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**UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA**

KRISTAL REGUEIRO, on behalf of
herself and others similarly situated,

Plaintiff,

vs.

FCA US, LLC,

Defendant.

Case No. 2:22-cv-05521-SPG (MARx)

CLASS ACTION

**FIRST AMENDED COMPLAINT
FOR:**

**VIOLATIONS OF BUSINESS AND
PROFESSIONS CODE
SECTION 17200, *et seq.***

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19 *Kristal Regueiro and others similarly situated*

1 Plaintiff Kristal Regueiro (“Plaintiff” or “Regueiro”), individually and on
2 behalf of all others similarly situated, brings this action against Defendant FCA
3 US, LLC (“Defendant” or “FCA”), upon information and belief, except as to her
4 own actions, the investigation of her counsel, and the facts that are a matter of
5 public record, and alleges as follows:

6 INTRODUCTION

7 1. This matter arises from Defendant FCA’s unlawful failure to tender a
8 statutorily compliant California Emissions Warranty for the vehicles that FCA
9 distributes in the State of California.

10 2. In 1990, the California Air Resource Board (“CARB”) submitted, and
11 the Legislature adopted, California Code of Regulation §§ 2035, *et seq.*, which,
12 requires all vehicle manufacturers to ensure that any new motor vehicle sold in
13 California is accompanied by a “statutorily compliant” general emissions warranty
14 (the “California Emissions Warranty”).

15 3. In order to be “statutorily compliant,” the emissions warranty must
16 provide coverage for defects “which cause the failure of a warranted part [or]
17 which would cause the vehicle’s on-board diagnostic malfunction indicator light
18 to illuminate, for a period of three years or 50,000 miles, whichever occurs
19 first[.]” [13 CCR § 2037(b)(2)].

20 4. A “warranted part” is defined as any part installed by a manufacturer
21 “which affects any regulated emission from a motor vehicle or engine[.]” [13 CCR
22 § 2035(c)(2)(B)].

23 5. When the part is considered to be a “high-priced” warranted part, the
24 manufacturer must extend the emissions warranty from three years/50,000 miles,
25 to 7 years or 70,000 miles. [13 CCR § 2037(b)(3)].

26 6. In an effort by FCA to minimize its warranty exposure, FCA
27 unilaterally and unlawfully limited the parts that are covered under FCA’s
28 application of the California Emissions Warranty, and when these parts are

1 defective, instead of covering the parts and related repairs under the California
2 Emissions Warranty, FCA refuses to cover the parts under the California
3 Emissions Warranty, harming its customers.

4 7. Relevant to this case is the valve train system, which includes, but is
5 not limited to, intake valves, exhaust valves, valve guides, valves springs, valve
6 seats, and camshafts (the “Valve Train System”) on vehicles distributed by FCA
7 in California under the FCA brand name (“Class Vehicles”). As set forth herein,
8 the Valve Train Systems in Class Vehicles are high-priced, emissions related parts
9 which should have been covered for 7 years or 70,000 miles pursuant to the
10 California Emissions Warranty requirements.

11 8. As detailed further below, the California Air Resources Board
12 (“CARB”) determined that defects which cause illumination of the MIL, are
13 covered under the 7 years or 70,000 miles California Emissions Warranty for
14 high-priced emissions related parts. This is because, pursuant to Title 13, Section
15 1968.2, the MIL is not supposed to illuminate unless the vehicle’s onboard
16 diagnostic system (“OBDII” or “OBD2”) has detected a defect which increased
17 regulated emissions.

18 9. Furthermore, defects which cause illumination of the MIL would
19 result in the vehicle failing a California smog check. Thus, defects which either
20 have caused or will cause a vehicle to fail a California smog check also increase
21 regulated emissions.

22 10. Valve Train System defects in Class Vehicles increase regulated
23 emissions, cause the MIL to illuminate, and cause the vehicle to fail a California
24 smog check.

25 11. Moreover, the valve trains are expressly identified as an emissions-
26 related part on the “Emissions-Related Parts List,” (“Appendix B”) adopted by
27 CARB on November 4, 1977, as last amended June 1, 1990 (described below) and
28

1 are thereby entitled to extended warranty coverage for 7 years or 70,000 miles
2 under California Emissions Warranty.

3 12. Thus, all of the components of the Valve Train Systems in Class
4 Vehicles are “warranted parts.”

5 13. As alleged in greater detail below, not only are all of the components
6 of the Valve Train Systems in Class Vehicles “warranted parts,” but they are
7 “high-priced” warranted parts whose repair or replacement is covered under the
8 California Emissions Warranty for 7 years or 70,000 miles.

9 14. Yet, in an effort to minimize its warranty costs, FCA has unilaterally,
10 wrongfully, unfairly and unlawfully excluded many parts, including but not
11 limited to the Valve Train System and its component parts, from being covered
12 under FCA’s emissions warranty as “emissions-related” parts, “warranted parts,”
13 and “high-priced” warranted parts. On information and belief, FCA has never
14 treated the components of the Valve Train System as “emissions-related” parts,
15 has never treated the components of the Valve Train System as “warranted parts,”
16 and has never treated the components of the Valve Train System as “high-priced”
17 warranted parts. As a result, Class Members, including Plaintiff, have wrongfully
18 been denied warranty coverage.

19 15. As a result of FCA’s systematic refusal to provide the proper
20 California Emissions Warranty coverage, FCA wrongfully required Plaintiff, and
21 other Class Members, to pay out-of-pocket for repairs which should have been
22 conducted by FCA free of charge under the 7 years or 70,000 miles California
23 Emissions Warranty.

24 16. Further, as alleged below, by failing to cover the Valve Train System
25 and its components under the California Emissions Warranty, FCA also failed to
26 provide a fully compliant California Emissions Warranty for all Class Vehicles at
27 the time of sale, resulting in Class members overpaying for their vehicles.

28 17. Plaintiff, on behalf of herself and all others similarly situated, seeks

redress for FCA’s violations of California law based on the causes of action set forth below. In addition, Plaintiff seeks an order, enjoining FCA’s conduct; declaring that FCA’s current and past practices as alleged herein do not comply with the CCRs and with the California Emissions Warranty laws; directing it to inform Class Members that repair and/or replacement of the Valve Train System and its components is covered under the 7-year or 70,000-mile emissions warranty; directing FCA to provide warranty coverage for the repair and replacement of defective Class Vehicle Valve Train System components during the first 7 years or 70,000 miles of vehicle service; and for restitution relating to FCA’s failure to provide a compliant California Emissions Warranty.

BACKGROUND

18. In order to understand the widespread effect of FCA’s unlawful conduct, it is important to identify the statutory provisions at issue.

19. In September 1990, and pursuant to its broad authority to regulate and reduce vehicle emissions under Health and Safety Code §§ 43013(a) and 43205, CARB submitted, and the Legislature adopted, California Code of Regulations (“CCR”) §§ 2035, *et seq.*, otherwise known as the “Emission Control System Warranty Requirements for 1990 and Subsequent Model Year Passenger Cars, Light-Trucks, and Medium-Duty Vehicles.”

20. The Regulations require manufacturers to provide warranty coverage for defects relating to “warranted parts.” As defined by the Regulations, a “warranted part” includes any part whose malfunction is required to, or can, cause the vehicle’s Malfunction Indicator Light (“MIL”) to illuminate—even though the primary function of the defective component is not directly related to emissions control. 13 CCR § 2035(c)(2)(B).

