

25 10. Plaintiff Knut Grevle is a citizen of California. On October 26, 2017,
26 Plaintiff used a "40% off" mailer he received from Defendants to purchase several
27 Closets By Design home organization systems to be installed in his home for \$4,900.00.
28 A mailer Plaintiff received from Defendants that is substantially similar to the one he

1 used for this purchase is attached as **Exhibit 2**. Plaintiff paid an initial deposit of
2 \$490.00, \$1,960.00 on delivery, and financed the remaining balance of \$2,450.00 due
3 on those products. A copy of Plaintiff's Purchase Agreement and Design Worksheet are
4 attached as **Exhibit 3**. A copy of Plaintiff's Wells Fargo Home Projects statement dated
5 January 12, 2018 is attached as **Exhibit 4**. Plaintiff's purchase included shelves and
6 drawers installed in his master bedroom. As noted on Plaintiff's Delivery Receipt, the
7 "regular" price for these items was \$3,380.00 and the amount Plaintiff actually paid was
8 \$2,028.00— falsely representing that a 40% discount had been applied. Plaintiff's
9 purchase also included drawers and cabinets installed in another bedroom. The
10 "original" price for those items was \$2,870.00 and the amount Plaintiff actually paid
11 was \$1,722.00—again, falsely representing Defendants applied a 40% discount as noted
12 on Plaintiff's Delivery Receipt. The Delivery Receipt lists the "regular" and actual
13 prices for a cabinet installed in a bathroom (\$847.00 and \$508.00), as well as for several
14 accessories and optional add-ons. A copy of Plaintiff's Delivery Receipt dated
15 November 16, 2017 is attached as **Exhibit 5**. Plaintiff believed Defendants' advertised
16 bargain was genuine. In deciding to complete his purchase, Plaintiff relied on
17 Defendants' offer of "40% off" and would not have purchased anything from
18 Defendants but for their "40% off" offer. Because this offer was false and misleading,
19 Plaintiff has suffered damages as a direct and proximate result.

20 11. On March 27, 2019, Plaintiff mailed a Class Action Notification and Pre-
21 Lawsuit Demand ("Demand") to Defendants to advise them that Plaintiff would seek to
22 represent a class of consumers who, within the relevant time period, purchased
23 Defendants' products and services using a purported discount; to explain the basis for
24 Plaintiff's belief that the purported discount was illegally represented; and to demand
25 corrective action on behalf of all similarly situated consumers. **Exhibit 6**.

26 12. Defendant Closets by Design, Inc. ("CBD Inc.") is a California company
27 with its principal place of business located at 3860 Capitol Ave., Whittier, CA 90601.
28 CBD Inc. is a subsidiary of Home Organizers, Inc., a California company. CBD Inc.

1 owns and operates the Closets by Design brand's corporate-owned locations, and
2 therefore, is an active and material participant in the deceptive pricing scheme. CBD
3 Inc. also owns and controls the website and landing pages, as well as the print
4 advertising and coupons, where Defendants offered their false and misleading
5 discounts. CBD Inc. received Plaintiff's Demand on April 1, 2019. **Exhibit 7.**

6 13. Defendant CBD Franchising, Inc. ("CBD Franchising") is a California
7 company with its principal place of business located at 13272 Garden Grove Boulevard,
8 Garden Grove, CA 92843. CBD Franchising is also a subsidiary of Home Organizers,
9 Inc. CBD Franchising is a franchisor that sells Closets by Design branded franchises
10 to franchisees located across the country. CBD Franchising controls the uniform
11 nationwide marketing and advertising program utilized by both the corporate-owned
12 and franchised locations as described herein. CBD Franchising received Plaintiff's
13 Demand on April 2, 2019. **Exhibit 7.**

14 14. By letter dated April 10, 2019, Defendants confirmed receipt of Plaintiff's
15 Demand. **Exhibit 8.** To date, neither Defendant has responded in words or conduct to
16 the Demand.

17 **IV. SUBSTANTIVE ALLEGATIONS**

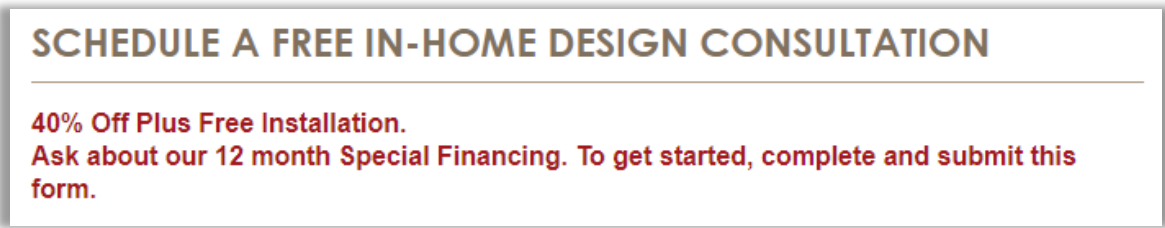
18 **A. Closets by Design's Business and Uniform Nationwide Advertising** 19 **Practices**

20 15. Since 2001, Defendants have been operating retail outlets that sell,
21 manufacture, and install closets, home and office organizers, and related products
22 throughout the United States. Defendants both directly own Closets By Design stores,
23 and franchise them to independent operators.

24 16. As of July 2018, Defendants owned or franchised 57 Closets By Design
25 outlets. This number includes 47 franchised outlets in the United States, 7 franchised
26 outlets in Canada, and 3 corporate-owned outlets in California. In addition to the 3
27 corporate-owned outlets in California, there is a fourth outlet owned by a franchisee.
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1 17. Throughout the Class Period, Defendants have operated an e-commerce
2 website (www.closetsbydesign.com) (the “Website”). This Website includes
3 information reflecting the nationwide scope of Defendants’ business, including a list of
4 over 50 regions where Defendants conduct business. See Closets By Design, *Locations*,
5 <https://www.closetsbydesign.com/locations>.

6 18. Defendants also use the Closets By Design Website to disseminate
7 information concerning their products and services, including their materially false and
8 misleading sales offers, on a nationwide basis. Currently, for example, clicking either
9 the “Get Started Now” or “Find Out How” buttons on the Website homepage leads to a
10 page with the same “40% off” offer that Plaintiff used in 2017 for his purchase:



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15 Closets By Design, *Schedule A Free In-Home Design Consultation*,
16 <https://www.closetsbydesign.com/ScheduleRequests>.

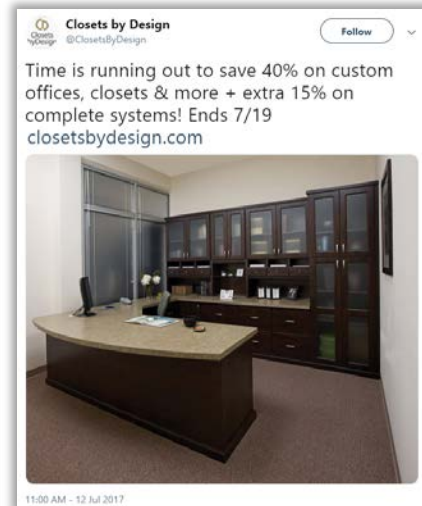
17 19. This Website contains pages for each of the Closets By Design outlets in
18 the U.S. and Canada, which Defendants also use to disseminate their false and
19 misleading advertisements. Each of these outlet pages, which are identical in all
20 material respects, have a “Check Out Coupons For This Location” button that leads to
21 advertising materials. For example, the offer accessible through the “Fresno CA” page
22 is for “40% off” and for the “Southern CA” region “\$200 off”:



1 Closets By Design, *Coupons*, <https://fresno.closetsbydesign.com/coupons>; Closets By
 2 Design, *Coupons*, <https://southerncalifornia.closetsbydesign.com/coupons>. One of
 3 these two offers is currently accessible on *every* one of the outlet pages on Defendants’
 4 website.

5 20. Defendants have offered these identical online “coupons” through their
 6 Website continuously during the Class Period. Beginning at least in or around July
 7 2014, Defendants offered coupons for \$200 off plus free installation for all outlets
 8 through their Website. Beginning in late 2015, they began offering coupons for 40% off
 9 plus free installation for certain outlets, while other outlets maintained the \$200 off
 10 coupons. Since that time, Defendants have continued to offer one of these two coupons
 11 continuously and without interruption.

12 21. Defendants also used social media to broadcast their “sales.” For example,
 13 Defendants used their Closets By Design Twitter account (@ClosetsByDesign), which
 14 they established in October 2009 and which links to the Website, to continuously market
 15 and promote variations of its 40% off “sale” price since December 2015:

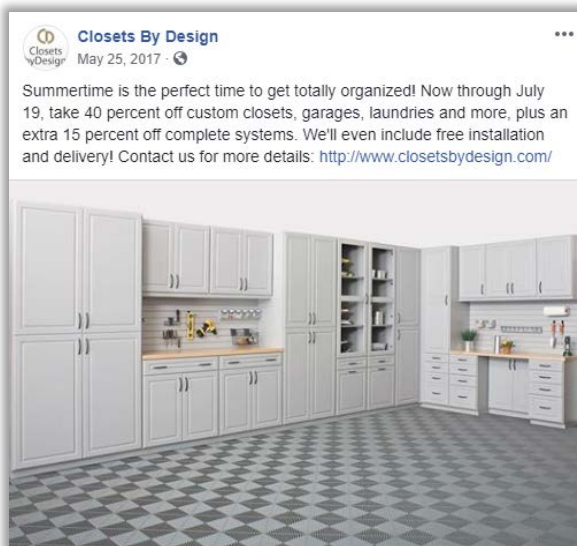
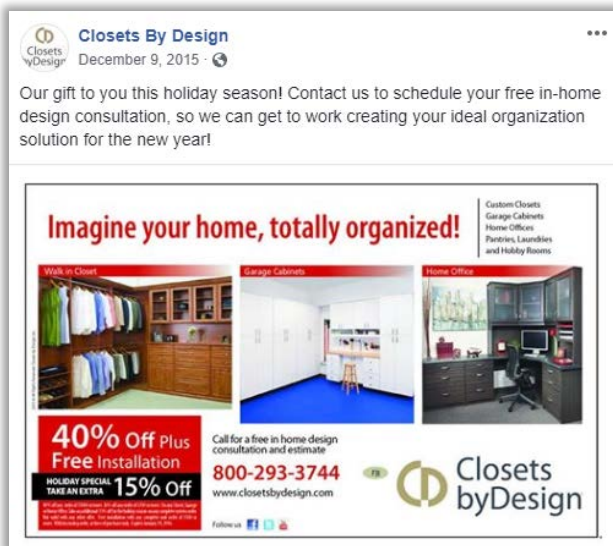


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Twitter, @ClosetsByDesign,
<https://twitter.com/ClosetsByDesign/status/679700791603630082;> https
[://twitter.com/ClosetsByDesign/status/885151941239681025;](https://twitter.com/ClosetsByDesign/status/885151941239681025;)
[https://twitter.com/ClosetsByDesign/](https://twitter.com/ClosetsByDesign/status/1042914814853636097;) status/1042914814853636097;
[https://twitter.com/ClosetsByDesign/status/1086637160239939585.](https://twitter.com/ClosetsByDesign/status/1086637160239939585)

22. Defendants also used their Facebook account (@closetsbydesign), which also links to the Website, to promote the offers described herein:



Facebook, *Closets By Design*, <https://www.facebook.com/closetsbydesign/>.

23. Defendants used the Yelp.com sites associated with individual Closets By Design outlets to advertise their “sale” offers:

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Yelp.com, *Closets By Design*, <https://www.yelp.com/biz/closets-by-design-whittier-5>.

24. Defendants also advertise through more traditional means, like print and television media. For example, Closets by Design distributes their “sale” offers to consumers via direct mail advertising on a nationwide basis. The front and back of the sample mailer below, for example, provide a nationwide toll-free contact phone number for a consultation and estimate that contains the same 40% off offer Plaintiff relied upon for his purchase in 2017:

1 25. Accordingly, since at least in or around July 2014, Defendants have
2 engaged in a nationwide, continuous, and uniform multimedia advertising campaign
3 that centered on percentage and dollar-off discounts to consumers for Closets By Design
4 home organizer systems. Defendants' promotional offers were and remain, however,
5 illusory. Based on the continuous nature of the marketing campaign, Plaintiff is
6 informed and believes that Closets by Design merchandise and services are never sold
7 to customers at undiscounted reference prices.

8 26. Defendants' "40% off" and "\$200 off" offers are predicated on fictitious
9 reference prices and mislead consumers regarding the value of Closets By Design home
10 organizer systems. Defendants' representations are likely to mislead reasonable
11 consumers into believing that Defendants' sale prices are significantly lower than the
12 prices regularly offered for those products by Defendants, or offered by other merchants
13 for similar products, and that consumers would enjoy significant savings by purchasing
14 those products from Defendants instead of from other merchants.

15 27. Because value and sale prices matter and are material to consumers,
16 Defendants' knew or should have known that consumers would rely on their false and
17 misleading promotional offers and would be induced to purchase home organizer
18 systems they would not otherwise have purchased, or would pay more for those systems
19 than they would have paid but for Defendants' false and misleading advertising.
20 Defendants' false and misleading pricing scheme thus made it more likely that
21 consumers would purchase particular products from Defendants, and benefited
22 Defendants immensely.

23 **B. Federal and State Laws Prohibit Deceptive Pricing Schemes**

24 28. The Federal Trade Commission Act prohibits "unfair or deceptive acts or
25 practices in or affecting commerce." 15 U.S.C. §45(a)(1). The FTCA specifically makes
26 it "unlawful for any person, partnership, or corporation to disseminate, or cause to be
27 disseminated, any false advertisement." 15 U.S.C. §52(a).

1 29. Under the FTCA, advertising must be truthful and non-deceptive,
2 advertisers such as Defendants must have evidence to back up their claims, and
3 advertisements cannot be unfair. An advertisement is deceptive, according to the FTC,
4 if it contains a misstatement or omits information that is likely to mislead consumers
5 acting reasonably under the circumstances, and the statement or omitted information is
6 material—that is, important to a consumer’s decision to buy or use the product.

7 30. The FTC has issued regulations describing misleading discount price
8 comparison schemes such as those used by Defendants as deceptive. Besides 16 C.F.R.
9 §233.1(a), quoted in ¶ 3, *supra*, the FTC has also promulgated regulations warning
10 retailers not to advertise former prices “for the purpose of establishing a fictitious higher
11 price on which a deceptive comparison might be based”:

12 A former price is not necessarily fictitious merely because no sales at
13 the advertised price were made. The advertiser should be especially
14 careful, however, in such a case, that the price is one at which the
15 product was openly and actively offered for sale, for a reasonably
16 substantial period of time, in the recent, regular course of his business,
17 honestly and in good faith—and, of course, not for the purpose of
18 establishing a fictitious higher price on which a deceptive comparison
19 might be based. And the advertiser should scrupulously avoid any
20 implication that a former price is a selling, not an asking price (for
21 example, by use of such language as, “Formerly sold at \$ ”), unless
22 substantial sales at that price were actually made.

23 16 C.F.R. §233.1(b). The FTC has likewise cautioned retailers to “make certain that the
24 former price is not a fictitious one”:

25 If the former price is set forth in the advertisement, whether
26 accompanied or not by descriptive terminology such as “Regularly,”
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1 “Usually,” “Formerly,” etc., the advertiser should make certain that the
2 former price is not a fictitious one.

3 16 C.F.R. §233.1(e). The FTC requires that any “advertised higher price must be
4 based upon fact, and not be fictitious and misleading”:

5 Another commonly used form of bargain advertising is to offer goods
6 at prices lower than those being charged by others for the same
7 merchandise in the advertiser’s trade area (the area in which he does
8 business). This may be done either on a temporary or a permanent basis,
9 but in either case the advertised higher price must be based upon fact,
10 and not be fictitious or misleading. Whenever an advertiser represents
11 that he is selling below the prices being charged in his area for a
12 particular article, he should be reasonably certain that the higher price
13 he advertises does not appreciably exceed the price at which substantial
14 sales of the article are being made in the area—that is, a sufficient
15 number of sales so that a consumer would consider a reduction from
16 the price to represent a genuine bargain or saving.

17 16 C.F.R. §233.2(a). Irrespective of the particular nature of any advertisement, the FTC
18 requires advertisers to “make certain that the bargain offer is genuine and truthful”:

19 The practices covered in the provisions set forth above represent the
20 most frequently employed forms of bargain advertising. However, there
21 are many variations which appear from time to time and which are, in
22 the main, controlled by the same general principles. For example,
23 retailers should not advertise a retail price as a “wholesale” price. They
24 should not represent that they are selling at “factory” prices when they
25 are not selling at the prices paid by those purchasing directly from the
26 manufacturer. They should not offer seconds or imperfect or irregular
27 merchandise at a reduced price without disclosing that the higher
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1 comparative price refers to the price of the merchandise if perfect. They
2 should not offer an advance sale under circumstances where they do not
3 in good faith expect to increase the price at a later date, or make a
4 “limited” offer which, in fact, is not limited. In all of these situations,
5 as well as in others too numerous to mention, advertisers should make
6 certain that the bargain offer is genuine and truthful. Doing so will serve
7 their own interest as well as that of the public.

8 16 C.F.R. §233.5. Defendants’ “40% off” and “\$200 off” offers fail to satisfy the
9 principles set forth in the FTCA for several reasons. For example, their sale offer is
10 predicated on “an artificial, inflated price” that Defendants “established for the purpose
11 of enabling the subsequent offer of a large reduction” in price, 16 C.F.R. §233.1(a), so
12 their “bargain offer” is not “genuine and truthful,” 16 C.F.R. §233.5.

13 31. Like the FTC, the California legislature has specifically forbidden false or
14 misleading price comparison schemes. By statute, California law states that retailers
15 may not advertise a “former price of any advertised thing” unless it was “the prevailing
16 market price . . . within three months next immediately preceding the publication of the
17 advertisement”:

18 For the purpose of this article the worth or value of anything advertised
19 is the prevailing market price, wholesale if the offer is at wholesale,
20 retail if the offer is at retail, at the time of publication of such
21 advertisement in the locality wherein the advertisement is published.
22 No price shall be advertised as a former price of any advertised thing,
23 unless the alleged former price was the prevailing market price as above
24 defined within three months next immediately preceding the
25 publication of the advertisement or unless the date when the alleged
26 former price did prevail is clearly, exactly and conspicuously stated in
27 the advertisement.
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1 Cal. Bus. & Prof. Code §17501. Under California law, false or misleading statements
2 of fact concerning the existence of or amounts of price reductions made by any person
3 in a transaction that results in the sale or lease of goods or services to any consumers
4 are unlawful:

5 The following unfair methods of competition and unfair or deceptive
6 acts or practices undertaken by any person in a transaction intended to
7 result or that results in the sale or lease of goods or services to any
8 consumer are unlawful: . . . Making false or misleading statements of
9 fact concerning reasons for, existence of, or amounts of price
10 reductions.

11 Cal. Civ. Code §1770(a)(13). Defendants’ “40% off” and “\$200 off” offers violate Cal.
12 Bus. & Prof. Code §17501, because their undiscounted reference prices are not
13 “prevailing market” prices. Similarly, Defendants’ sale offers are “unlawful” within the
14 meaning of Cal. Civ. Code §1770(a)(13) because they falsely convey the “existence of”
15 and “amounts of” price discounts.

16 **C. Defendants Exercised Exclusive Control Over Closets By Design**
17 **Advertising**

18 32. Despite the franchise business model, control over the Closets By Design
19 advertising campaign is centralized with and tightly controlled by Defendants from their
20 corporate headquarters in California. Accordingly, Defendants knew or should have
21 known that Closets By Design advertising conveyed (and continues to convey) false
22 information to consumers, including Plaintiff and Class members, about the true price,
23 worth, perceived value, and resale value of their home organizer systems.

24 33. That Closets By Design advertising is “corporate run” is stated explicitly
25 on Defendants’ Website:

- We have more than a 30-year history of success and a strong brand identity. Customers know our name and the quality that comes with owning a Closets by Design solution.
- Our established business and sales model has proven to be successful time and time again.
- Our extensive support team will provide initial training to get you started and offers ongoing support for continued business expansion.
- **Our Franchisees have proven that Closets by Design Franchises are an Excellent Cash Flow Business** with high gross margins and yet they maintain low inventory.
- **The corporate run, highly effective national advertising and marketing programs generate leads and customer awareness.**
- Our custom customer relationship management system assists with daily operations.
- We offer exclusive, prime territories.

Closets By Design, *About Closets by Design*, <https://franchise.closetsbydesign.com/about-closets-by-design/> (annotated). This statement is repeated again elsewhere on the Website. *See Closets By Design, FAQ’s*, <https://franchise.closetsbydesign.com/faqs/> (“Why should I franchise with Closets By Design? . . . The *corporate run*, highly effective national advertising and marketing programs generate leads and customer awareness.”) (emphasis added).

34. Defendants’ control over advertising is also embodied in materials they provide their franchisees. A “Franchise Disclosure Document” filed with the State of California states that Defendants operate a “National Promotion and Protection Fund,” which they used for the national promotion, enhancement, and protection of the Closets By Design system and which is funded by franchisees’ monthly contributions of 2.25% of their monthly gross revenues:

National Promotion and Protection Fund ¹	National Fund Contribution of 2.25% of monthly Gross Revenues This fee is included in the Required Advertising Expenditures described above and in footnote 3 below	On or before the 5th day of each calendar month after the calendar month in which Gross Revenues were received While the final National Fund Contribution is calculated monthly, we will make weekly withdrawals from your account in an amount we estimate to be that week’s portion of the monthly National Fund Contribution	These fees are used for the national promotion, enhancement and protection (including if necessary attorneys fees) of the Closets By Design system, the trademarks, goodwill and reputation of CBDF They are not used for new franchise sales expenses See Item 11
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(Franchise Disclosure Documents are prepared under the Federal Trade Commission’s Franchise Rule, 16 CFR §§ 436, *et seq.*, to give prospective purchasers of franchises the

1 material information they need in order to weigh the risks and benefits of such an
2 investment.)

3 35. Defendants' rights with respect to controlling Closets By Design
4 advertising are not, however, limited to promoting and protecting the brand. The
5 Franchise Disclosure Document provides Defendants with virtually unlimited control
6 over nearly every aspect of the national advertising scheme, including "the cost, form
7 or media, content, format, production and timing . . . and *all* other matters involving
8 advertising" (emphasis added):

9 CBDF will determine the cost, form or media, content, format, production and timing,
10 including regional or local concentration and seasonal exposure, location and all other
11 matters involving advertising, public relations and promotional campaigns (see section 10 04
12 of the Franchise Agreement) We intend to use the following advertising media direct mail,
13 print media and electronic media where appropriate and cost effective The media coverage
14 may be local, regional or national We will be using in-house advertising personnel, but we
15 also intend to engage the services of advertising and public relations firms to assist in our
16 advertising program We may but are not obligated to spend any National Promotion and
17 Protection Funds in the territory where you are located

18 The Franchise Disclosure Document permits franchisee operators to develop their own
19 advertising (at their own cost), but prevents them from using such materials without
20 Defendants' prior written approval as to the content of the advertising and the medium
21 of dissemination:

22 You may develop advertising materials for your
23 own use, at your own cost But we must approve the advertising materials in advance and in
24 writing You may not, without our prior written consent, advertise in any medium we have
25 not previously approved in writing or use any advertising outlet through which we maintain
26 a system-wide advertising program (e.g. Val Pak, Money Mailer, and other outlets we
27 identify from time to time)

28 36. Defendants' broad control over Closets By Design advertising is also
reflected in the most recent sample Franchise Agreement filed with the State of
California. Like the Franchise Disclosure Document, Defendants' Franchise Agreement
states that franchisees can only use advertising materials "either furnished or approved
in writing in advance" by Defendants:

You may only use advertising which we have either furnished or approved in writing in advance, as
provided in Section 10 02 below Neither the fact that we furnish the material, approve of the material, nor the
material itself, will directly or indirectly require us to pay for any advertising, identification or promotion

1 The Franchise Agreement provides further that Defendants will “direct all [national]
2 advertising programs” and exercise “sole control” over them:

3 **We will direct all advertising programs with sole control over the creative concepts, materials
4 and media used in the programs and the placement and allocation of advertising**

5 Accordingly, the wrongful advertising scheme alleged herein is attributable exclusively
6 to Defendants, and not to any independent franchise owners.

7 **V. CLASS ALLEGATIONS**

8 37. Plaintiff brings this action as a class action pursuant to Rules 23(a),
9 23(b)(2) and/or 23(b)(3) of the Federal Rule of Civil Procedure for the following Class
10 of persons:

11 All consumers who, while residing within the United States, purchased Closets
12 by Design goods subject to a purported “40% off” or “\$200 off” discount within
13 the applicable statutes of limitations period preceding the filing of this action
14 (“Class Period”).

15 Excluded from the Class are (1) consumers who received a complete refund of their
16 purchase or a credit equal to the total amount of their purchase, to the extent any such
17 consumers exist; (2) Defendants, any of their parent companies, subsidiaries, or
18 affiliates, and their officers, directors, and managerial employees; and (3) any judge,
19 justice, or judicial officer presiding over this matter. Plaintiff reserves the right to amend
20 the Class definition if further investigation or discovery indicate that the Class definition
21 should be narrowed, expanded, or otherwise modified.

22 38. This action is brought and may properly be maintained as a class action
23 pursuant to Federal Rule of Civil Procedure 23. This action satisfies the numerosity,
24 typicality, adequacy, predominance, and superiority requirements of those provisions.

25 39. The Class is so numerous that the individual joinder of all its members is
26 impracticable. Due to the nature of the trade and commerce involved, Plaintiff believes
27 that the total number of Class members is in the thousands and that members of the
28 Class are geographically dispersed across the United States. While the exact number

1 and identities of the Class members are unknown at this time, such information can be
2 ascertained through appropriate investigation and discovery.

3 40. Common questions of law and fact exist as to all members of the Class,
4 and these common questions predominate over any questions affecting only individual
5 members of the Class. These common legal and factual questions, which do not vary
6 from Class member to Class member, and which may be determined without reference
7 to the individual circumstances of any Class member include, but are not limited to, the
8 following:

- 9 a. whether Defendants violated provisions of the FTCA and federal
10 regulations through the pricing, advertising, and marketing of their
11 merchandise;
- 12 b. whether Defendants' pricing, advertising, and marketing of their
13 merchandise was false and misleading;
- 14 c. whether Defendants' conduct constitutes an unlawful, or fraudulent
15 business practice in violation of California's unfair competition law
16 (Cal. Bus. & Prof. Code §17200, *et seq.*);
- 17 d. whether Defendants' conduct constitutes a violation of California's
18 false advertising law (Cal. Bus. & Prof. Code §17500, *et seq.*);
- 19 e. whether Defendants' conduct constitutes a violation of the
20 Consumers Legal Remedies Act (Cal. Civ. Code §1750, *et seq.*);
- 21 f. whether Defendants' conduct constitutes violation of the consumer
22 protection laws of states other than California;
- 23 g. whether Defendants were unjustly enrichment by their conduct;
- 24 h. whether Defendants breached their contracts with Plaintiff and Class
25 members;
- 26 i. whether Defendants' "sale" offers constitute express or written
27 warranties;
- 28

- 1 j. whether Defendants breached such warranties in violation of
- 2 common law or the Manguson-Moss Warranty Act, 15 U.S.C. §§
- 3 2301, *et seq.*;
- 4 k. whether Plaintiff and the Class are entitled to compensatory
- 5 damages, and, if so, the nature and amount of such damages;
- 6 l. whether Plaintiff and the Class are entitled to restitution, and, if so,
- 7 the nature and amount of such relief;
- 8 m. whether Plaintiff and the Class are entitled to rescission; and
- 9 n. whether Plaintiff and the Class are entitled to injunctive and
- 10 declaratory relief.

11 41. Plaintiff's claims are typical of the claims of the members of the Class.
12 Plaintiff and all members of the Class have been similarly affected by Defendants'
13 common course of conduct concerning Closets by Design merchandise and services.

14 42. Plaintiff will fairly and adequately represent and protect the interests of the
15 Class. Plaintiff has retained counsel with substantial experience in handling complex
16 class action litigation. Plaintiff and his counsel are committed to vigorously prosecuting
17 this action on behalf of the Class.

18 43. A class action is superior to other available methods for the fair and
19 efficient adjudication of the present controversy. Individual joinder of all members of
20 the Class is impracticable. Even if individual members of the Class had the resources to
21 pursue individual litigation, it would be unduly burdensome to the courts in which the
22 individual litigation would proceed. Individual litigation magnifies the delay and
23 expense to all parties in the court system of resolving the controversies engendered by
24 Defendants' common course of conduct. The class action device allows a single court
25 to provide the benefits of unitary adjudication, judicial economy, and the fair and
26 efficient handling of all Class members' claims in a single forum. The conduct of this
27 action as a class action conserves the resources of the parties and of the judicial system
28

1 and protects the rights of the Class. Furthermore, for many, if not most, a class action
2 is the only feasible mechanism that allows an opportunity for legal redress and justice.

3 44. This action is maintainable as a class action under Federal Rule of Civil
4 Procedure 23(b)(2) because Defendants have acted or refused to act on grounds
5 generally applicable to the Class, thereby making appropriate final injunctive relief
6 respecting the Class as a whole.

7 45. This action is maintainable as a class action under Federal Rule of Civil
8 Procedure 23(b)(3) because the common questions of law and fact identified above,
9 without limitation, predominate over any questions affecting only individual members,
10 and a class action is superior to other available methods for the fair and efficient
11 adjudication of this controversy.