21. The MIL is a light located on the driver’s side instrument panel that, when illuminated, is amber in color and displays either a “Check Engine/Powertrain” message; a “Service Engine/Powertrain Soon” message; or

1 the International Standards Organization’s “engine symbol.”

2 22. The MIL illuminates to notify the driver of detected malfunctions in
3 the vehicle’s on-board diagnostic emission systems. In layman’s terms, this means
4 that when the MIL is illuminated, an emissions-related defect has been detected in
5 the vehicle.

6 23. One type of “warranted part” is an emissions-related part. An
7 “emissions-related part” is defined in 13 CCR § 1900(b)(3) as any automotive part
8 which affects any regulated emission from a motor vehicle which is subject to
9 California or federal emission standards. This includes, at a minimum, those parts
10 identified on Appendix B.

11 24. Any defect which “cause[s] the failure of a warranted part [or] which
12 would cause the vehicle’s on-board diagnostic malfunction indicator light to
13 illuminate” is entitled, by statute, to warranty coverage “for a period of 3-years or
14 50,000 miles, whichever occurs first[.]” 13 CCR § 2037(b)(2).

15 25. As detailed further below, the Valve Train Systems and their
16 components in Class Vehicles are “warranted parts” and “emissions-related parts”
17 because their failure causes the MIL to illuminate, and their failure increases
18 regulated emissions.

19 26. As set forth above, repair or replacement of any emissions-related
20 components are generally covered by a California statutory 3 years or 50,000
21 miles emission warranty. However, if these emissions-related parts are determined
22 to be “high-priced,” then 13 CCR § 2037(c)(3) requires that the warranty coverage
23 be extended from 3 years or 50,000 miles, to 7 years or 70,000 miles.

24 27. A “high-priced warranted part” is defined as a warranted part whose
25 individual replacement cost at the time of certification exceeds the cost limit
26 established by the annual average nationwide urban Consumer Price Index
27 (“CPI”) for the calendar year two years prior to the model-year for which the cost
28 limit is being calculated. [13 CCR § 2037(c)(3)]. Thus, to determine the cost limit

1 for a high-priced warranted part in 2018, the calculation would need to utilize the
2 annual average nationwide urban CPI for 2016.

3 28. In calculating whether a particular part's individual replacement cost
4 at the time of certification exceeds the cost limit, "the replacement cost shall be
5 the retail cost to a vehicle owner and include the cost of the part, labor, and
6 standard diagnosis." 13 CCR § 2037(c)(1). This calculation must utilize a price-
7 point as would be charged "in the highest-cost metropolitan area of California." 13
8 CCR § 2037(c)(2).

9 29. This cost limit shall be calculated using the following equation:

$$\text{Cost limit}_n = \$300 \times (\text{CPI}_{n-2} / 118.3)$$

10
11 30. Cost limit_n is the cost limit for the applicable model year of the
12 vehicle rounded to the nearest ten dollars.

13 31. If, upon conducting this calculation, the price of replacement exceeds
14 the CPI cost limit, the part is a "high-priced" warranted part, and the manufacturer
15 is statutorily required to extend warranty coverage for the part's repair or
16 replacement from 3 years or 50,000 miles, to 7 years or 70,000 miles. 13 CCR §
17 2037(b)(3).

18 32. Upon information and belief, when using the methodology required
19 by the California Code of Regulations to calculate the cost of replacing any and all
20 of the components of the Valve Train System, the cost is always *greater* than
21 \$750. This is because, on information and belief, the number of labor hours
22 required to replace all of the components of the Valve Train System, with the
23 exception of the camshafts, exceeds 10 hours, and the average labor hour rate
24 exceeds \$100. However, the high-price cost limit has *never exceeded* \$750. With
25 regard to the camshafts, the cost of parts and labor is always *greater* than \$750.
26 Thus, the cost of replacing any and all components of the Valve Train Systems
27 installed in Class Vehicles always exceeds the cost limit, and the components of
28 the Valve Train System in Class Vehicles are therefore a "high-priced" parts.

1 33. Because the components of the Valve Train Systems in Class
2 Vehicles are “high-priced” warranted parts as defined by 13 CCR § 2037(c)(1),
3 their repair or replacement should have been covered by FCA under the 7 years or
4 70,000 miles California Emissions Warranty, but wasn’t.

5 34. While this action focuses on the Valve Train System specifically,
6 Plaintiff also alleges that FCA has been using the wrong standard generally to
7 determine if an emissions part, such as a Valve Train System component, is a
8 warranted part and is “emissions-related,” as detailed below. FCA systemically
9 has been using the wrong standard for calculating the retail labor cost in
10 determining whether a part is a “high-priced part” under the California Code of
11 Regulations. Instead of using the retail labor cost *i.e.*, the number of labor hours
12 that the *customer pays* for the repair (“customer pay”), FCA uses, and has always
13 used, the number of hours that the *manufacturer pays its dealers to perform the*
14 *repairs under warranty* (“warranty pay”), which is a lesser amount. As a result,
15 FCA is grossly understating the parts that are designated as high-priced warranted
16 parts under the CCR, including the components of the Valve Train System.

17 35. By asserting the claims herein, Plaintiff is not asking for judicial
18 assumption of the role of CARB. To the contrary, Plaintiff is seeking for the
19 Court to perform an ordinary judicial function, namely, to grant relief under the
20 UCL for business practices made unlawful by statute and to determine, by using
21 the Court’s basic factfinding and statutory interpretation litigation tools, whether
22 FCA is complying with the California Emissions Warranty law or flouting it
23 systematically.

24 36. Further, to the extent that there is any doubt as to whether this Court
25 would be assuming, interfering with, or usurping the functions of CARB, the
26 CARB Declaration (described below) makes CARB’s intentions clear. The CARB
27 Declaration states that the Declaration is provided “for the sole purpose of
28 educating the Courts about CARB’s interpretation and implementation of

1 California's warranty requirements." The CARB Declaration confirms that CARB
2 does not consider this matter exclusively within its purview and expects the Court
3 to adjudicate these issues.

4 JURISDICTION AND VENUE

5 37. This Court has original jurisdiction over the subject matter of this
6 action pursuant to 28 U.S.C. § 1332(d)(2)(A) because: (i) members of the Classes
7 are citizens of a state different from that of FCA; and (ii) aggregating the claims of
8 individual Class members, the total matter in controversy exceeds the sum or
9 value of \$5,000,000, exclusive of interests and costs. Further, 28 U.S.C. §
10 1332(d)(5) does not apply because (i) FCA is not a state, state official, or other
11 governmental entity against whom the Court may be foreclosed from ordering
12 relief, and (ii) the number of members of the Classes in the aggregate exceeds 100.

13 38. This Court has personal jurisdiction over FCA because FCA has
14 sufficient minimum contacts with California, having intentionally availed itself of
15 the California market so as to render the exercise of jurisdiction over it by this
16 District Court consistent with traditional notions of fair play and substantial
17 justice.

18 39. Venue is proper in this Court pursuant to 28 U.S.C. §1391 because
19 FCA conducts business within the State of California, has failed to designate with
20 the office of the California Secretary of State a principal place of business in
21 California, and a substantial part of the events giving rise to the claims alleged
22 herein occurred in this District.