12 **VI. CAUSES OF ACTION**

13 **FIRST CAUSE OF ACTION** 14 **Violation of California's Unfair Competition Law ("UCL")** 15 **California Business and Professions Code § 17200, et seq.**

16 46. Plaintiff repeats and re-alleges the allegations contained in every preceding
17 paragraph as if fully set forth herein.

18 47. The UCL defines "unfair business competition" to include any "unlawful,
19 unfair or fraudulent" act or practice, as well as any "unfair, deceptive, untrue or
20 misleading" advertising. Cal. Bus. Prof. Code § 17200.

21 48. The UCL imposes strict liability. Plaintiff need not prove that Defendants
22 intentionally or negligently engaged in unlawful, unfair, or fraudulent business
23 practices—but only that such practices occurred.

24 ***"Fraudulent" Prong***

25 49. A business act or practice is "fraudulent" under the UCL if it is likely to
26 deceive members of the consuming public.

27 50. Defendants' acts and practices alleged above constitute fraudulent
28 business acts or practices as they have deceived Plaintiff and are highly likely to deceive
members of the consuming public. Plaintiff relied on Defendants' fraudulent and

1 deceptive representations regarding its “reference” prices for Closets By Design
2 products and services. These misrepresentations played a substantial role in Plaintiff’s
3 decision to purchase those products at steep “discounts,” and Plaintiff would not have
4 purchased those products without Defendants’ misrepresentations.

5 ***“Unlawful” Prong***

6 51. A business act or practice is “unlawful” under the UCL if it violates any
7 other law or regulation.

8 52. Defendants’ acts and practices alleged above constitute unlawful business
9 acts or practices as they have violated state and federal law in connection with their
10 deceptive pricing scheme. The FTCA prohibits “unfair or deceptive acts or practices in
11 or affecting commerce,” 15 U.S.C. § 45(a)(1), and prohibits the dissemination of any
12 false advertisements, 15 U.S.C. § 52(a). According to the FTC, false former pricing
13 schemes, similar to the one implemented by Defendants, are described as deceptive
14 practices that would violate the FTCA:

15 (a) One of the most commonly used forms of bargain advertising is to
16 offer a reduction from the advertiser’s own former price for an article.
17 If the former priced is the actual, bona fide price at which the article
18 was offered to the public on a regular basis for a reasonably substantial
19 period of time, it provides a legitimate basis for the advertising of a
20 price comparison. Where the former price is genuine, the bargain being
21 advertised is a true one. If, on the other hand, the former price being
22 advertised is not bona fide but fictitious – for example, where an
23 artificial, inflated price was established for the purpose of enabling the
24 subsequent offer of a large reduction – the “bargain” being advertised
25 is a false one; the purchaser is not receiving the unusual value he
26 expects. In such a case, the “reduced” price is, in reality, probably just
27 the seller’s regular price.
28

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

9 16 C.F.R. § 233.1(a) and (b).

10 53. In addition to federal law, California law also expressly prohibits false
11 former pricing schemes. California’s False Advertising Law, Bus. & Prof. Code
12 §17501, (“FAL”), entitled “Worth or value; statements as to former price,” states:

13 For the purpose of this article the worth or value of any thing advertised
14 is the prevailing market price, wholesale if the offer is at wholesale,
15 retail if the offer is at retail, at the time of publication of such
16 advertisement in the locality wherein the advertisement is published.

17
18 No price shall be advertised as a former price of any advertised thing,
19 unless the alleged former price was the prevailing market price as above
20 defined within three months next immediately preceding the
21 publication of the advertisement or unless the date when the alleged
22 former price did prevail is clearly, exactly and conspicuously stated in
23 the advertisement.

24 Cal. Bus. & Prof. Code § 17501.

25 54. As detailed in Plaintiff’s Third Cause of Action below, the Consumer
26 Legal Remedies Act, Cal. Civ. Code § 1770(a)(9) (“CLRA”), prohibits a business from
27 “[a]dvertising goods or services with intent not to sell them as advertised,” and
28

1 subsection (a)(13) prohibits a business from “[m]aking false or misleading statements
2 of fact concerning reasons for, existence of, or amounts of price reductions.”

3 55. The violation of these statutes constitute “unlawful” business practice
4 under the UCL.

5 56. As detailed herein, the acts and practices alleged were intended to or did
6 result in violations of the FTCA, the FAL, and the CLRA.

7 57. Defendants’ practices, as set forth above, misled Plaintiff, the have a high
8 likelihood of deceiving reasonable consumers and the general public in the past and will
9 continue to do so in the future. Consequently, Defendants’ practices constitute an
10 unlawful and fraudulent business practices within the meaning of the UCL.

11 58. Defendants’ violation of the UCL, through its unlawful and fraudulent
12 business practices, are ongoing and present a continuing threat that Class members and
13 the public will be deceived into purchasing products based on price comparisons of
14 arbitrary and inflated “reference” prices and substantially discounted sale prices. These
15 false comparisons created phantom markdowns and lead to financial damage for
16 consumers like Plaintiff and the Class.

17 59. Pursuant to the UCL, Plaintiff is entitled to preliminary and permanent
18 injunctive relief and an order that Defendants cease this unfair competition, as well as
19 disgorgement and restitution to Plaintiff and the Class of all Defendants’ revenues
20 associated with its unfair competition, or such portion of those revenues as the Court
21 may find equitable.

22 **SECOND CAUSE OF ACTION**
23 **Violation of California’s False Advertising Law (“FAL”)**
24 **California Business & Professions Code § 17500, et seq.**

25 60. Plaintiff repeats and re-alleges the allegations contained in every preceding
26 paragraph as if fully set forth herein.

27 61. Cal. Bus. & Prof. Code § 17500 provides:
28

1 It is unlawful for any . . . corporation . . . with intent . . . to dispose of
2 . . . personal property . . . to induce the public to enter into any
3 obligation relating thereto, to make or disseminate or cause to be made
4 or disseminated . . . from this state before the public in any state, in any
5 newspaper or other publication, or any advertising device, or by public
6 outcry or proclamation, or in any other manner or means whatever,
7 including over the Internet, any statement . . . which is untrue or
8 misleading, and which is known, or which by the exercise of reasonable
9 care should be known, to be untrue or misleading[.]”

10 62. The “intent” required by Section 17500 is the intent to dispose of property,
11 and not the intent to mislead the public in the disposition of such property.

12 63. Similarly, this section provides, “no price shall be advertised as a former
13 price of any advertised thing, unless the alleged former price was the prevailing market
14 price . . . within three months next immediately preceding the publication of the
15 advertisement or unless the date when the alleged former price did prevail is clearly,
16 exactly, and conspicuously stated in the advertisement.” Cal Bus. & Prof. Code § 17501.

17 64. Defendants’ routine of advertising discounted prices from false
18 “reference” prices, which were never the prevailing market prices of those products and
19 were materially greater than the true prevailing prices, was a false, misleading and
20 unlawful business practice. This deceptive marketing practice gave Plaintiff the false
21 impression that the products he purchased were regularly sold on the market for a
22 substantially higher price than they actually were; therefore, leading to the false
23 impression that the Closets By Design home organizer systems were worth more than
24 they actually were.

25 65. Pursuant to the FAL, Plaintiff is entitled to preliminary and permanent
26 injunctive relief and an order that Defendants cease this unfair competition, as well as
27 disgorgement and restitution to Plaintiff and the Class of all Defendants’ revenues
28

1 associated with its unfair competition, or such portion of those revenues as the Court
2 may find equitable.

3 **THIRD CAUSE OF ACTION**
4 **Violation of California’s Consumers Legal Remedies Act (“CLRA”),**
5 **California Civil Code § 1750, *et seq.***

6 66. Plaintiff repeats and re-alleges the allegations contained in every preceding
7 paragraph as if fully set forth herein.

8 67. This cause of action is brought pursuant to the CLRA, Cal. Civ. Code §
9 1750, *et seq.* Plaintiff and each member of the proposed Class are “consumers” as
10 defined by Cal. Civ. Code § 1761(d). The sale of Closets By Design services and
11 merchandise to Plaintiff and the Class were “transactions” within the meaning of Cal.
12 Civ. Code § 1761(e). The products purchased by Plaintiff and the Class are “goods” and
13 “services” within the meaning of Cal. Civ. Code § 1761(a).

14 68. Defendants violated and continue to violate the CLRA by engaging in the
15 following practices proscribed by Cal. Civ. Code § 1770(a) in transactions with Plaintiff
16 and the Class which were intended to result in, and did result in, the sale of its
17 merchandise and services: Advertising goods or services with intent not to sell them as
18 advertised; (a)(9); and Making false or misleading statements of fact concerning reasons
19 for, existence of, or amounts of price reductions; (a)(13).

20 69. Pursuant to § 1782(a) of the CLRA, on March 27, 2019, Plaintiff’s counsel
21 notified Defendants in writing by certified mail of the particular violations of § 1770 of
22 the CLRA and demanded that it rectify the problems associated with the actions detailed
23 above and give notice to all affected consumers of Defendants’ intent to act.

24 70. Defendants failed to respond to Plaintiff’s CLRA Notice, failed to agree to
25 rectify the problems associated with the actions detailed above, and failed to give notice
26 to all affected consumers within 30 days of the date of the Notice, as proscribed by
27 Section 1782 of the California Civil Code. Plaintiff hereby claims for actual, punitive,
28 and statutory damages, as appropriate against Defendants.

1 **FOURTH CAUSE OF ACTION**
2 **Violations of the Consumer Protection Laws on Behalf of Classes**
3 **in States with Similar Laws**

4 71. Plaintiff repeats and re-alleges the allegations contained in every preceding
5 paragraph as is fully set forth herein.

6 72. Plaintiff brings this Count individually under the laws of California and on
7 behalf of all other persons who have purchased merchandise in states having similar
8 laws regarding deceptive trade practices.

9 73. Plaintiff and a majority of the other members of the Classes are consumers,
10 purchasers, or other persons entitled to the protection of the consumer protection laws
11 of the state in which they purchased merchandise from Defendants.

12 74. The consumer protection laws of the states in which Plaintiff and a
13 majority of the other members of the Classes purchased Defendants' merchandise
14 declare that unfair or deceptive acts or practices, in the conduct of trade or commerce,
15 are unlawful.

16 75. Forty states and the District of Columbia have enacted statutes designed to
17 protect consumers against unfair, deceptive, fraudulent, and unconscionable trade,
18 business practices, and false advertising that allow consumers to bring private and/or
19 class actions.

20 76. The relevant statutes are found at:

- 21 a. Alabama Deceptive Trade Practices Act, Ala. Code § 8-19-1, *et seq.*;
- 22 b. Arkansas Deceptive Trade Practices Act, Ark. Code Ann. § 4-88-
23 101, *et seq.*;
- 24 c. California Consumer Legal Remedies Act, Cal. Civ. Code § 1750, *et*
25 *seq.*, and California's Unfair Competition Law, Cal. Bus. & Prof. Code § 17200
26 *et seq.*;
- 27 d. Colorado Consumer Protection Act, Colo. Rev. Stat. § 6-1-101, *et*
28 *seq.*;

- 1 e. Connecticut Unfair Trade Practices Act, Conn. Gen. Stat. § 42-110a,
2 *et seq.*;
- 3 f. Delaware Deceptive Trade Practices Act, Del. Code tit. 6 § 2511, *et*
4 *seq.*;
- 5 g. Florida Deceptive and Unfair Trade Practices Act, Fla. Stat. Ann. §
6 501.201, *et seq.*;
- 7 h. Georgia Fair Business Practices Act, Ga. Code Ann. § 10-1-390, *et*
8 *seq.*;
- 9 i. Hawaii Unfair and Deceptive Practices Act, Hawaii Revised
10 Statutes § 480-1, *et seq.*, and Hawaii Uniform Deceptive Trade Practices Act,
11 Haw. Rev. Stat. § 481A-1, *et seq.*;
- 12 j. Illinois Consumer Fraud and Deceptive Business Practices Act, 815
13 Ill. Comp. Stat. Ann. 505/1, *et seq.*;
- 14 k. Kansas Consumer Protection Act, Kan. Stat. Ann. § 50 626, *et seq.*;
- 15 l. Kentucky Consumer Protection Act, Ky. Rev. Stat. Ann. § 367.110,
16 *et seq.*, and the Kentucky Unfair Trade Practices Act, Ky. Rev. Stat. Ann. §
17 365.020, *et seq.*;
- 18 m. Louisiana Unfair Trade Practices and Consumer Protection Law, La.
19 Rev. Stat. Ann. § 51:1401, *et seq.*;
- 20 n. Maine Unfair Trade Practices Act, Me. Rev. Stat. tit. 5 § 205A, *et*
21 *seq.*, and Maine Uniform Deceptive Trade Practices Act, Me. Rev. Stat. Ann. Tit.
22 10, § 1211, *et seq.*;
- 23 o. Massachusetts Unfair and Deceptive Practices Act, Mass. Gen.
24 Laws ch. 93A;
- 25 p. Michigan Consumer Protection Act, Mich. Comp. Laws § 445.901,
26 *et seq.*;
- 27
28

1 q. Minnesota Prevention of Consumer Fraud Act, Minn. Stat. Ann. §
2 325F.68, *et seq.*, and Minnesota Uniform Deceptive Trade Practices Act, Minn.
3 Stat. § 325D.43, *et seq.*;

4 r. Mississippi Consumer Protection Act, Miss. Code Ann. §§ 75-24-1,
5 *et seq.*;

6 s. Missouri Merchandising Practices Act, Mo. Rev. Stat. § 407.010, *et*
7 *seq.*;

8 t. Nebraska Consumer Protection Act, Neb. Rev. Stat. § 59-160, *et*
9 *seq.*, and the Nebraska Uniform Deceptive Trade Practices Act, Neb. Rev. Stat. §
10 87-301, *et seq.*;

11 u. Nevada Trade Regulation and Practices Act, Nev. Rev. Stat. §
12 598.0903, *et seq.*;

13 v. New Hampshire Consumer Protection Act, N.H. Rev. Stat. § 358-
14 A: 1, *et seq.*;

15 w. New Jersey Consumer Fraud Act, N.J. Stat. Ann. § 56:8 1, *et seq.*;

16 x. New Jersey Truth In Consumer Contract, Warranty, and Notice Act,
17 N.J. Stat. Ann. § 56:12-14, *et seq.*;

18 y. New Mexico Unfair Practices Act, N.M. Stat. Ann. § 57 12 1, *et seq.*;

19 z. New York Deceptive Acts and Practices Act, N.Y. Gen. Bus. Law §
20 349, *et seq.*;

21 aa. Ohio Consumer Sales Practices Act, Ohio Rev. Code Ann. §
22 1345.02 and 1345.03; Ohio Admin. Code § 109:4-3-02, 109:4-3-03, and 109:4-3-
23 10;

24 bb. Oklahoma Consumer Protection Act, Okla. Stat. tit. 15 § 751, *et*
25 *seq.*;

26 cc. Oregon Unfair Trade Practices Act, Ore. Rev. Stat. § 646.608(e) &
27 (g);
28

1 dd. South Carolina Unfair Trade Practices Act, S.C. Code Ann. § 39-5-
2 10, *et seq.*;

3 ee. South Dakota's Deceptive Trade Practices and Consumer Protection
4 Law, S.D. Codified Laws §§ 37 24 1, *et seq.*;

5 ff. Tennessee Consumer Protection Act, Tenn. Code Ann. § 47-18-101,
6 *et seq.*;

7 gg. Washington Consumer Fraud Act, Wash. Rev. Code § 19.86.010, *et*
8 *seq.*; and

9 hh. Wisconsin Deceptive Trade Practices Act, Wis. Stat. § 100.18, *et*
10 *seq.*

11 77. Closets By Design merchandise constitutes products to which these
12 consumer protection laws apply.

13 78. In the conduct of trade or commerce regarding the pricing, advertising,
14 marketing, and sale of its merchandise, Defendants engaged in one or more deceptive
15 acts or practices, including but not limited to, uniformly representing to Plaintiff and
16 each member of the Class by means of the pricing and advertising of its merchandise
17 that it was, among other things, being offered at a discount, as described herein.

18 79. Defendants' representations and omissions were false, untrue, misleading,
19 deceptive, and/or likely to deceive.

20 80. Defendants knew, or should have known, that their representations and
21 omissions were false, untrue misleading, deceptive, or likely to deceive.

22 81. Defendants used or employed such deceptive and unlawful acts or
23 practices with the intent that Plaintiff and members of the Classes rely thereon.

24 82. Plaintiff did so rely, and it was reasonable for similarly situated consumers
25 to have relied on Defendants' representations and omissions as a matter of law.

26 83. Plaintiff purchased merchandise and services in reliance on Defendants'
27 misrepresentations about the existence and magnitude of price discounts offered for the
28

1 merchandise, and it was reasonable for similarly situated consumers to have relied on
2 Defendants' representations and omissions as a matter of law.

3 84. Plaintiff would not have purchased such merchandise and services but for
4 Defendants' deceptive and unlawful acts, and reasonable similarly situated consumers
5 would not have purchased Defendants' merchandise and services had they known
6 Defendants' discounts were fictitious as described herein.

7 85. As a result of Defendants' conduct, Plaintiff and the other members of the
8 Class sustained damages in amounts to be proven at trial.

9 86. Defendants' conduct showed complete indifference to, or conscious
10 disregard for, the rights of others such that an award of punitive or statutory damages is
11 appropriate under the consumer protection laws of those states that permit such damages
12 to be sought and recovered.

13 **FIFTH CAUSE OF ACTION**
14 **Unjust Enrichment**

15 87. Plaintiff repeats and re-alleges the allegations contained in every preceding
16 paragraph as if fully set forth herein.

17 88. At all times relevant hereto, Defendants deceptively priced, marketed,
18 advertised, and sold merchandise to Plaintiff and the Class.

19 89. Plaintiff and members of the Class conferred upon Defendants non-
20 gratuitous payments for merchandise that they would not have if not for Defendants'
21 deceptive pricing, advertising, and marketing. Defendants accepted or retained the non-
22 gratuitous benefits conferred by Plaintiff and members of the Class, with full knowledge
23 and awareness that, as a result of Defendants' deception, Plaintiff and members of the
24 Class were not receiving the discount, reduction, and/or value that had been represented
25 by Defendants and reasonable consumers would have expected.

26 90. Defendants have been unjustly enriched in retaining the revenues derived
27 from purchases of merchandise and services by Plaintiff and members of the Class,
28 which retention under these circumstances is unjust and inequitable because Defendants

1 misrepresented, among other things, that its merchandise was being offered at a
2 significant discount, which caused injuries to Plaintiff and members of the Class
3 because they paid for, or paid a price premium due to the misleading pricing and
4 advertising.

5 91. Retaining the non-gratuitous benefits conferred upon Defendants by
6 Plaintiff and members of the Class under these circumstances made Defendants'
7 retention of the non-gratuitous benefits unjust and inequitable. Thus, Defendants must
8 pay restitution to Plaintiff and members of the Class for unjust enrichment, as ordered
9 by the Court.

10 **SIXTH CAUSE OF ACTION**
11 **Breach of Contract**

12 92. Plaintiff repeats and re-alleges the allegations contained in every preceding
13 paragraph as if fully set forth herein.

14 93. Plaintiff and Class members entered into contracts with Defendants.

15 94. The contracts provided that Plaintiff and Class members would pay
16 Defendants for their products.

17 95. The contracts further provided that Defendants would provide Plaintiff and
18 Class members a liquidated discount on the price of their purchases. This specified
19 discount was a definite and material term of each contract.

20 96. Plaintiff and Class members paid Defendants for the products they
21 purchased, and satisfied all other conditions of the contracts.

22 97. Defendants breached the contracts with Plaintiff and Class members by
23 failing to comply with the material term of providing the promised discount, and instead
24 charged Plaintiff and Class members the full price of the products they purchased.

25 98. As a direct and proximate result of Defendants' breach, Plaintiff and Class
26 members have been injured and have suffered actual damages in an amount to be
27 established at trial.

1 99. Plaintiff notified Defendants in writing of his claims and that the Plaintiff
2 is acting on behalf of the Class. **Exhibits 6–8.**

3 **SEVENTH CAUSE OF ACTION**
4 **Fraud in the Inducement**

5 100. Plaintiff repeats and re-alleges the allegations contained in every preceding
6 paragraph as if fully set forth herein.

7 101. Since 2014, Defendants have intentionally disseminated and continue to
8 intentionally disseminate uniform advertising on a nationwide basis that they know or
9 should reasonably know is false and misleading. This conduct includes, without
10 limitation, continuously and without interruption advertising “40% off” and “\$200 off”
11 discounts for Closets By Design products that have not ever, or generally do not, sell at
12 the full price indicated by Defendants. To the contrary, the supposedly discounted prices
13 are actually the regular price for Closets By Design products and the advertised “sale”
14 does not represent any actual savings.

15 102. By committing the acts alleged in this Complaint, Defendants have
16 knowingly disseminated untrue or misleading statements through fraudulent advertising
17 in order to sell Closets By Design products and services and induce Plaintiff and Class
18 members to purchase same.

19 103. The price of a consumer product is a material term of any transaction
20 because it directly affects a consumer’s choice of, or conduct regarding, whether to
21 purchase a product. Any deception or fraud related to the price of a consumer product
22 is materially misleading as a matter of law.

23 104. The misrepresentation of the price of a product, the existence of a discount,
24 or a product’s particular worth, perceived value, or resale value is likely to mislead a
25 reasonable consumer who is acting reasonably under the circumstances.

26 105. Defendants knew or should have known of the falsity of the “40% off” and
27 “\$200 off” representations because, among other reasons, Defendants made these
28 representations continuously over a period of years without deviating from the “sale”

1 price to account for regional or temporal fluctuations in their own actual sale prices or
2 fluctuations in the market prices of Closets By Design products and services.

3 106. Defendants intended that its misrepresentations would induce Plaintiff and
4 Class members to rely and act based on those false representations, and Plaintiff did so
5 rely, and it was reasonable for similarly situated consumers to have relied on
6 Defendants' representations as a matter of law.

7 107. Plaintiff and Class members were all charged monies as a direct and
8 proximate result of Defendants' false and misleading statements. Accordingly, Plaintiff
9 and Class members suffered injury in fact and lost money as a direct and proximate
10 result of Defendants' false and misleading representations of material fact.

11 108. As a direct and proximate result of Defendants' fraudulent inducement,
12 Plaintiff and Class members have been injured and have suffered actual damages in an
13 amount to be established at trial.

14 **EIGHTH CAUSE OF ACTION**
15 **Breach of Express Warranty**

16 109. Plaintiff repeats and re-alleges the allegations contained in every preceding
17 paragraph as if fully set forth herein.

18 110. Plaintiff and Class members formed contracts with Defendants at the time
19 they purchased items from Defendants' or their agents. The terms of such contracts
20 included the promises and affirmations of fact made by Defendants through their
21 marketing campaign, as alleged herein, including, but not limited to, representing that
22 Defendants' products were heavily discounted and had a particular worth, perceived
23 value, or resale value.

24 111. This product advertising constitutes express warranties, became part of the
25 basis of the bargain, and is part of the contracts between Defendants and Plaintiff and
26 Class members.

27 112. The affirmations of fact made by Defendants were made to induce Plaintiff
28 and Class members to purchase items from Defendants' or their agents.

1 113. All conditions precedent to Defendants' liability under these express
2 warranties have been fulfilled by Plaintiff and Class members in terms of paying for the
3 goods at issue, or have been waived.

4 114. Defendants breached the terms of the express warranty because the items
5 purchased by Plaintiff and Class members did not conform to the description provided
6 by Defendants – that they were being sold at a discounted price and had a particular
7 worth, perceived value, or resale value. In fact, they were not being sold at a discount
8 and did not have the higher worth, perceived value, or resale value indicated by the
9 purported discount.

10 115. As a direct and proximate result of Defendants' breach of express
11 warranty, Plaintiff and Class members have been injured and have suffered actual
12 damages in an amount to be established at trial.

13 116. Plaintiff notified Defendants in writing of his claims and that the Plaintiff
14 is acting on behalf of the Class. **Exhibits 6–8.**

15 **NINTH CAUSE OF ACTION**
16 **Violation of Magnuson-Moss Warranty Act**
17 **15 U.S.C. § § 2301, *et seq.***

18 117. Plaintiff repeats and re-alleges the allegations contained in every preceding
19 paragraph as if fully set forth herein.

20 118. Plaintiff brings his claim individually and on behalf of the members of the
21 Class.

22 119. Plaintiff and the Class assert state law warranty claims arising under the
23 laws of the State of California, as allowed under Section 2310(d) of the MMWA.

24 120. In addition, Defendants' home organizer systems are consumer products
25 as defined in 15 U.S.C. § 2301(1).

26 121. Plaintiff and the other Class members are consumers as defined in 15
27 U.S.C. § 2301(3).

28 122. Defendants are suppliers and warrantors as defined in 15 U.S.C. §§
2301(4) and (5).

1 123. In connection with the sale of Closets By Design products, Defendants
2 issued written warranties as defined in 15 U.S.C. § 2301(6), which warranted that
3 Closets By Design products had a particular worth, perceived value, or resale value
4 when, in fact, they do not. Defendants' warranties include, among others, "40% off"
5 and "\$200 off."

6 124. By breaching the express written warranties as described herein,
7 Defendants violated the statutory rights of Plaintiff and Class members pursuant to the
8 Magnuson Moss Warranty Act, 15 U.S.C. §§ 2301 *et seq.*, thereby damaging Plaintiff
9 and other Class members.

10 125. Plaintiff notified Defendants in writing of his claims and that the Plaintiff
11 is acting on behalf of the Class. **Exhibits 6–8.**

12 **VII. PRAYER FOR RELIEF**

13 WHEREFORE, Plaintiff prays for relief and judgment against Defendants as follows:

14 A. That the Court certify the Class under Rule 23 of the Federal Rules of Civil
15 Procedure and appoint Plaintiff as Class Representative and his attorneys as Class
16 Counsel to represent the members of the Class;

17 B. That the Court declare that Defendants' conduct violates the statutes
18 referenced herein;

19 C. That the Court preliminarily and permanently enjoin Defendants from
20 conducting business through the unlawful, unfair, or fraudulent business acts or
21 practices, untrue and misleading marketing, and other violations of law described in this
22 Complaint;

23 D. That the Court order Defendants to conduct a corrective advertising and
24 information campaign advising consumers that their merchandise does not have the
25 characteristics, uses, benefits, and quality Defendants have claimed;

26 E. That the Court order Defendants to implement whatever measures are
27 necessary to remedy the unlawful, unfair, or fraudulent business acts or practices, untrue
28 and misleading advertising, and other violations of law described in this Complaint;

1 F. That the Court order Defendants to notify each and every individual and/or
2 business who purchased their merchandise of the pendency of the claims in this action
3 in order to give such individuals and businesses an opportunity to obtain restitution from
4 Defendants;

5 G. That the Court order Defendants to pay restitution to restore to all affected
6 persons all funds acquired by means of any act or practice declared by this Court to be
7 an unlawful, or fraudulent business act or practice, untrue or misleading labeling,
8 advertising, and marketing, plus pre- and post-judgment interest thereon;

9 H. That the Court order Defendants to disgorge all monies wrongfully
10 obtained and all revenues and profits derived by Defendants as a result of their acts or
11 practices as alleged in this Complaint;

12 I. That the Court award expectation and other actual damages to Plaintiff and
13 the Class;

14 J. That the Court enter an Order awarding costs, expenses, and reasonable
15 attorneys' fees;

16 K. That the Court grant such other and further relief as may be just and proper.

17 **VIII. JURY TRIAL DEMAND**

18 Plaintiff demands a trial by jury for all claims asserted in this Complaint so
19 triable.

20 Dated May 3, 2019

Respectfully submitted,

21 THE RESTIS LAW FIRM, P.C.

22 /s/ William R. Restis

23 William R. Restis, Esq.

24 william@restislaw.com

25 402 West Broadway, Suite 1520

26 San Diego, CA 92101

27 Tel: (619) 270-8383

28 Fax: (619) 752-1552

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LITE DEPALMA GREENBERG, LLC
Joseph J. DePalma (*pro hac vice* forthcoming)
jdepalma@litedepalma.com
Jeremy Nash (*pro hac vice* forthcoming)
jnash@litedepalma.com
570 Broad Street, Suite 1201
Newark, NJ 07102
Tel: (973) 623-3000
Fax: (973) 623-0858

ATTORNEYS FOR PLAINTIFF AND THE
PUTATIVE CLASS

EXHIBIT 1

EXHIBIT 1

1 **THE RESTIS LAW FIRM, P.C.**
2 William R. Restis, Esq. (SBN 246823)
3 william@restislaw.com
4 402 West Broadway, Suite 1520
5 San Diego, California 92101
6 Tel: (619) 270-8383

7 **LITE DEPALMA GREENBERG, LLC**
8 Joseph J. DePalma (*pro hac vice* forthcoming)
9 jdepalma@litedepalma.com
10 Jeremy Nash (*pro hac vice* forthcoming)
11 jnash@litedepalma.com
12 570 Broad Street, Suite 1201
13 Newark, NJ 07102
14 Tel: (973) 623-3000
15 Fax: (973) 623-0858

16 *Counsel for Plaintiff and the Proposed Class*

17 **UNITED STATES DISTRICT COURT**
18 **FOR THE CENTRAL DISTRICT OF CALIFORNIA**
19 **WESTERN DIVISION**

20 **KNUT GREVLE**, an Individual, Individually
21 and on Behalf of All Others Similarly Situated,

22 Plaintiff,

23 v.