23 PARTIES

24 40. Plaintiff Kristal Regueiro is, and at all times relevant hereto, has been
25 an individual residing in Los Angeles County, California. Regueiro had the
26 Regueiro vehicle diagnosed by a factory authorized FCA dealership located in Los
27 Angeles County, wherein it was identified that repairs to parts that should be
28

1 covered under the California Emissions Warranty were needed, and wherein
2 warranty coverage was denied by FCA.

3 41. Defendant FCA was and is, a Delaware corporation, headquartered in
4 Michigan, doing business in the State of California. At all times relevant hereto,
5 FCA has sold Vehicles, including the Class Vehicles, in the State of California.

6 42. Plaintiff reserves the right to expand, limit, modify, or amend these
7 allegations at any time, based upon, changing circumstances and/or new facts
8 obtained during discovery.

9 **SUBSTANTIVE ALLEGATIONS**

10 43. Regueiro purchased and is the owner of a used 2015 Jeep Wrangler,
11 VIN 1C4AJWBG5FL665112 (“Regueiro Vehicle”). The Regueiro Vehicle was
12 originally distributed as a new vehicle in the State of California and was originally
13 registered in the State of California.

14 44. On November 17, 2021, at 54,041 miles, the Regueiro Vehicle was
15 presented for repairs to Champion Chrysler Jeep Dodge Ram (“Champion”),
16 located at 9655 Firestone Blvd. Downey, CA 90241. Champion is an FCA
17 authorized repair facility.

18 45. When presented for repair, Regueiro complained that the Regueiro
19 Vehicle’s “CHECK ENGINE LIGHT COMES ON AND OFF.”

20 46. A diagnostic scan of the vehicle by the repair facility found that the
21 P0303 OBDII fault code was triggered. The P0303 OBDII fault code indicates a
22 Cylinder 3 misfire, which is a condition that causes an increase in regulated
23 emissions.

24 47. The repair facility recommended a “TEAR DOWN” to correct the
25 issue and indicated that the repair would not be covered under warranty.

26 48. Plaintiff declined to have the repair performed and paid a \$210.00
27 diagnostic fee out of pocket.
28

1 49. FCA refused to cover the cost of the repair under the California
2 Emissions Warranty, even though the defect increased regulated emissions, the
3 components of the Valve Train System are high-priced parts, the vehicle had been
4 in service for less than 7 years, and the vehicle had been driven less than 70,000
5 miles.

6 50. It was later diagnosed that the Regueiro Vehicle had a defective
7 Valve Train System and required a valve job to repair the Regueiro Vehicle.

8 51. The entire cost of the diagnosis and repairs relating to the Valve
9 Train System should have been covered and paid for by FCA under the 7-year or
10 70,000-mile California Emissions Warranty. This is because, pursuant to 13 CCR
11 § 2037(c), the Valve Train System and its components should have been identified
12 as high-priced emissions-related parts, and the parts relating to that repair should
13 have been covered under the California Emissions Warranty pursuant to
14 Regulation 2037(c).

15 52. FCA does not classify the Valve Train System for the Regueiro
16 Vehicle and its components as being covered under the California emissions
17 warranty. FCA's failure to classify the Valve Train System and its components in
18 Class Vehicles as a covered parts under the California Emissions Warranty was a
19 material omission by FCA designed to limit its warranty exposure.

20 53. Plaintiff's experience is just one of many examples of FCA's scheme
21 to avoid providing a true and comprehensive list of all parts which should be
22 covered under either 3 years or 50,000 miles, or 7 years or 70,000 miles California
23 Emission Warranty.

24 54. The details of how FCA actually applied the CCR and the CCR cost
25 limit formula with respect to the Valve Train System components in Class
26 Vehicles are exclusively within FCA's possession— as is the information
27 regarding what other parts FCA improperly omitted from its list of parts entitled to
28 coverage under the California Emissions Warranty.

1 55. Plaintiff presented the Regueiro Vehicle to an FCA authorized repair
2 facility for repairs prior to the end of the 7 years or 70,000 miles California
3 Emissions Warranty period for high-priced emissions parts. Instead of conducting
4 these repairs under warranty as required by the regulations, FCA unlawfully
5 denied warranty coverage for the Valve Train System components as “high-
6 priced” emissions parts which should have been covered under the 7 years or
7 70,000 miles California Emissions Warranty.

8 56. The reason that Plaintiff was charged for the repairs was not the
9 result of an individual oversight by Champion in failing to identify the repairs as
10 being covered under the 7 years or 70,000 miles California Emissions Warranty.
11 Instead, Plaintiff was denied warranty coverage because FCA, in a systematic and
12 organized attempt to increase profit, omitted from warranty booklets and internal
13 dealership literature, parts which should have been identified as “emissions-
14 related,” “warranted parts,” and as “high-priced” warranted parts entitled to
15 extended statutory coverage.

16 57. Pursuant to 13 CCR § 2037(c)(1)(B), FCA is required to identify
17 “high-priced warranted parts...which have an individual replacement cost at the
18 time of certification exceeding the cost limit defined in section (c)(3).”

19 58. FCA failed to identify all these components in order to increase profit
20 vis-à-vis reducing the amount of money it spends on warranty-related repairs.

21 59. If FCA complied with California law and properly identified all the
22 parts which should have been identified as “high priced,” then FCA dealerships
23 would properly provide warranty coverage for high-priced emissions warranted
24 parts, and Plaintiff would never have paid out-of-pocket for repairs which were
25 required to be covered under warranty.

26 60. In addition, FCA’s failure to provide a comprehensive California
27 Emissions Warranty that covered the Valve Train System resulted in Plaintiff and
28 members of the Classes overpaying for their Class Vehicles. In essence, Class

1 Members paid for vehicles that purported to cover all required parts, including the
2 Valve Train System and its components, pursuant to the California Emissions
3 Warranty, but did not. FCA's refusal to include in its written warranty booklets
4 coverage for the Valve Train System and its components in Class Vehicles under
5 the California Emissions Warranty resulted in FCA's unjust enrichment and
6 detriment to Plaintiff and members of the Classes. This is because Class Members
7 were supposed to be provided with warranty coverage which complied with
8 FCA's California Emissions Warranty obligations. A compliant warranty has a
9 value to Class Members and has a cost to FCA. Instead of FCA providing a
10 compliant warranty, FCA has provided a deficient warranty which does not cover
11 the Valve Train System and its components under the California Emissions
12 Warranty, which FCA is lawfully obligated to cover. The non-compliant warranty
13 provides less coverage and thus exposes Class Members to more financial risk and
14 is less valuable to Class Members. Similarly, the non-compliant warranty costs
15 FCA less money, because it exposes FCA to less risk and will result in FCA
16 paying out less in warranty claims.

17 61. Class Members were entitled to a compliant California Emissions
18 Warranty but were provided with a deficient warranty. As a result, FCA has been
19 unjustly enriched by providing a deficient warranty which reduced FCA's costs,
20 and Class Members have been damaged by not receiving the warranty that they
21 were legally entitled to receive.

22 62. In fact, irrespective of whether a Class Member's Class Vehicle
23 underwent a repair to the Valve Train System, Class Members were sold cars
24 which were worth less than what Class Members actually paid for, by virtue of
25 FCA's systematic failure to provide a warranty that covered the Valve Train
26 System and its components under the California Emissions Warranty.