24 **CLOSETS BY DESIGN, INC.**, a California
25 Corporation, and **CBD FRANCHISING, INC.**,
26 a California Corporation,

27 Defendants.


Case No:

CLASS ACTION

AFFIDAVIT OF KNUT GREVLE
PURSUANT TO CIVIL CODE § 1780(d)

28 I, Knut Grevle, declare that this action is brought in a proper place for the trial of this action because Defendants reside, have their principal place business, and are doing business in Los Angeles County. Further, the transaction from which this action arises occurred in this County. I declare under penalty of perjury that the foregoing is true and correct.

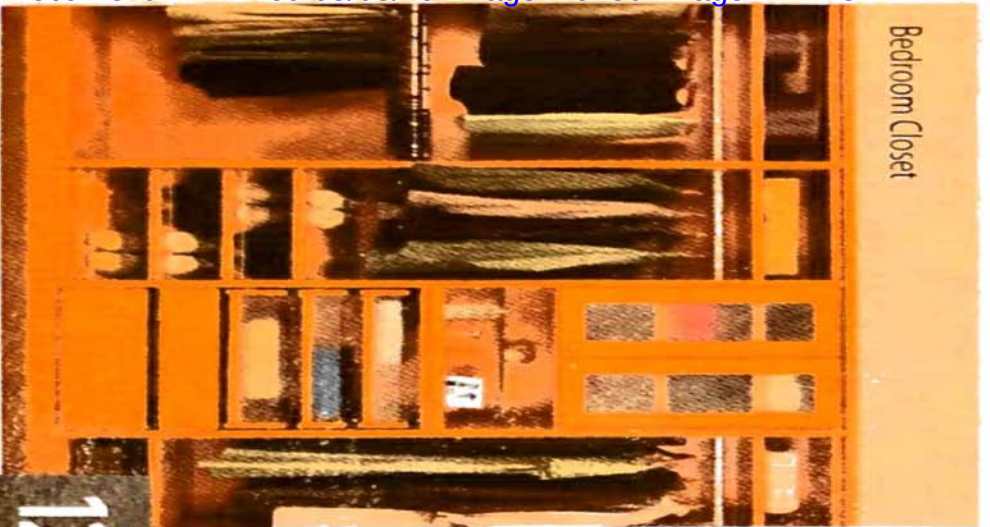
Executed on April 16th, 2019



Knut Grevle

EXHIBIT 2

Bedroom Closet



Garage Cabinets



Imagine your home, totally organized!

12 Month Free Financing
See other side for details



40% Off Free Installation and Delivery

See other side for details

Custom Closets • Garage Cabinets
Home Office • Pantries • Laundries
Wall Beds • Wall Units • Hobby Rooms
Garage Flooring and more...

Call now for a free in-home design
consultation and estimate

1-888-500-9205 VP

www.closetsbydesign.com

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Closets byDesign

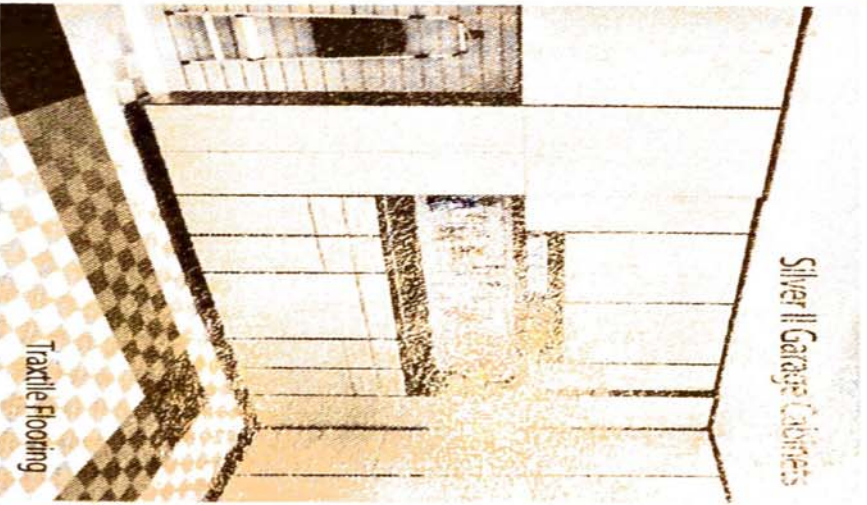
Closets, Garages, Offices, Pantries, Laundries, Wall Beds, Wall Units, Hobby Rooms, Garage Flooring and more...



Walk-in Closet

40% Off
 Plus Free
 Installation
 and Delivery

40% off any order of \$1000 or more. 20% off any order of \$700 or more. In any closet, garage or home office. Take an additional 15% off for the holiday season on any complete system order. Not valid with any other offer. Free installation with any complete unit order of \$500 or more. With recurring order at time of purchase only. Expires 11/30/18.



Silver II Garage Cabinets



Home Office

Licensed and Insured.
 Independently Owned and Operated.

Arizona #245331, Boston #119162, Fort Myers Cape Coral #8115-77812
 & 8115-71519, Lee County #6505885, Collier County #LCC2014000686,
 Fresno #171350, Long Island #1360195 & #47713-H, MI 1314H00247800,
 Metro #528061, #915672, SE Penn #PH002447, Tacoma #CLOS058715,
 Tampa #C-9497, Wash DC #WA 2705080445, #MI0131590, #DC
 420214000077, Palm Beach GC1159325 & MI0156558

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 minimum payments. Ask your
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1-888-500-9205

www.closetsbydesign.com

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byDesign
 Closets

EXHIBIT 3



ClosetsbyDesign

Closets By Design, Inc.

3850 Capitol Ave.
Whittier, CA 90601
800-293-3744 Cont. Lic. # 794616
800-407-4704 Cust. Serv. & Install.

Client No: 155224

Delivery and Installation Date: 11/16/17

Project Schedule:
Approx Start Date: _____

Approx. Completion Date: _____

FOR OFFICE USE			
Date	Payment Amount	Reference	By

Client Name: [REDACTED] KURT GREVLE

Address: [REDACTED]

City: [REDACTED] State: [REDACTED] Zip: [REDACTED]

Phone: H [REDACTED] W []
Cell [REDACTED] Fax []

Thomas Directions:
Guide

Book	Page	Section

Please make checks payable to: **Closets By Design**

Total Agreed Price \$ 4900⁰⁰

Deposit \$ 490⁰⁰ Cash Check C.C.

1st Payment \$ 1960⁰⁰ Cash Check C.C.

Deposit & 1st Payment CREDIT CARD NUMBER _____ Exp. Date _____ Check # _____

Final Payment \$ _____ Cash Check C.C.

Due on delivery and installation
I authorize Closets By Design to charge my final payment to the same credit card above upon delivery date or to charge it to the card listed below

Balance CREDIT CARD NUMBER if different from above _____ Exp. Date _____

FOR 3rd PARTY FINANCING ON APPROVED CREDIT ONLY

I promise to pay to Seller or its Assignees the Unpaid Balance of Cash Price shown above plus Finance Charges and all other charges due thereon (the deferred payment price) instead of the Cash Price and grant and confirm a security interest in the goods shown to secure the balance of the Cash Price, subject to and in accordance with all terms and conditions of the Revolving Charge Agreement with Seller which establishes the Account under which this purchase is made, even if I am not a party to that Agreement.

ACCEPTANCE: I the undersigned acknowledge that I have read and understood the terms of this Sales Agreement and Conditions on the reverse side. This is a legal and binding agreement, not an estimate.

Initials _____ Received Pre-Installation Guidelines, Design Review and Acceptance Check List, Custom Designs and Pre-Contractual Disclosure

X _____ PURCHASER, APPROVED AND ACCEPTED DATE _____

X _____ DESIGNER, CLOSETS BY DESIGN DATE 11/16/17

WHITE-Office YELLOW-Designer PINK-Client HO 12-8-2003 CBD F1MC

Job Description: CLASSIC MASTER

WHITE MELAMINE

ADD TO EXISTING

12" X 16" X DRAWERS-RIGHT

WALL ONLY

1) SONS CLOSET CLASSIC

WHITE MELAMINE 12" X 16"

PANES & SHELVES & DRAWERS

2) UPPER BATH ROOM

CABINETS - CLASSIC

Accessories WHT. MELAMINE

W/ DOORS -

1 TEMPORARY DRAWER

SOFT CLOSE ON ALL DRAWERS

NOTCH FOR PANEL, 10A-055.5"

16" H/41 EAR PULLS - OIL

2 LOCKS AND DISCOUNTS

H. P. 12

Backing:

YES, I agree to pay for it NO, I prefer not to have backing

YOU, THE BUYER HAVE THE RIGHT TO REQUIRE THE CONTRACTOR TO HAVE A PAYMENT AND PERFORMANCE BOND. A COPY OF CLOSET BY DESIGN, INC'S PAYMENT AND PERFORMANCE BOND ISSUED BY HCC SURETY GROUP, 9841 AIRPORT BLVD., LOS ANGELES, CA 90045 IS ON FILE WITH THE REGISTRAR OF CONTRACTORS.

YOU, THE BUYER, MAY CANCEL THIS TRANSACTION AT ANY TIME PRIOR TO MIDNIGHT OF THE THIRD BUSINESS DAY AFTER THE DATE OF THIS TRANSACTION. SEE THE ATTACHED NOTICE OF CANCELLATION FORM FOR AN EXPLANATION OF THIS RIGHT.

CLASSIC

Page 1 of 1

EVERYDAY
 CLASSIC
 REGENCY
 OFFICE
 INFINITY
 ENT. CENTER
 GARAGE
 Other: _____

NAME: [REDACTED] *GREVLE*

Client #: *155224*

LOCATION: *MATERSON BATH*

Floor: 1 2

Elev. Yes No

Wall Type: Dry, W. Concrete

Plaster

Floor Type: *5.5"*

Baseboard: Yes No

RRW: _____

LRW: _____

Door Opening: _____

None Minor Major

Std. Major

Material: Mel Veneer MDF

Vinyl Other

Material Color: _____

Edge Color: _____

Special Order: Yes No

Remarks: *WHITE MARRIAGE*

Obstacles: Elec. Yes No

Plumb. Yes No

Safe Yes No

Other Yes No

Hardware: Brass Chrome Other

Install Date: _____

Client X: *[Signature]*

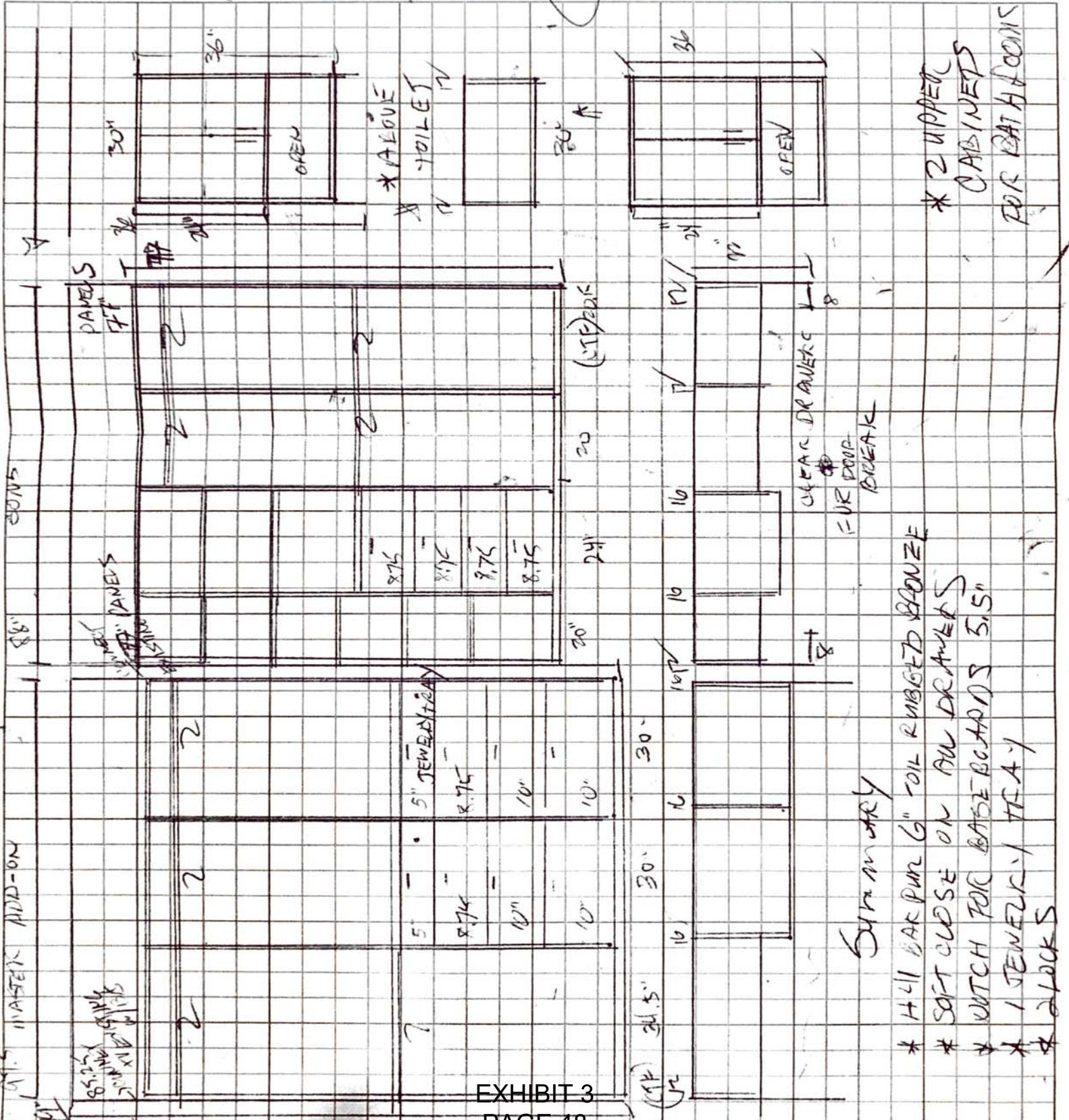


EXHIBIT 4

About your special financing

You made a purchase using the **No Interest if Paid In Full Plan**. So, here's what that means for you.

Interest charges

- Interest, also known as the deferred interest charge, accrues from the purchase date.
- If you pay your balance **in full** before the end of your promotional period, you don't pay the accrued (deferred) interest charges.
 - See the **Special Terms Calculation** box on your statement for details.
 - Watch for a **Special Terms Expiration Alert** on your statement the month before your final payment for this plan is due.

Your monthly payments

- Make a payment every month by the due date to avoid late fees, just like any other credit card.
- Pay at least the minimum amount due.
 - The minimum payments won't pay off your purchase before the promotional period ends. We suggest you make extra payments or larger ones to pay off the balance before the expiration date and avoid interest charges.

ECG-2164602 0216

**Wells Fargo
Home Projects**



Account Number [REDACTED]
Billing Cycle 12/18/2017

Visit us at wellsfargo.com/cardholders
Customer Service: 1-800-459-8451
Monday-Friday, 8 a.m. - 6 p.m. CT
24 Hour Automated Service

Manage your account online

- Address and phone number updates
- New payment due date
- View statements
- Pay your bill
- Select Online Statements

Start today at:
wellsfargo.com/cardholders

Summary of Account Activity	
Previous Balance	\$ 0.00
Payments	-\$ 0.00
Other Credits	-\$ 0.00
Purchases/Debits	+\$ 2,450.00
Fees Charged	+\$ 0.00
Interest Charged	+\$ 0.00
New Balance	\$ 2,450.00
Credit Limit	\$ 5,600.00
Available Credit	\$ 700.00
Statement Closing Date	12/18/2017
Days in Billing Cycle	31

Payment Information		
New Balance		\$ 2,450.00
Minimum Payment Due		\$ 85.75
Payment Due Date		01/12/2018
Late Payment Warning: If we do not receive your minimum payment by the Payment Due Date listed above, you may have to pay up to a \$38 late fee.		
Minimum Payment Warning: If you make only the minimum payment each period, you will pay more in interest and it will take you longer to pay off your balance. For example:		
If you make no additional charges using this card and each month you pay...	You will pay off the New Balance shown on this statement in about...	And you will end up paying an estimated total of...
Only the minimum payment	4 years	\$4,370
\$105	3 years	\$3,769 (Savings = \$601)
If you would like information about credit counseling services, refer to www.usdoj.gov/ust/eo/bapcpa/cde/cc_approved.htm or call 1-866-484-6322.		

Important information

EFFECTIVE IMMEDIATELY, The payment address you've been sending your payment to has changed.
To ensure payments are received on or before the payment due date.
PLEASE SEND ALL FUTURE PAYMENTS TO WELLS FARGO FINANCIAL NATIONAL BANK, PO BOX 51193 LOS ANGELES, CA 90051-5493

Continued on next page

To pay your bill and manage your account online, sign up for Wells Fargo Online® at wellsfargo.com/cardholders. If you use a bill payment service other than Wells Fargo Online to make payments with us, we are not responsible for the accuracy and timeliness of your online bill payments.
You may also pay by phone using your bank routing and checking account number by calling 24 hours 1-800-459-8451.

NOTICE: SEE REVERSE SIDE FOR IMPORTANT INFORMATION

5685 JUJ 1 7 11 171218 0 PAGE 1 of 6 10 9388 2410 A050 01AG5685

Please return bottom portion with your payment. We must receive payment by the due date. Do not send cash. Retain upper portion for your records.

**Wells Fargo
Home Projects**

Account Number [REDACTED]
New Balance \$ 2,450.00
Minimum Payment Due \$ 85.75
Payment Due Date 01/12/2018

002450000000000000000857557744224126328520

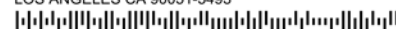
Amount Enclosed \$

KNUT GREVLE



Make checks payable to:

WELLS FARGO FINANCIAL NATIONAL BANK
P.O. BOX 51193
LOS ANGELES CA 90051-5493



Check here and see reverse side for address and/or phone number corrections.

IMPORTANT INFORMATION ABOUT YOUR ACCOUNT

PAYMENT INSTRUCTIONS. Follow these instructions when making a payment:

- Make your payment in U.S. dollars, but do not send cash.
- If you make a payment by mail, please include the Payment Stub with your payment. Use the envelope enclosed with your statement to mail both documents to the Payment Address. Payments received by 5:00 p.m. local time at the Payment Address will be credited as of the date of receipt. Payments received after the 5:00 p.m. cut-off time will be credited as of the next day.
- If you make a payment online, it must be made via our web site, which is shown on your statement. The cut-off time for online payments will be disclosed at the time of the transaction.

If you do not follow these instructions, your payments may not receive credit for up to five days after we receive it.

PAYMENT ADDRESS. Please mail your payment payable to Wells Fargo Financial National Bank to the Payment Address listed on your Payment Stub or to: Lockbox Services 77053, Attn: WF Consumer Credit Card, 1801 Parkview Drive, 1st Floor, Shoreview, MN 55126.

CREDIT INFORMATION. IMPORTANT NOTICE: We may report information about your account to credit bureaus and/or consumer reporting agencies. Late payments, missed payments, or other defaults on your account may be reflected in your credit report and/or consumer report. You have the right to dispute the accuracy of information that we have reported by writing to us at Wells Fargo Financial National Bank, P.O. Box 14595, Des Moines, IA 50306. Please include your account number and a description of the specific information that is inaccurate or in dispute and the basis for any dispute with supporting documentation. In the case of information that you believe relates to an identity theft, you will need to provide us with an identity theft report.

ELECTRONIC CHECK CONVERSION. When you provide a check as payment, you authorize us either to use information from your check to make a one-time electronic fund transfer from your account or to process the payment as a check transaction. When we use information from your check to make an electronic fund transfer, funds may be withdrawn from your account as soon as the same day we receive your payment, and you will not receive your check back from your financial institution.

PHONE MONITORING. We may monitor and record your phone calls with us.

Send General Inquiries To: PO Box 10347, Des Moines, IA 50306-0347.

What To Do If You Think You Find A Mistake on Your Statement: If you think there is an error on your statement, write to us on a separate sheet at: Wells Fargo Financial National Bank, P.O. Box 522, Des Moines, IA 50306-0522.

In your letter, give us the following information:

- Account information: Your name and account number.
- Dollar amount: The dollar amount of the suspected error.
- Description of problem: If you think there is an error on your bill, describe what you believe is wrong and why you believe it is a mistake.

You must contact us within 60 days after the error appeared on your statement. You must notify us of any potential errors in writing. You may call us, but if you do we are not required to investigate any potential errors and you may have to pay the amount in question.

While we investigate whether or not there has been an error, the following are true: We cannot try to collect the amount in question, or report you as delinquent on that amount. The charge in question may remain on your statement, and we may continue to charge you interest on that amount. But, if we determine that we made a mistake, you will not have to pay the amount in question or any interest or other fees related to that amount. While you do not have to pay the amount in question, you are responsible for the remainder of your balance. We can apply any unpaid amount against your credit limit.

Your Rights If You Are Dissatisfied With Your Credit Card Purchases: If you are dissatisfied with the goods or services that you have purchased with your credit card, and you have tried in good faith to correct the problem with the merchant, you may have the right not to pay the remaining amount due on the purchase. To use this right, all of the following must be true:

1. The purchase must have been made in your home state or within 100 miles of your current mailing address, and the purchase price must have been more than \$50. (Note: Neither of these are necessary if your purchase was based on an advertisement we mailed to you, or if we own the company that sold you the goods or services.)
2. You must have used your credit card for the purchase. Purchases made with cash advances from an ATM or with a check that accesses your credit card account do not qualify.
3. You must not yet have fully paid for the purchase.

If all of the criteria above are met and you are still dissatisfied with the purchase, contact us in writing on a separate sheet at: Wells Fargo Financial National Bank, P.O. Box 522, Des Moines, IA 50306-0522.

While we investigate, the same rules apply to the disputed amount as discussed above. After we finish our investigation, we will tell you our decision. At that point, if we think you owe an amount and you do not pay, we may report you as delinquent.

O1AG5685 - 11 - 11/01/17

Change of Address Form – If your address has changed, provide your complete new address below. Be sure to check box on reverse side of coupon and enclose in the envelope provided. Please use this section only for address changes. If you have any questions, please call the toll-free customer service number on the front of this statement.

ACCOUNT FIRST NAME NEW STREET ADDRESS PO BOX/ APT # CITY, STATE/ZIP HOME PHONE	ACCOUNT LAST NAME WORK PHONE
--	--

Important Information (continued)

Reminder: Your credit card account may not be paid ahead to avoid making payments in future billing periods. You may pay more than the Minimum Payment Due at any time. However, to avoid late fees and delinquency we must receive at least the Minimum Payment Due (as reflected on each monthly statement) on or before the Payment Due Date each billing period until your balance is zero.

Happy Holidays from Wells Fargo, and thank you for your business!
 Visit wellsfargo.com, or a Wells Fargo branch for other products and services that can help you reach your goals.

As a cardholder, you may have free access to your FICO® Credit Score and more within *Wells Fargo Mobile*® Banking.
 Learn more, go to: wellsfargo.com/ficoscore.
 FICO is a registered trademark of Fair Isaac Corporation in the United States and other countries.

Transactions

Reference Number	Trans Date	Post Date	Description of Transaction or Credit	Amount
024210130 CBDSC155224	11/24	11/24	CLOSETS BY DESIGN INC WHITTIER CA NO INT IF PD IN FULL W/PMT	\$2,450.00

Fees

TOTAL FEES FOR THIS PERIOD **\$0.00**

Interest Charged

12/18	12/18	INTEREST CHARGE ON PURCHASES	\$0.00
TOTAL INTEREST FOR THIS PERIOD			\$0.00

2017 Totals Year-To-Date

Total fees charged in 2017	\$0.00
Total interest charged in 2017	\$0.00

Special Terms Calculation

To avoid paying Deferred Interest Charge(s), you must pay your Special Terms Balance in full by the Special Terms End Date. Your Annual Percentage Rate (APR) is the annual interest rate on your account.

Type of Balance	Transaction Date	Special Terms End Date	Annual Percentage Rate (APR)	Balance Subject to Deferred Interest	Deferred Interest Charge	Special Terms Balance
NO INT IF PD IN FULL W/PMT	11/24/2017	12/18/2018	28.99%	\$1,994.75	\$49.11	\$2,450.00

See reverse side of the second page for an explanation of how the Balance Subject to Deferred Interest for each Type of Balance was computed and an explanation of how to avoid additional interest charges.

Interest Charge Calculation

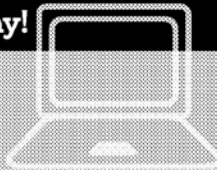
Your Annual Percentage Rate (APR) is the annual interest rate on your account.

Type of Balance	Transaction Date	Special Terms End Date	Annual Percentage Rate (APR)	Balance Subject to Interest Rate	Interest Charge	Balance
Current Transactions						
REGULAR	N/A	N/A	28.99%	\$0.00	\$0.00	\$0.00

See reverse side of the second page for an explanation of how the Balance Subject to Interest Rate for each Type of Balance was computed and an explanation of how to avoid additional interest charges.

Switch to Online Statements today!

ONLINE STATEMENTS are convenient, secure, reduce clutter, and best of all, free!¹



NEW!

Eligible credit customers have free access to their FICO® Credit Score with *Wells Fargo Mobile*® Banking.²

wellsfargo.com/cardholders

Learn more at wellsfargo.com/ficoscore

¹ Online Statements require a computer with Internet access. The length of online statement varies depending on the product: up to 2 years for credit cards, student loans, loans and lines of credit (including home equity and personal loans and lines); up to 7 years for deposit accounts, home mortgage and private client accounts. The amount of time which the specific product statements are available online is indicated on the "Statement and Documents" page when viewing your online statements.

² Eligibility is defined as an account holder of a Wells Fargo consumer credit product with a FICO® Score on record.

Important: There are many factors that Wells Fargo looks at to determine your credit options. Therefore, a high FICO® Score or Wells Fargo credit rating does not necessarily guarantee a better loan rate, approval of a loan, or an automatic upgrade on a credit card. Your mobile carrier's rates may apply.

FICO is a registered trademark of Fair Isaac Corporation in the United States and other countries.

2545601 04/16

Explanation of How Interest Was Computed, Including An Explanation of How the Average Daily Balance (Identified on Your Statement as Balance Subject to Interest Rate or Balance Subject to Deferred Interest) Was Determined

Please see your Credit Card Agreement ("Agreement") for complete information.

Please note that "accrued interest" may also be referred to as "deferred interest" and "subaccount(s)" may also be referred to as "balance(s)."

If **"REGULAR"** or **"STANDARD RATE W/EQUAL PYMT"** or **"SPECIAL (SPEC) RATE"** or **"SPECIAL (SPEC) RATE W/EQUAL PYMT"** (Regular Rate or Standard Rate with Equal Payments or Special Rate or Special Rate with Equal Payments) is indicated in the INTEREST CHARGE CALCULATION section of your statement, the interest charge for the Billing Cycle for the balance will be the amount obtained by applying the daily periodic rate (the daily periodic rate for a Billing Cycle is figured by dividing the APR by 365) to the average daily balance ("ADB"), as described below in HOW WE CALCULATE THE AVERAGE DAILY BALANCE. Then, we multiply this amount by the number of days in the Billing Cycle.

HOW TO AVOID PAYING INTEREST. We begin charging interest on a purchase on the date it posts to your Account. You can avoid interest on any portion of a purchase balance shown on your current statement that you pay by the Payment Due Date if the balance shown on your previous statement was zero or was paid in full by the Payment Due Date.

If **"CASH ADVANCE(S)"** is indicated in the INTEREST CHARGE CALCULATION section of your statement, the interest charge for the Billing Cycle for the balance will be the amount obtained by applying the daily periodic rate (the daily periodic rate for a Billing Cycle is figured by dividing the APR by 365) to the average daily balance ("ADB"), as described below in HOW WE CALCULATE THE AVERAGE DAILY BALANCE. Then, we multiply this amount by the number of days in the Billing Cycle.

PAYING INTEREST. We will begin charging interest on a cash advance on the date the cash advance posts to your Account.

If **"NO INT IF PD IN FULL NO PMT"** or **"NO INT IF PD IN FULL W/PMT"** or **"NO INT IF PD IN FULL EQ-PMT"** (No Interest if Paid in Full with No Payments or No Interest if Paid in Full with Payments or No Interest if Paid in Full with Equal Payments) is indicated in the SPECIAL TERMS CALCULATION section of your statement, the deferred interest charge for the Billing Cycle for the balance will be the amount obtained by applying the daily periodic rate (the daily periodic rate for a Billing Cycle is figured by dividing the APR by 365) to the average daily balance ("ADB"), as described below in HOW WE CALCULATE THE AVERAGE DAILY BALANCE. Then, we multiply this amount by the number of days in the Billing Cycle.

HOW TO AVOID PAYING INTEREST. We begin accruing interest on a purchase with No Interest if Paid in Full terms on the date the purchase posts to your Account. We calculate interest on the purchase balance. This amount is called the deferred interest charge (see "Deferred Interest Charges" shown in the SPECIAL TERMS CALCULATION section of your statement). The deferred interest charge will not be added to the regular balance unless you do not pay the balance in full by the end of the special terms period (see Special Terms End Date shown in the SPECIAL TERMS CALCULATION section of your statement). You may avoid interest on the balance by paying it in full before the end of the special terms period.