27 63. FCA's conduct violates the Unfair Competition Law, California
28 Business and Professions Code section 17200, *et seq.* (the "UCL").

1 64. Plaintiff and other members of the Classes have suffered injury as a
2 result of FCA's wrongful, unfair, and unlawful conduct as alleged herein, and
3 therefore have standing.

4 65. Plaintiff's action seeks primarily injunctive relief and declaratory
5 relief, declaring that FCA's current and past practices as alleged herein do not
6 comply with the CCRs and with the California Emissions Warranty laws,
7 compelling FCA to properly and fully identify that Valve Train Systems and their
8 components in Class Vehicles should be covered by the California Emissions
9 Warranty, compelling FCA to identify the correct warranty period for Valve Train
10 Systems and their components, and compelling FCA to provide warranty coverage
11 for Valve Train Systems and their components pursuant to the California
12 Emissions Warranty. The recovery of out-of-pocket expenses is restitution, not
13 damages, and is ancillary to Plaintiff's primary goal of obtaining declaratory relief
14 and/or requiring Defendant to properly and fully comply with the California
15 Emissions Warranty as described herein. Plaintiff would bring this action to obtain
16 the injunctive and declaratory relief sought. Any monetary relief that would flow
17 to the members of the Classes would be ancillary to the injunctive or declaratory
18 relief obtained.

19 66. Plaintiff is entitled to equitable and injunctive relief. Indeed, Plaintiff
20 alleges a UCL claim only, which expressly provides for restitution and injunctive
21 relief, which are her remedies at law. Plaintiff does not allege a CLRA violation,
22 which would provide for damages.

23 67. Future injunctive relief is necessary because there is an imminent
24 likelihood of future harm to Plaintiff personally, and to other members of the
25 Classes. Specifically, due to the extremely technical nuances of the CCR, due to a
26 total lack of knowledge on the part of Plaintiff and other consumers with regard to
27 how to determine if a part is an emissions-related warranted part, it is simply not
28 realistic that consumers will have any awareness of FCA's wrongful conduct.

1 Without an injunction to, *inter alia*, to compel FCA to cover the Valve Train
2 System and its components under the California Emissions Warranty, Plaintiff and
3 consumers generally will not be able to compel FCA to cover the repair under
4 warranty.

5 68. Further, FCA is systemically continuing to fail to properly identify all
6 parts that should properly and correctly be covered under the California Emissions
7 Warranty as emissions-related parts. These parts include the parts identified in the
8 “OBD2 Summaries” (also referred to as “OBDII Summaries”) discussed below
9 and parts that increase regulated emissions that are not currently covered under
10 FCA’s California Emissions Warranty.

11 69. Due to FCA’s continuing conduct, Plaintiff is unable to rely on FCA
12 to properly identify all the parts that should properly be covered under the
13 California Emissions Warranty and thus Plaintiff will have no way of knowing in
14 the future whether FCA, in fact, is complying with the California Emissions
15 Warranty as required. Plaintiff is in the market to purchase another vehicle.
16 However, absent injunctive relief, Plaintiff will not know whether it makes sense
17 to spend her money on another FCA vehicle on account of FCA’s noncompliance
18 with the California Emissions Warranty and Plaintiff will have to deal with the
19 same sort of warranty coverage issues again, and, if Plaintiff does purchase
20 another FCA vehicle, Plaintiff might reasonably, but incorrectly, assume that FCA
21 complied with all the requirements of the California Emissions Warranty, when it
22 did not. To the extent that Plaintiff does not purchase another FCA vehicle, it will
23 be because, at least in part, she is unable to rely on FCA to comply with the
24 requirements of the California Emissions Warranty.

25 70. Therefore, Plaintiff seeks injunctive relief and/or declaratory relief
26 pursuant to 28 U.S.C. section 2201 that FCA is in violation of, and must comply
27 with, the California Emissions Warranty namely, and that FCA, *inter alia*, identify
28 and cover the Valve Train System and its components under the California

1 Emissions Warranty.

2 71. Further, the harm suffered by Plaintiff and members of the Classes
3 and perpetrated by FCA is not adequately compensable with damages. The entire
4 purpose of the California Emissions Warranty is to protect the environment. The
5 California Emissions Warranty was enacted by the State of California to restrict
6 harmful greenhouse gas emissions from gasoline and hybrid gasoline engines. The
7 fundamental purpose of the emissions requirements is to reduce emissions, limit
8 fuel consumption and increase fuel efficiency, by forcing manufacturers to repair
9 and/or replace failed emissions-related vehicle components under warranty,
10 thereby decreasing greenhouse gas emissions, including carbon dioxide emissions.

11 72. Indeed, motor vehicle use is the single greatest source of U.S. air
12 pollution and is the cause of more air pollution than any other human activity.
13 (Cars, Fuels, and Clean Air: A Review of Title II of the Clean Air Act
14 Amendments of 1990 (1991) 21 Env'tl. L. 1947, 1949). Many of these pollutants
15 consist of hydrocarbons and nitrous oxides which react to form photochemical
16 oxidants in the atmosphere. The most notorious of these photochemical oxidants is
17 ozone – the primary component of urban smog. (California Air Resources Bd.,
18 Staff Report: Proposed Regulations for Low-Emission Vehicles and Clean Fuels
19 (Aug. 13, 1990) at p. 3). Cars also produce nearly two-thirds of all carbon dioxide
20 emissions. Carbon dioxide content in the atmosphere is closely linked to global
21 temperature because the temperature of the Earth is primarily determined by the
22 balance between its absorption of energy from the Sun, and the reflection of a
23 portion of this energy back into space. Carbon dioxide – a greenhouse gas – traps
24 the energy and heat which would have otherwise escaped back into space, and re-
25 emits it, causing the warming of our atmosphere. This process is known as the
26 “greenhouse effect.”

27 73. Therefore, the State of California highly regulates emissions from
28 gasoline and hybrid gasoline engines, specifically greenhouse gas emissions. In

1 September 1990, pursuant to its broad authority to regulate and reduce
2 environmentally harmful vehicle emissions under Health and Safety Code §§
3 43013(a) and 43205, CARB submitted, and the Legislature adopted, California
4 Code of Regulation § 2035, *et seq.*, which requires all manufacturers to provide a
5 statutorily compliant emissions warranty to all vehicles distributed and registered
6 in California.

7 74. In September 2004, CARB approved the “Pavley” Greenhouse Gas
8 Regulations to control greenhouse gas emissions from new LEV II vehicles
9 beginning with the 2009 model year. These Greenhouse Gas Regulations added
10 four greenhouse gas air contaminants to the vehicular criteria and toxic air
11 contaminant emissions that California was already regulating –carbon dioxide
12 (CO₂), methane (CH₄), nitrous oxide (N₂O), and hydrofluorocarbons (air
13 conditioner refrigerants). The State and federal government have specifically
14 focused on regulating greenhouse gas emissions, including carbon dioxide
15 emissions. If a gas vehicle has a defect which increases fuel consumption, that
16 defect increases carbon dioxide emissions.

17 75. Notwithstanding State and federal regulations designed to protect our
18 air, monitoring shows that over 90 percent of Californians breathe unhealthy
19 levels of one or more air pollutants during some part of the year. Despite CARB’s
20 best efforts, in 2020, “there were 157 bad air days for ozone pollution—the
21 invisible, lung-searing gas in smog—across the vast, coast-to-mountains basin
22 spanning Los Angeles, Orange, Riverside and San Bernardino counties. That’s the
23 most days above the federal health standard since 1997.” (Barboza, Tony (Dec. 6,
24 2020) L.A. Began 2020 With A Clean-Air Streak but Ended with Its Worst Smog
25 in Decades, Los Angeles Times [<https://www.latimes.com/42alifornia/story/2020-12-06/2020-laair-quality-southern-california-pollution-analysis>].) One of the
26 reasons that our environment is in such a state of crisis is that corporations are
27 violating our very thoroughly formulated rules.
28

1 76. Accordingly, damages are inadequate to compensate for the
2 foregoing harms caused by FCA's violation, and continuing violation, of the
3 California Emissions Warranty. Money damages will not fix the harm caused by
4 Defendant's violation of emissions laws, which requires equitable relief to
5 prevent.

6 77. Further, FCA and vehicle manufacturers should not be able to shirk
7 their legal responsibilities simply by paying damages. Simply paying off
8 consumers undermines the entire purpose of the California Emissions Warranty
9 and will leave FCA in the position of being able to continue to violate the law and
10 increase harmful vehicle emissions by just paying damages. Ironically, this result
11 will leave Plaintiff and members of the Classes in an even worse position than by
12 simply receiving monetary compensation alone.

13 78. Moreover, payment of damages does not ensure that the emissions
14 parts will actually be repaired. That result will only be ensured by forcing FCA to
15 cover the repairs under the California Emissions Warranty as required.

16 79. Further, equitable relief is required because damages alone will not
17 be sufficient for Class members to identify all parts whose defects result in fault
18 codes identified in the OBDII Summaries being triggered. Only FCA has done the
19 analysis and knows the fault code logic that would allow for identification of all
20 required fault codes to CARB and all parts that give rise to those fault codes so
21 that those parts can be identified and properly covered under the California
22 Emissions Warranty. In effect, Plaintiff's request for equitable relief is the only
23 way to get FCA to do what it is required to do.

24 80. Plaintiff and other Class members still own Class Vehicles and in the
25 future will need to repair or replace fuel injectors in their vehicle while it is still
26 within the 7-year and 70,000-mile California Emissions Warranty period. At this
27 time, with regard to the Class Vehicles, FCA is refusing to provide California
28 Emissions Warranty coverage for Valve Train Systems and their components.

CARB DECLARATON

81. CARB has provided a Declaration from Allen Lyons, who, at the time the Declaration was made, was the Chief of the Emissions Certification and Compliance Division of CARB regarding the California Emissions Warranty. The Declaration (the “CARB Declaration”) was made “for the sole purpose of educating the Courts about CARB’s interpretation and implementation of California’s warranty requirements.” The CARB Declaration sets forth CARB’s interpretation of certain of the foregoing CCR provisions, including how to define a “warranted part” and a “high-priced” warranted part for purposes of the California Emissions Warranty.

82. The CARB Declaration states, in relevant part, that “warranted parts” under the California Emissions Warranty “include any components that can or are required to illuminate the OBD Malfunction Indicator Light (MIL) in the event of a malfunction, even if the primary function of the component is not emissions control, within the warranty period. (Cal. Code Regs., tit. 13, § 2037, subd. (b)(2).) The MIL is a light located on the driver’s side instrument panel that, when illuminated, is amber in color and displays “Check Engine/Powertrain,” “Service Engine/Powertrain Soon,” or the International Standards Organization (ISO) engine symbol; the MIL illuminates to notify the driver of detected malfunctions of OBD-monitored emissions systems on the vehicle. (Cal. Code Regs., tit. 13, § 1968.2, subds. (a), (d)(2.1.1) & (2.2.).)”

83. The CARB Declaration also clarifies the standard for determining whether a warranted part is emissions related. According to CARB, as set forth above, any vehicle part that causes or can cause the MIL to illuminate and/or affects regulated emissions is an emissions-related part under the California Emissions Warranty law. This is not the standard that FCA has been using.

84. The CARB Declaration further provides that “When calculating the cost of labor portion of the replacement cost equation, in order to determine if a

1 part is a “high-priced” warranted part for the purposes of California Code of
2 Regulations, title 13, section 2037, subdivision (c), manufacturers first calculate
3 the amount of time it would take to diagnose and repair or replace the part (the
4 labor hours). A dollar amount is then attributed to the number of labor hours to
5 come up with a cost of labor for each part. In doing this, manufacturers should use
6 the labor hours and associated costs that would be charged to consumers to
7 perform any required diagnosis and repairs to or replacement of the part, not the
8 labor hours that manufacturers’ service dealerships are allowed to charge
9 manufacturers.”

10 85. Thus, based on the CARB Declaration, FCA is required to provide 7
11 years or 70,000 miles warranty coverage for all components whose failure affects
12 any regulated emission and can or are required to illuminate the MIL, even if the
13 primary function of the component is not emissions control, and which are
14 considered high-priced based on the amount a consumer would pay for the parts
15 and labor associated with a defective component’s diagnosis and replacement.

16 86. Although the Valve Train System in Class Vehicles affects regulated
17 emissions and is considered a high-priced emissions related part, as further set
18 forth below, FCA, as a matter of custom and practice, has failed to cover the
19 Valve Train System and its components in Class Vehicles for 7 years or 70,000
20 miles as required by the CCR.

21 **THE VALVE TRAIN SYSTEM AND ITS**
22 **COMPONENTS ARE EMISSIONS-RELATED PARTS**

23 87. A part is considered a "warranted part" under California Code of
24 Regulations, Section 2035, if the part affects regulated emissions.

25 88. The Valve Train System in Class Vehicles effects regulated
26 emissions because, with regard to internal combustion engines such as the engines
27 installed in the Class Vehicles, the Valve Train System is used as a pathway to
28 insert gasoline and air, in a very precise mixture, into the combustion chamber.

1 The Valve Train System is also used to evacuate exhaust from the combustion
2 chamber. In order for the engines installed in the Class Vehicles to perform
3 properly and operate within an acceptable range, the combustion chamber has to
4 be a sealed environment. A properly functioning Valve Train System is essential
5 to ensuring that the combustion chamber is a sealed environment. When the Valve
6 Train System is defective, causing any exhaust or intake valve to leak, the
7 combustion chamber is no longer sealed, increasing regulated emissions.

8 89. A piston as used inside an internal combustion gasoline engine is a
9 lubricated sliding shaft that fits tightly inside a combustion chamber. The piston's
10 purpose is to compress a gasoline-air mixture, then when the compressed gasoline-
11 air mixture is compressed, it is ignited by a spark generated from a spark plug,
12 creating a small explosion. When the small explosion occurs, the piston's purpose
13 is to transfer the force generated by the small explosion into energy. The transfer
14 of energy occurs because downward pressure is placed on the piston from the
15 explosion. The piston is connected by a connecting rod to a crankshaft. When the
16 small explosion occurs, the piston is forced in a downward motion, turning the
17 crankshaft in a spinning motion. The spinning motion is ultimately transferred
18 through the transmission, driveshaft and axles, to the wheels of a vehicle, causing
19 forward and reverse vehicle motion. Modern internal combustion vehicle engines
20 usually have between 4 and 8 pistons, depending on engine and vehicle size. All
21 of the engine's pistons work in harmony with each other and are connected to the
22 crankshaft.