If **"NO INT NO PYMT"** or **"NO INT W/PYMT"** or **"NO INT NO PYMT THEN EQUAL PYMT"** or **"NO INT W/EQUAL PYMT"** (No Interest with No Payments or No Interest with Payments or No Interest with No Payments, then Equal Payments or No Interest with Equal Payments) is indicated in the INTEREST CHARGE CALCULATION section of your statement, there will be no interest charge on the purchase balance until the end of the special terms period (see Special Terms End Date shown in the INTEREST CHARGE CALCULATION section of the statement). If a "Date Special Terms Change" is indicated in the INTEREST CHARGE CALCULATION section of your statement, it means that on that date, the payment terms for the balance will change based upon the particular special terms plan indicated.

HOW TO AVOID PAYING INTEREST. You may avoid interest on the balance by paying it in full before the end of the special terms period.

If **"NO INT NO PYMT THEN SPEC RATE"** or **"NO INT W/PYMT THEN SPEC RATE"** (No Interest with No Payments, then Special Rate or No Interest with Payments, then Special Rate) is indicated in the INTEREST CHARGE CALCULATION section of your statement, there will be no interest charge on the purchase balance until the end of the Date Special Terms Change indicated in the INTEREST CHARGE CALCULATION section of your statement. After that, interest will be computed as stated above in the **"REGULAR"** or **"SPECIAL (SPEC) RATE"** paragraph. The "Date Special Terms Change" means that on that date, the interest terms, the payment terms, or both will change based upon the particular special terms plan indicated.

HOW TO AVOID PAYING INTEREST. You may avoid interest on the balance by paying it in full by the Date Special Terms Change.

HOW WE CALCULATE THE AVERAGE DAILY BALANCE ("ADB")

The ADB for each type of balance is calculated separately, starting with the beginning balance on the first day of each Billing Cycle. The beginning balance on the first day of the Billing Cycle includes the following:

- The prior Billing Cycle's ending balance, which includes any unpaid fees posted to your Account in the prior Billing Cycle (if applicable).
- Any late payment fees posted in the current Billing Cycle that are related to a late payment in the prior Billing Cycle (if applicable).

We take the beginning balance each day and add any new purchases. Except for the first day of each Billing Cycle, we then add interest equal to the previous day's balance multiplied by the daily periodic rate. (This means interest is compounded daily.) Then, we subtract any payments or credits. This gives us the daily balance. Any daily balance that is a credit balance will be treated as zero. Then, we add up all the daily balances for the Billing Cycle. We divide this amount by the number of days in the Billing Cycle. This gives us the ADB.

4575 (OM5685AP)

OM568573 (12/01/17)

Your account with Wells Fargo Financial National Bank has been sold to Wells Fargo Bank, N.A. During the next few months, you will notice some changes as we update any reference to Wells Fargo Financial National Bank to Wells Fargo Bank, N.A. on your billing statements and other disclosures. **No action is required by you.**

AMENDMENTS TO YOUR CREDIT CARD AGREEMENT

The following changes to your Credit Card Agreement ("Agreement") are effective March 13, 2018:

1. Any reference in the Agreement to "Wells Fargo Financial National Bank" is deleted and replaced with "Wells Fargo Bank, N.A."
2. The address in the section of the Agreement titled "**Parties to this Agreement**" is deleted and replaced with: "101 North Phillips Avenue, Sioux Falls, SD 57104."
3. The state in the section of the Agreement titled "**Governing Law**" is deleted and replaced with "South Dakota."
4. The address in the section of the Agreement titled "**Information Reporting**" is deleted and replaced with "P.O. Box 14517, Des Moines, IA 50315."

The following notice is meant for customers who speak Spanish, Chinese, Vietnamese, Korean or Tagalog.

<p>IMPORTANTE: Si usted no lee inglés, pida a su intérprete que revise y le describa el contenido de esta carta. Llámenos al 1-800-459-8451 para discutir su duda o recibir una respuesta a sus preguntas.</p> <p>重要事項: 如果您看不懂英文，請讓您的傳譯員為您審閱並解說這份文件的內容。請電 1-800-459-8451 討論此文件或解答您的疑問。</p> <p>QUAN TRỌNG: Nếu quý vị không đọc được tiếng Anh, hãy nhờ người thông dịch của quý vị xem và trình bày lại nội dung lá thư này cho quý vị. Xin gọi chúng tôi tại số điện thoại 1-800-459-8451 để bàn về tài liệu này hoặc giải đáp bất cứ thắc mắc nào.</p> <p>중요 사항: 영어를 읽지 못하시면, 귀하의 통역인에게 이 서신의 내용을 검토하고 설명해 달라고 하십시오. 그에 관해 의논하거나 문의하실 사항이 있으시면 1-800-459-8451 로 전화해 주십시오.</p> <p>MAHALAGA: Kung hindi kayo nakakabasa ng Ingles, iparepaso at ipalarawan sa inyong tagasaling-wika ang mga nilalaman ng liham na ito sa inyo. Tawagan kami sa 1-800-459-8451 upang mapag-usapan ito at masagot ang ano mang mga katanungan.</p>
--

BCAE1217



FACTS	WHAT DOES WELLS FARGO FINANCIAL NATIONAL BANK DO WITH YOUR PERSONAL INFORMATION?
Why?	Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.
What?	The types of personal information we collect and share depend on the product or service you have with us. This information can include: <ul style="list-style-type: none"> ■ Social Security number and employment information ■ account balances and transaction history ■ credit history and income
How?	All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons Wells Fargo Financial National Bank chooses to share; and whether you can limit this sharing.

Reasons we can share your personal information	Does Wells Fargo Financial National Bank share?	Can you limit this sharing?
For our everyday business purposes — such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus	Yes	No
For our marketing purposes — with service providers we use to offer our products and services to you (please see below to limit the ways in which we contact you)	Yes	No
For joint marketing with other financial companies	No	We don't share
For our affiliates' everyday business purposes — information about your transactions and experiences	Yes	No
For our affiliates' everyday business purposes — information about your creditworthiness	Yes	Yes
For our affiliates to market to you	Yes	Yes
For nonaffiliates to market to you	Yes	Yes

To limit our sharing	<ul style="list-style-type: none"> ■ Call 1-855-257-8709 — our menu will prompt you through your choices <p>Please note: If you are a <i>new</i> customer, we can begin sharing your information 30 days from the date we sent this notice. When you are <i>no longer</i> our customer, we can continue to share your information as described in this notice. However, you can contact us at any time to limit our sharing.</p>
To limit direct marketing	<ul style="list-style-type: none"> ■ To limit our direct marketing to you by mail or telephone, call 1-855-257-8709 — our menu will prompt you through your choices <p>Please note: A Do Not Call election is effective for five years (or while you are an active consumer customer, if longer). The Do Not Mail election is effective for three years. You may continue to receive marketing information in regular account mailings and statements, when you visit us online or at an ATM. You may also be contacted to service your account or participate in surveys.</p>
Questions?	Call 1-800-TO-WELLS (1-800-869-3557) or go to wellsfargo.com/privacy_security

Who we are	
Who is providing this notice?	Wells Fargo Financial National Bank. This notice applies solely to your Wells Fargo Retail Services account(s). Other Wells Fargo accounts are covered by a different privacy notice received in connection with those accounts. Effective March 13, 2018, your Wells Fargo Retail Services account(s) will be serviced by Wells Fargo Bank, N.A. Your account(s) will continue to be covered by this privacy notice and no action is required by you.

What we do	
How does Wells Fargo Financial National Bank protect my personal information?	To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings. For more information visit wellsfargo.com/privacy_security
How does Wells Fargo Financial National Bank collect my personal information?	We collect your personal information, for example, when you: <ul style="list-style-type: none"> ■ open an account or provide employment information ■ apply for a loan or use your credit or debit card ■ give us your income information We also collect your personal information from others, such as credit bureaus, affiliates, or other companies.
Why can't I limit all sharing?	Federal law gives you the right to limit only: <ul style="list-style-type: none"> ■ sharing for affiliates' everyday business purposes — information about your creditworthiness ■ affiliates from using your information to market to you ■ sharing for nonaffiliates to market to you State laws and individual companies may give you additional rights to limit sharing. See below for more on your rights under state law.
What happens when I limit sharing for an account I hold jointly with someone else?	<ul style="list-style-type: none"> ■ If you limit sharing with affiliates, your choices will apply individually unless you tell us otherwise. Any account holder may express a privacy preference on behalf of the other joint account holders ■ If you limit sharing with nonaffiliates, your choices will apply to everyone on your account

Definitions	
Affiliates	Companies related by common ownership or control. They can be financial and non-financial companies. <ul style="list-style-type: none"> ■ Our affiliates include financial companies with Wells Fargo in their name such as Wells Fargo Bank, N.A., Wells Fargo Insurance, Inc., and Wells Fargo Clearing Services, LLC
Nonaffiliates	Companies not related by common ownership or control. They can be financial and non-financial companies. <ul style="list-style-type: none"> ■ Nonaffiliates we share with can include merchants participating in our credit card programs, their affiliates, their service providers, and program sponsors
Joint marketing	A formal agreement between nonaffiliated financial companies that together market financial products or services to you. <ul style="list-style-type: none"> ■ Wells Fargo Financial National Bank doesn't jointly market

Other important information	
Important Notice about Credit Reporting:	We may report information about your account(s) to credit bureaus and/or consumer reporting agencies. Late payments, missed payments, or other defaults on your account(s) may be reflected in your credit report and/or consumer report.
Do Not Call Policy:	This Privacy Notice constitutes Wells Fargo Financial National Bank's Do Not Call Policy under the Telephone Consumer Protection Act for all consumers. Wells Fargo maintains an internal Do Not Call preference list. Do Not Call requests will be honored within 30 days and will be effective for at least five years from the date of request. No telemarketing calls will be made to residential or cellular phone numbers that appear on the Wells Fargo Do Not Call list.
Nevada Residents:	We are providing you this notice pursuant to state law. You may be placed on our internal Do Not Call List by following the directions in the <i>To limit direct marketing</i> section. For more information contact us at 1-800-869-3557; nevadanoticeinfo@wellsfargo.com , or Wells Fargo, P.O. Box 5110, Sioux Falls, SD 57117-5110. Or contact the Bureau of Consumer Protection, Office of the Nevada Attorney General, 555 E. Washington St., Suite 3900, Las Vegas, NV 89101; 702-486-3132; AgInfo@ag.nv.gov .
State Law:	We follow state law if state law provides you with additional privacy protections. For example, we automatically treat customers with a Vermont mailing address as having limited our sharing with affiliates and nonaffiliates, unless you give us authorization for such sharing.

EXHIBIT 4
PAGE 56

EXHIBIT 5

DELIVERY RECEIPT

CLOSETS BY DESIGN
3850 CAPITOL AVE
WHITTIER, CA 90601
PHONE: (310) 965-2000

CLIENT #: CB155224.0
DELIVERY DATE: 11/16/2017

CLIENT: -----	DESIGNER NAME:
GREVLE, [REDACTED]	COOPER SCHWARTZ, SHELLY
[REDACTED]	METHOD OF FINAL PAYMENT: FINANCE
[REDACTED]	TERMS: COD
[REDACTED]	CONTRACT AMOUNT: \$ 4,900.00
[REDACTED]	DEPOSIT(S) : \$ 2,450.00
[REDACTED]	BALANCE DUE : \$ 2,450.00

INSTALLER NAME: Jose Garcia GROUP/VAN #: IGD/ 63
HELPER NAME : Oscar A
 : INSTALLATION JOB : JOB CONTINUATION
JOB COMPLETE: YES NO JOB CLEAN: YES NO SPLIT JOB: YES NO

IF JOB CONTINUATION NEEDED DESCRIBE WHAT IS NEEDED

1 Drawer 24 x 14 x 8 3/4 soft close slide
2 CABINET 10 x 26 x 30 white
D H W

* THANK YOU FOR SELECTING CLOSETS BY D.
** PLEASE DIRECT ALL INQUIRIES IN REFERENCE TO OUR LIMITED SEVEN YEAR WARRANTY TO OUR CUSTOMER SERVICE DEPARTMENT AT (310) 965-2000.
*** YOUR WARRANTY CERTIFICATE WILL BE SENT TO YOUR EMAIL ADDRESS BELOW.

CLIENT SATISFIED WITH DELIVERED PRODUCT (PLEASE INITIAL): _____
CREDIT CARD #: _____ EXP DATE: _____
NAME ON CARD : _____ SIGNATURE: _____
TIME OF ARRIVAL : _____ I/WE ACKNOWLEDGE RECEIPT OF ALL GOODS AND SERVICES DESCRIBED IN OUR SALES AGREEMENT, AND IN GOOD CONDITION.
TIME OF DEPARTURE : _____ RECEIVED BY: _____
TOTAL WORKING HOURS: _____ DATE: 11/16/17
JOB CONTINUATION DATE: 11/22/17 MON ___ TUE ___ WED ___ THU ___ FRI ___ SAT ___ AM ___ PM ___
EMAIL ADDRESS: [REDACTED]
(WE DO NOT SELL OUR CUSTOMER EMAIL ADDRESS)



SON

Choose your Custom Closet

Everyday COLLECTION	Includes 3/4" straight edge panels, shelves and half overlay flat face doors and drawers.	2870	-40%	138
Classic COLLECTION	Includes 3/4" straight edge panels and soft edge shelves. Half overlay doors and drawers with flat face and soft edge.			138
Regency COLLECTION	Includes 1 1/8" straight edge panels and 3/4" soft edge shelves. Half overlay door and drawers with flat face and soft edge.			

Premium Collection

Brio Collection	Includes 3/4" straight edge panels, shelves and half overlay Deco doors and drawers.			
<input type="checkbox"/> Deco - 100, 200, 300, 400 Series		<input type="checkbox"/> Deco - 500 and Shaker 600		

Choose your Custom Options

Solid Color Melamine	<input type="checkbox"/>			
Woodgrain Melamine	<input type="checkbox"/>			
Backing	<input type="checkbox"/>			
Brio Backing	<input type="checkbox"/>			
Deco	<input type="checkbox"/>			
Deco	<input type="checkbox"/>			
Molding Package	<input type="checkbox"/>			
Molding Top or Bottom	<input type="checkbox"/>	180 80		108
Smooth "Soft Close" Slides	<input checked="" type="checkbox"/>	272 BB		763
Accent Top Shelf	HW <input checked="" type="checkbox"/>	116		70
Premium Options	<input type="checkbox"/>	Available for Classic and Regency only. Inset doors and drawers. Soft edge panels and shelves. Includes Accent Top Shelf Shelves inset 1". 12" panels up-grade to 13" deep.		