23 90. In order for the piston to be able to compress the gasoline-air mixture
24 properly, the piston and combustion chamber must be a sealed environment, so
25 that when the piston slides up, no gasoline or air leaks outside of the combustion
26 chamber, causing the gasoline and air to compress. If any gasoline or air leak
27 outside of the combustion chamber, the amount of gasoline and air that does ignite
28 inside the combustion chamber is not the intended quantity of gasoline and air,

1 and because the pounds per square inch of compression is not as intended, the
2 small explosion that is generated is not as powerful as it would otherwise be, again
3 increasing regulated emissions. Finally, the aforementioned leaking that occurs if
4 the piston and combustion chamber are not a sealed environment may also cause
5 engine misfire, which increases regulated emissions.

6 91. Similarly, if the piston and combustion chamber are not a sealed
7 environment, when the gasoline and air ignite, creating the small explosion inside
8 the combustion chamber, some of the pressure generated by the small explosion
9 leaks. The leaked pressure reduces the amount of force being applied to the piston.
10 This reduces the velocity of the piston's downward motion, wasting the power that
11 is generated, and increasing regulated emissions.

12 92. Intake and exhaust valves are part of the combustion chamber. The
13 intake and exhaust valves, which collectively make up the Valve Train System,
14 open and close to either insert gasoline and air, or remove exhaust. When an
15 intake valve is not open, performing its function as stated herein, in order for an
16 engine to run properly, the valve must be closed and not leak. If an intake or
17 exhaust valve is defective and leaking, the leaking will result in the combustion
18 chamber no longer being a sealed environment, resulting in an increase in
19 regulated emissions. As a result, CARB regards the Valve Train System and its
20 components as emissions-related parts.

21 93. Specifically, as stated herein, on June 1, 1990, CARB published a
22 document entitled "Emissions-Related Parts List" which specifically identifies the
23 Valve Train System and its components as emissions-related parts.

24 94. FCA's own documents, including FCA's OBDII summaries
25 discussed below submitted to CARB as part of the vehicle certification process,
26 identify the specific fault codes relating to the Valve Train System that directly
27 correlate with increased emissions and confirm an emissions-related defect. Also,
28 as confirmed by FCA's OBDII summaries, these fault codes cause the OBDII

1 MIL to be illuminated. The fault codes identified in FCA's OBDII summaries
2 confirm that there is a defect relating to an emissions related part.

3 95. As explained above, all of the Class Vehicles are equipped with an
4 OBDII onboard diagnostic system. The system uses sensors to gather data which
5 is evaluated using OBDII fault code logic. If the OBDII logic determines that the
6 data is outside of an acceptable range, a fault code is triggered, identifying a defect
7 which increases regulated emissions. When FCA seeks certification of vehicles for
8 distribution in California, FCA is required, pursuant to 13 CCR 1968.2, to provide
9 CARB with all of FCA's OBDII fault codes and the corresponding logic.

10 Accordingly, when a part that is, or should be, covered under the California
11 Emissions Warranty fails, triggering an OBDII fault code, it fails to perform as
12 described in the vehicle's application for certification. Upon information and
13 belief, these fault codes are submitted to CARB by FCA as "OBDII Summary
14 Tables." FCA submitted OBDII Summary Tables or similar documents to CARB
15 for every Class Vehicle and for every model year that the vehicles were certified
16 for sale in California and that are at issue in this case.

17 96. The OBDII Summary Tables identify the Components/Systems
18 monitored by OBDII, the acceptable ranges relating to the data gathered, the
19 corresponding emission fault codes and that the MIL will be triggered when a
20 defect is identified. The purpose of the OBDII system, as confirmed in the CCR, is
21 specifically to monitor emissions-related components. This is why FCA is
22 required to develop a compliant OBDII system which identifies emissions related
23 defects, triggering a fault code and a MIL. The fault codes are used to assist
24 technicians in repairing the vehicles, whereas the MIL is used to alert the driver of
25 a defect. This means that every defect that triggers the emissions fault codes
26 identified by FCA in the OBDII Summary Tables and the MIL is, by definition, an
27 emissions-related defect. The OBDII Summary Tables, among other documents,
28 identify the parts that have not already been identified as emissions-related parts

1 by FCA in its warranty books but which, when defective, can or do trigger an
2 emissions fault code and result in illumination of the MIL.

3 97. Therefore, FCA is required to cover under the California Emissions
4 Warranty any defect that triggers a fault code identified by FCA in its OBDII
5 Summary Tables submitted to CARB or that should properly be identified on the
6 OBDII Summary Tables, because such a defect affects regulated emissions.

7 98. A defect in the Valve Train System that triggers emissions fault codes
8 in the OBDII system and identified on the OBDII Summary Tables will also cause
9 the MIL to illuminate.

10 99. Furthermore, defects in the Valve Train System will trigger multiple
11 codes and will illuminate the check engine light.

12 100. The foregoing framework and analysis addresses and precludes any
13 potential “slippery slope” argument or concern that every vehicle part could
14 potentially be “emissions-related.” This litigation is not dependent on the assertion
15 that “emissions-related parts” are defined as every part in the OBDII system.
16 Rather, this litigation asserts that there should be California Emissions Warranty
17 coverage, at the very least, for the parts, components, or systems whose defects
18 trigger fault codes identified on the OBDII Summary Tables and cause the MIL to
19 be illuminated. This includes the Valve Train Systems installed on Class Vehicles.
20 This is because said parts undeniably are “emissions-related” and fail in a manner
21 that increases regulated emissions.

22 101. FCA knows which fault codes these are because FCA is required to
23 provide to CARB all the fault codes that trigger a MIL and the specific emissions-
24 related conditions that trigger the fault codes as set forth in the OBDII Summary
25 Tables. Further, as confirmed in the CARB Declaration, emissions-related parts
26 include any components that “can” or are required to illuminate the MIL in the
27 event of a malfunction, even if the primary function of the component is not
28 emissions control.

“Appendix B” Parts

102. Similar to 13 CCR section 2035, 13 CCR Section 2601(i) states that an “‘Emissions-related part’ means any vehicle part which affects any regulated emissions from a vehicle that is subject to California or federal emissions standards and includes, but is not limited to, those parts specified in the ‘Emissions-Related Parts List,’ adopted by the State Board on November 4, 1977, as last amended June 1, 1990.”

103. Similarly, 13 CCR Section 1900(b)(3) states that “‘Emissions-related part’ means any automotive part, which affects any regulated emissions from a motor vehicle which is subject to California or federal emission standards. This includes, at a minimum, those parts specified in the ‘Emissions-Related Parts List,’ adopted by the State Board on November 4, 1977, as last amended June 1, 1990.”

104. The “Emissions-Related Parts List” is contained at 13 CCR Appendix B, which states that “The following list of components are examples of emission related parts as defined in Section 1900(b)(3), Chapter 3, Title 13, California Code of Regulations.” Emphasis added. Therefore, FCA is required to cover as “emissions-related” parts under the California Emissions Warranty (in addition to the Valve Train System), any vehicle part specifically identified on Appendix B. As confirmed in the CARB Declaration, in Appendix B, and in the Regulations, “emissions-related parts” are not limited to the emissions control system only.

105. Valve Train Systems and their components should be covered under the California Emissions Warranty because these parts affect regulated emissions as alleged herein, and because *valve trains are explicitly identified as emissions-related parts on Appendix B*. Appendix B lists “Valve Trains,” as well as each of the component parts that make up the Valve Train System, as defined herein, as emissions related parts. See Appendix B, III.A.

THE COMPONENTS OF THE VALVE TRAIN SYSTEM ARE HIGH-PRICED WARRANTED PARTS

106. As part of the certification process for a vehicle, the manufacturer determines which parts it considers to be “emissions parts” and submits a list of those parts to CARB. Section 2037(c). At the same time, the manufacturer also identifies the parts from the emissions parts list that the manufacturer has determined, based on the cost calculation set forth in the CCR, exceeds the cost limit and therefore are “high-priced” parts entitled to extended 7- year/70,000-mile coverage.

107. California Code of Regulations Section 2037(c)(1) states that in calculating whether an individual replacement cost at the time of certification exceeds the cost limit, “the replacement cost shall be the retail cost to a vehicle owner and include the cost of the part, labor, and standard diagnosis.” Similarly, Section 2037(c)(2) states that “the replacement cost shall be the retail cost to a vehicle owner and include the cost of the part, labor, and standard diagnosis.”

108. On July 9, 2014, CARB published Manufacturer’s Advisory Correspondence (MAC) 2014-01 (“MAC 2014”). The subject of MAC 2014 was entitled “Cost Limit For High-Priced Warranted Parts For 2015 Model-Year (MY) Passenger Cars (PCs), Light-Duty Trucks (LDTs), Medium-Duty Vehicles (MDVs) And Engines Used In These Vehicles (MDEs), And Off-Road Large Spark-Ignition Engines (LSIEs), and Alternative Fuel Retrofit Systems Certified During Calendar Year (CY) 2014 And CY 2015 Installed In On-Road PCs, LDTs, MDVs And Heavy-Duty Vehicles.”

109. Relevant here is that MAC 2014 “identifies the cost limit for high-priced warranted parts of MY2015 [passenger cars].” Because Class Vehicles are passenger cars, MAC 2014 establishes that the cost limit for high-priced warranted parts for the Subject Vehicle is \$590.00.

110. Pursuant to 13 CCR §2037(c) or §2435(b), as applicable, the cost

limit for high-priced warranted parts for model year 2015 passenger cars is calculated using the annual average nationwide urban consumer price index (CPI) for 2013—the calendar year two years prior to the model-year for which the cost limit is being calculated. This CPI is published by the U.S. Bureau of Labor Statistics. When rounded to the nearest ten dollars, the model year 2015 cost limit is \$590.00, as calculated below:

$$\begin{aligned}\text{MY2015 Cost Limit} &= \$300 \times (\text{calendar 2013 CPI/baseline CPI}) \\ &= \$300 \times (232.0/118.3) \\ &= \$590.00\end{aligned}$$

111. The \$590.00 cost limit accounts for the total cost to diagnose and replace a warranted part. When the cost to diagnose and replace a warranted part exceeds \$590.00, then the warranted part’s replacement, by operation of law, must be provided warranty coverage for 7 years or 70,000 miles—whichever occurs first.

112. Further, under a section entitled “High-Priced Warranted Parts Cost Documentation in the Applications for Certification” the MAC makes explicit that “[m]anufacturers must submit in their applications for certification the documentation used to identify the high-priced warranted parts in accordance with 13 CCR §2037(c)(3), §2435(b)...[T]he documentation shall include all emission-related parts costing more than \$490...(i.e., calculated cost limit minus \$100) to replace...This documentation shall substantiate that the list includes all potential high-priced parts. The documentation shall include the estimated retail parts costs, labor rates in dollars per hour, and the labor hours necessary to replace the parts including standard diagnosis. If the labor hours being charged for customer-pay repairs are different from those specified by the manufacturer for warranty repairs, the manufacturer shall substantiate the labor hours specified. All applications and required documentation (i.e., high-priced warranted parts list, potential high-priced parts, and cost calculations) must be submitted using the CARB’s

Document Management System.”

113. On information and belief, FCA has never identified any of the components of the Valve Train System in Class Vehicles as emissions-related parts for which it does a high-priced cost analysis. Regardless, all of the Valve Train Systems in Class Vehicles are inarguably comprised of parts which all are high-priced parts, because the replacement cost of each of the components of the Valve Train System exceed \$750, and have exceeded \$750 for the entirety of the time period relevant to this case. The high-cost limit has never equaled or exceeded \$750, and thus, the cost of diagnosing and repairing the components of the Valve Train System have always exceeded the high-cost limit for all Class Vehicles in all model years.

114. Thus, by failing to provide a 7 years or 70,000 miles warranty for the Valve Train System in Class Vehicles, FCA violated the UCL.

CLASS ACTION ALLEGATIONS

115. Plaintiff re-alleges and incorporates by reference each allegation set forth above.

116. Plaintiff brings this action on her own behalf, as well as on behalf of all Class members similarly situated, pursuant to Federal Rules of Civil Procedure Rules 23(a), (b)(1), (2) and/or (3) and/or (c)(4).

117. Plaintiff reserves the right to redefine the Class and Subclasses and to add subclasses as appropriate based on further investigation, discovery, and specific theories of liability.

118. FCA’s California Emission Warranty applies to vehicles purchased and registered in States which, in the year the vehicle was distributed, had adopted the California Emissions Warranty, i.e., “Reg. 177 States” or “Section 177 States.”

119. On information and belief, FCA’s California Emission Warranty applies to vehicles purchased and registered in California, Connecticut, Delaware, Maine, Maryland, Massachusetts, New Jersey, New York, Oregon, Pennsylvania,

1 Rhode Island, Vermont, or Washington (i.e., “Reg. 177 States” or “Section 177
2 States,” namely, States that have adopted California’s vehicle emissions criteria
3 pollutant and greenhouse gas (GHG) emission regulations under Section 177 of
4 the Clean Air Act, 42 U.S.C. §7507).

5 120. Defendant’s emissions warranty representations arise out of
6 California law that Defendant must apply outside of California to the vehicles in
7 the States listed. Accordingly, Defendant’s conduct was specifically intended to
8 have effects outside of California and was specifically intended to apply to
9 vehicles and members of the Classes in those States that Defendant chose to
10 include by the express terms of the California Emissions Warranty.

11 121. Under these unique circumstances, California has a specific interest
12 in regulating conduct outside of California that specifically invokes California
13 emissions requirements and California emissions regulations and has an interest in
14 preventing illegal practices that involve breach of California Emissions Warranty
15 law that Defendant has chosen to invoke outside of California in the States
16 covered by the Reg. 177 Class and Subclass. As Defendant seeks to apply the
17 California Emission System Warranty to members of the Classes and vehicles in
18 the listed States outside of California, members of the Classes in those States
19 likewise should be included in a claim that seeks to vindicate their rights under
20 that same warranty in California and should have the ability to have their rights
21 under that warranty asserted in California and pursuant to California law.

22 122. FCA’s own express application of the California Emissions Warranty
23 constitutes a sufficient connection between California and out-of-state potential
24 Class members. Further, FCA’s misconduct, namely, FCA’s failure to identify all
25 emissions-related, high-priced warranted parts to CARB, a California regulator,
26 occurred in California, and even out-of-state purchasers were harmed by FCA’s
27 conduct that occurred in California. FCA failed to disclose, in its submissions to
28

1 CARB, the parts that are properly covered by the California Emissions Warranty,
2 including, but not limited to, the Valve Train System and its components.