Accessories

BATH CABINET	847	508
	+2	
	40%	1016

Custom Designed for [REDACTED] KNUIT Client# 155224
 Your Closets by Design Designer _____
 My Manager _____
 Notes/Follow up _____



WHITE
MAGNER

Choose your Custom Closet

Everyday COLLECTION	Includes 3/4" straight edge panels, shelves and half overlay flat face doors and drawers.	3380	- 40%	2025
Classic COLLECTION	Includes 3/4" straight edge panels and soft edge shelves. Half overlay doors and drawers with flat face and soft edge.			162
Regency COLLECTION	Includes 1 1/8" straight edge panels and 3/4" soft edge shelves. Half overlay door and drawers with flat face and soft edge.			

Premium Collection

Brio Collection	Includes 3/4" straight edge panels, shelves and half overlay Deco doors and drawers.			
<input type="checkbox"/> Deco - 100, 200, 300, 400 Series		<input type="checkbox"/> Deco - 500 and Shaker 600		

Choose your Custom Options

Solid Color Melamine	<input type="checkbox"/>			- 40%
Woodgrain Melamine	<input type="checkbox"/>			
Backing	<input type="checkbox"/>			
Brio Backing	<input type="checkbox"/>			
Deco	<input type="checkbox"/>			
Deco	<input type="checkbox"/>			
Molding Package	<input type="checkbox"/>			
Molding Top or Bottom	<input type="checkbox"/>	300 SOFT CLOSE		216
Smooth "Soft Close" Slides	<input checked="" type="checkbox"/>	540 N/B		326
Accent Top Shelf	<input type="checkbox"/>	232		139
Premium Options	<input type="checkbox"/>	Available for Classic and Regency only. Inset doors and drawers. Soft edge panels and shelves. Includes Accent Top Shelf Shelves inset 1". 12" panels up-grade to 13" deep.		

Accessories

JEWELRY DRAWER 295 EA - 590
 TEAR OUT (LABOR) - ~~435~~
 ② LOCKS - GIFT

Custom Designed for [REDACTED] KNUT Client# 155224
 Your Closets by Design Designer _____
 My Manager _____
 Notes/Follow up _____



(800) 293-3744

EXHIBIT 6



570 Broad Street / Suite 1201 / Newark, NJ 07102
P: 973.623.3000 / F: 973.623.0858 / litedepalma.com

Newark ■ Chicago ■ Philadelphia

March 27, 2019

VIA CERTIFIED U.S. MAIL
RETURN RECEIPT REQUESTED

Closets by Design, Inc.
3850 Capitol Ave.
Whittier, California 90601

CBD Franchising, Inc.
13272 Garden Grove Blvd.
Garden Grove, California 92843-2205

Re: Class Action Notification and Pre-Lawsuit Demand Pursuant to California Civil Code Section 1782, 15 U.S.C. § 2310(e), and All Other Applicable Laws Requiring Pre-Suit Notice

To Whom It May Concern:

Please be advised that Lite DePalma Greenberg LLP represents Knut Grevle ("Client"), a purchaser of Closets By Design products and services. Our Client seeks to represent a class of consumers ("Class") who, within the relevant time period, purchased Closets By Design products and services using a purported discount ("Home Organizer Systems"). This letter provides Closets By Design, Inc., CBD Franchising, Inc., and their agents ("Defendants") with notice and demand for corrective action on behalf of all consumers similarly situated. All further communications intended for our Client must be directed through this office.

Furthermore, this demand and notice letter is meant to comply with the requirements of California Civil Code §1782, 15 U.S.C. § 2310(e), and all other laws requiring a pre-suit demand and notice prior to litigation, on behalf of our Client and all others similarly situated should this matter proceed to litigation.

Since as early as 2014, Defendants have continuously advertised Home Organizer Systems to consumers across the country at "40% off" or "\$200 off." These offers suggest that Defendants' Home Organizer Systems are sold at a higher price and that the advertised discount represents a significant savings over that "reference" or "list" price. However, Defendants' "sales" have been and continue to be deceptive and misleading to reasonable consumers because the list prices are fictitious. During the relevant time period, Defendants did not offer Home Organizer Systems for sale or actually sold them at list prices.



Closets by Design, Inc.
CBD Franchising, Inc.
March 27, 2019
Page 2

Our Client, a consumer residing in California, used a “40% off” mailer he received from Defendants to purchase Home Organizer Systems to be installed in his home. He believed Defendants’ advertised bargain was genuine. In deciding to transact with Defendants, Plaintiff relied on the offer of “40% off” and would not have purchased anything from Defendants but for the “40% off” offer. Because this offer was false and misleading, Plaintiff has suffered damages as a direct and proximate result of Defendants’ unlawful conduct.

These business practices violate several California consumer protection statutes and laws. Pursuant to California Civil Code §1782(a)(1), our Client and the Class further provide notice that they believe Defendants have violated, and continue to violate the California Consumers Legal Remedies Act (“CLRA”), and specifically California Civil Code §1770, in at least the following manner:

1. Representing that goods or services have sponsorship, approval, characteristics, ingredients, uses, benefits, or quantities that they do not have or that a person has a sponsorship, approval, status, affiliation, or connection that he or she does not have (Section 1770(a)(5));
2. Representing that goods or services are of a particular standard, quality, or grade, or that goods are of a particular style or model, if they are of another (Section 1770(a)(7));
3. Advertising goods or services with intent not to sell them as advertised (Section 1770(a)(9)); and
4. Making false or misleading statements of fact concerning reasons for, existence of, or amounts of, price reductions (Section 1770(a)(13)).

It is our opinion that Defendants have also violated and continue to violate California Business and Professions Code Sections 17200 and 17500, in addition to common law and other statutory violations.

Those additional violations include, without limitation, breach of contract, breach of express warranty, and violations of the Magnuson-Moss Warranty Act (“MMWA”). With respect to the contract claim, our Client and members of the Class entered into contracts with Defendants under which they agreed to pay for Home Organizer Systems and Defendants agreed to provide our Client and Class members with a specific discount on their purchases. We believe Defendants breached those agreements by failing to comply with the material term of providing the promised discount. With respect to the express warranty claim, Defendants’ advertised discounts represent that its Home Organizer Systems are being sold at a discounted price. Defendants’ advertised discounts were the basis of our Client’s bargain because they induced him to transact with Defendants. Because Defendants’ list prices and advertised discounts are fictitious, we believe Defendants are in breach of this express warranty. Lastly, with respect to the MMWA, Defendants’ advertised discounts constitute “written warranties” under the statute because they represent that Home Organizer Systems have a specific value or worth. We believe Defendants are in breach of



Closets by Design, Inc.
CBD Franchising, Inc.
March 27, 2019
Page 3

such representations because they are verifiably false. Our Client did not become aware of these violations and breaches until several weeks ago.

This letter not only serves as notification of Defendants' alleged violations of California Civil Code §1770 as outlined above, but also as our Client's demand, on behalf of all others similarly situated, that Defendants immediately correct, refund, and otherwise rectify the violations of Section 1770 and the other statutes and causes of action referenced above, on a class-wide basis.

To cure the harmful conduct noted herein, we demand that Defendants: (1) cease and desist from advertising Home Organizer Systems in a false and misleading manner; (2) conduct a corrective advertising and information campaign advising consumers that their Home Organizer Systems do not have the value or worth Defendants have claimed; (3) make full restitution to the Class of all money obtained by their wrongful conduct; and (4) pay damages to Class members in the amount of the purported discounts.

We further demand that Defendants preserve all documents, emails, other electronically stored information and other evidence which refer or relate to any of the above-described practices, including, but not limited to:

1. All documents concerning the advertising, promotion, marketing, and sale of Home Organizer Systems;
2. All documents concerning communications with any individual involved in the advertising, promotion, marketing, and sale of Home Organizer Systems;
3. All documents concerning communications with purchasers of Home Organizer Systems;
4. All documents concerning the sales volume of Home Organizer Systems and the revenues and profits derived therefrom; and
5. All documents concerning the identities and location of potential class members who purchased Home Organizer Systems.

Further, this letter serves as a thirty (30) day notice and demand requirement under §1782 for damages. Accordingly, should Defendants fail to rectify the unfair and deceptive scheme within thirty (30) days of receipt of this letter, our Client will amend his complaint, which he anticipates filing in 10–14 days of this letter, for actual damages, punitive damages, and all other damages permitted under the CLRA and the other statutes and causes of action available to him, along with interest, attorneys' fees and costs for Defendants' violations.



Closets by Design, Inc.
CBD Franchising, Inc.
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Page 4

We are willing to discuss an appropriate way to remedy the demands asserted in this letter. If Defendants wish to enter into such a discussion, please contact our firm immediately. If we do not hear from Defendants promptly, we will conclude that Defendants are not interested in resolving this dispute short of litigation in the form of a class action lawsuit. If Defendants contend that any statement in this letter is inaccurate in any respect, please provide our firm with Defendants' contentions and supporting documents promptly.

Please contact the undersigned if there are any questions or concerns.

Very truly yours,


A handwritten signature in blue ink that reads "Joseph J. DePalma". The signature is written in a cursive style with a large initial "J" and "D".

Joseph J. DePalma

JJD:emp

EXHIBIT 7

USPS TRACKING #



9590 9402 3019 7124 8969 43

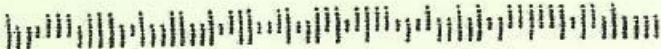
First-Class Mail
Postage & Fees Paid
USPS
Permit No. G-10



United States Postal Service

• Sender: Please print your name, address, and ZIP+4® in this box•

**LITE DEPALMA GREENBERG, LLC
570 BROAD STREET
SUITE 1201
NEWARK, NJ 07102**

JNN



SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul style="list-style-type: none"> ■ Complete items 1, 2, and 3. ■ Print your name and address on the reverse so that we can return the card to you. ■ Attach this card to the back of the mailpiece, or on the front if space permits. 	<p>A. Signature <input checked="" type="checkbox"/>  <input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p>
<p>1. Article Addressed to:</p> <p style="font-size: 1.2em; color: blue;">Closets By Design, Inc. 3850 Capital Ave. Whittier, California 90601</p>	<p>B. Received by (Printed Name) Catherine Nakase</p> <p>C. Date of Delivery 4/1/19</p>
<p>2. Article Number (Transfer from service label)</p> <p style="font-size: 1.2em; color: blue;">7012 0470 0000 2785 0878</p>	<p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p> <div style="text-align: center; border: 1px solid red; border-radius: 50%; padding: 10px; width: 100px; margin: 10px auto;">  </div>
<p>3. Service Type</p> <ul style="list-style-type: none"> <input type="checkbox"/> Adult Signature <input type="checkbox"/> Adult Signature Restricted Delivery <input type="checkbox"/> Certified Mail® <input type="checkbox"/> Certified Mail Restricted Delivery <input type="checkbox"/> Collect on Delivery <input type="checkbox"/> Collect on Delivery Restricted Delivery <input type="checkbox"/> Insured Mail <input type="checkbox"/> Insured Mail Restricted Delivery (over \$500) 	<ul style="list-style-type: none"> <input type="checkbox"/> Priority Mail Express® <input type="checkbox"/> Registered Mail™ <input type="checkbox"/> Registered Mail Restricted Delivery <input checked="" type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Signature Confirmation™ <input type="checkbox"/> Signature Confirmation Restricted Delivery
<p style="font-size: 1.2em; color: blue;">9590 9402 3019 7124 8969 43</p>	<p>PS Form 3811, July 2015 PSN 7530-02-000-9053</p>

USPS TRACKING #

9590 9402 3019 7124 8960 59

First-Class Mail
Postage & Fees Paid
USPS
Permit No. G-10

United States Postal Service

• Sender: Please print your name, address, and ZIP+4® in this box•

LITE DEPALMA GREENBERG, LLC
570 BROAD STREET
SUITE 1201
NEWARK, NJ 07102

JNN

9590 9402 3019 7124 8960 59

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul style="list-style-type: none"> ■ Complete items 1, 2, and 3. ■ Print your name and address on the reverse so that we can return the card to you. ■ Attach this card to the back of the mailpiece, or on the front if space permits. 	<p>A. Signature <input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p style="font-size: 2em; font-family: cursive; margin-left: 20px;">JNN</p> <p>B. Received by (Printed Name) C. Date of Delivery</p> <p style="text-align: right; font-size: 1.5em; margin-right: 20px;">4-2-19</p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p>
<p>1. Article Addressed to:</p> <p style="font-size: 1.2em; font-family: cursive; margin-left: 20px;">CBD Franchising, Inc. 13272 Garden Grove Blvd Garden Grove, California 92843</p>	<p>3. Service Type <input type="checkbox"/> Priority Mail Express® <input type="checkbox"/> Registered Mail™</p> <p><input type="checkbox"/> Adult Signature <input type="checkbox"/> Registered Mail Restricted Delivery</p> <p><input checked="" type="checkbox"/> Certified Mail® <input checked="" type="checkbox"/> Return Receipt for Merchandise</p> <p><input type="checkbox"/> Certified Mail Restricted Delivery <input type="checkbox"/> Signature Confirmation™</p> <p><input type="checkbox"/> Collect on Delivery <input type="checkbox"/> Signature Confirmation Restricted Delivery</p> <p><input type="checkbox"/> Collect on Delivery Restricted Delivery <input type="checkbox"/> Signature Confirmation Restricted Delivery (over \$500)</p> <p><input type="checkbox"/> Insured Mail</p> <p><input type="checkbox"/> Insured Mail Restricted Delivery (over \$500)</p>
<p>2. Article Number (Transfer from service label)</p> <p style="font-size: 1.2em; font-family: cursive; margin-left: 20px;">7012 0470 0000 2785 0861</p>	
<p style="font-size: 1.2em; font-family: cursive; margin-left: 20px;">9590 9402 3019 7124 8960 59</p>	
<p>PS Form 3811, July 2015 PSN 7530-02-000-9053</p>	<p>Domestic Return Receipt</p>

EXHIBIT 8



April 10, 2019

Sent Via Email

Mr. Joseph J. DePalma
Lite DePalma Greenberg LLC
570 Broad Street, Suite 1201
Newark, NJ 07102
jdepalma@litedepalma.com

Re: Class Action Notification and Pre-Lawsuit Demand

Dear Counsel,

We represent Closets by Design, Inc. and CBD Franchising, Inc. We are in receipt of your letter dated March 27, 2019 pertaining to a "Class Action Notification and Pre-Lawsuit Demand" in connection with your representation of Knut Grevle.

Please direct all further communications regarding this matter to our attention. We are investigating the claims asserted in your letter and will respond shortly. If you have any questions, or if you would like to discuss this matter, please do not hesitate to contact me.

All rights are reserved and none are waived.

Sincerely,

A handwritten signature in blue ink that reads "Christopher S. Reeder".

Christopher S. Reeder



11766 Wilshire Boulevard
Suite 1470
Los Angeles, California
90025

PHONE (310) 861-2470
FAX (310) 861-2476
EMAIL chris@csrlawyers.com
WEBSITE www.csrlawyers.com

ClassAction.org

This complaint is part of ClassAction.org's searchable class action lawsuit database and can be found in this post: [Closets by Design Accused of Selling Home Organizer Products at 'False' Discount Prices](#)