3 123. FCA is solely responsible for selecting and identifying to CARB all
4 of the parts that should be classified as emissions warranted parts, and high-priced
5 warranted parts, and FCA failed to include the Valve Train System and its
6 components. Californians and out-of-state potential Class members in the
7 additional States covered by the California Emissions Warranty suffered an
8 identical harm – they were forced to pay the costs of Valve Train System
9 diagnosis, repair, or replacement, which should have been covered by FCA under
10 the California Emissions Warranty, and were provided with warranties which
11 were less valuable than the warranties they were legally entitled to at the time they
12 purchased or leased their Class Vehicles. Under these unique circumstances,
13 California has the greater interest in applying California’s consumer laws to
14 enforce compliance with the California Emissions Warranty than the other States
15 have in using their consumer laws to enforce the same Regulation. California has a
16 specific interest in regulating conduct outside of California that invoke California
17 emissions requirements and regulations, and California has an interest in
18 preventing illegal practices that involve breach of California emissions law that
19 Defendant has chosen to invoke outside of California in the specific States
20 covered. California also has a supreme interest in applying its own consumer
21 protection laws in ensuring that the California Emissions Warranty is properly
22 interpreted and applied wherever FCA has chosen to invoke it.

23 124. Under the facts of this case, the law of California should be applied
24 because California’s interest would be impaired if its consumer laws designed to
25 enforce the California Emissions Warranty were subordinated to consumer laws of
26 the other States. Other jurisdictions’ interests in applying their own consumer
27 protection laws to their own residents do not strongly outweigh the interest
28 California has in applying its consumer protection laws to enforce the California

1 Emission Warranty with respect to the specific potential out-of-state members of
2 the Classes identified herein. Therefore, the Classes alleged herein include persons
3 who purchased or leased Class Vehicles that are registered in States other than
4 California.

5 125. There is sufficient similarity among all the Class Vehicles and FCA's
6 conduct as defined herein in that, among other things, all of the vehicles in the
7 proposed Classes are subject to the same California Emissions Warranty and the
8 same requirements that FCA report all emissions-related components to CARB
9 pursuant to the CCR. FCA has acted in a uniform manner with respect to all Class
10 Vehicles by failing to properly cover Valve Train Systems and their components
11 in the Class Vehicles as required under the California Emissions Warranty and as
12 described herein.

13 126. In sum, there are multiple clear nexuses between California and the
14 other states: each state at issue chose to use California's Emissions Warranty law;
15 FCA chose to incorporate California's emissions warranty into its warranty in
16 other states; and FCA allegedly made misrepresentations to California's regulator,
17 CARB. Further, there is no credible contention that these other states would
18 choose to apply their own consumer protection law in this situation, given that
19 they have already chosen to piggyback off California's consumer protection law.
20 California and the other states each have an interest in having California's law
21 interpreted correctly: their interests are not in tension, and even if they must be
22 balanced, California's outweighs the other states.

23 127. Accordingly, Plaintiff's proposed Class and Subclasses (collectively
24 referred to herein as the "Class" or the "Classes") consist of and are defined as
25 follows:

26 California Class and Subclass:

27 All persons in the State of California who have been
28 owners or lessees of Class Vehicles and whose Valve

1 Train Systems are not covered for 7 years or 70,000 miles
(the “California Class”).

2 All persons in the State of California who have been
3 owners or lessees of Class Vehicles and who have paid
4 for repairs and parts pertaining to defective Valve Train
5 Systems which occurred prior to 7 years or 70,000 miles
(the “California Out-of-Pocket Subclass”).

6 Reg. 177 Class and Subclass:

7 All persons who have been owners or lessees of Class
8 Vehicles in a State which, in the year their vehicle was
9 distributed, had adopted the California Emissions
10 Warranty (i.e., “Reg. 177 States” or “Section 177 States”) and whose Valve Train Systems are not covered for 7 years or 70,000 miles (the “Reg. 177 Class”).

11 All persons who have been owners or lessees of Class
12 Vehicles in a State which, in the year their vehicle was
13 distributed, had adopted the California Emissions
14 Warranty (i.e., “Reg. 177 States” or “Section 177 States”) and who have paid for repairs and parts pertaining to defective Valve Train Systems which occurred prior to 7 years or 70,000 miles (the “Reg. 177 Out-of-Pocket Subclass”).

15 Excluded from the Classes and Subclasses are Defendant,
16 and its subsidiaries and affiliates; its current and former
17 officers, directors, and employees (and members of their
18 immediate families); and the legal representatives, heirs,
19 successors or assigns of any of the foregoing. Also
20 excluded are any judge, justice, or judicial officer
presiding over this matter and the members of their
immediate families and judicial staff.

21
22 128. On behalf of the members of the Classes, Plaintiff seeks declaratory
23 judgment/relief pursuant to 28 U.S.C. section 2201 et seq as to, *inter alia*, (1) that
24 the Valve Train System and its components in the Class Vehicles are ‘emissions-
25 related parts’ and high-priced’ warranty part; (2) that FCA has used, and
26 continues to use, the wrong or incorrect standards for identifying “emission-
27 related” parts and “high-priced warranty parts” under the California Emissions
28 Warranty; (3) that FCA failed and is failing to properly identify and warrant under

1 the California Emissions Warranty all of the parts, components or systems in
2 addition to the Valve Train System and its components, that should have been
3 properly covered for emissions-related defects as identified, *inter alia*, per the
4 fault codes on the Class Vehicles OBDII Summaries described herein, per
5 Appendix B to the CARB regulations and/or as high-priced warranty parts; and/or,
6 (4) that Plaintiff and members of the Classes are entitled to warranty coverage
7 under the California Emissions Warranty for all FCA vehicle parts not properly
8 identified as warranted parts under the California Emissions Warranty as
9 described or defined herein.

10 129. On behalf of the members of the Classes, Plaintiff seeks
11 reimbursement or restitution for, *inter alia*, the out of pocket expenses, including
12 diagnostic fees for amounts wrongfully paid by Plaintiff and members of the
13 Classes relating to repairs that should have been covered by the FCA's California
14 Emissions Warranty during the Class periods.

15 130. There are common questions of law and fact as to members of the
16 Classes and Subclasses that predominate over questions affecting only individual
17 members, including, but not limited to:

- 18 (a) Whether FCA has failed and is failing to acknowledge that all of the
19 components of the Valve Train System installed in the Class Vehicles
20 should be covered under the 7-year, 70,000-mile California
21 Emissions Warranty, pursuant to California law;
- 22 (b) Whether FCA's failure to comply with the California Emissions
23 Warranty by failing to provide a 7-year, 70,000-mile California
24 Emissions Warranty for all of the components of the Valve Train
25 Systems installed in the Class Vehicles damaged Class members
26 when they purchased or leased a Class Vehicle with a less valuable
27 warranty than they were entitled to;
- 28

- 1 (c) Whether FCA engaged in and is engaging in a systematic business
2 practice of failing to identify that the components of the Valve Train
3 System installed in the Class Vehicles should be covered under the 7-
4 year, 70,000-mile California Emissions Warranty, pursuant to
5 California law;
- 6 (d) Whether FCA's conduct is an unlawful and unfair business practice
7 in violation of California Business & Professions Code section
8 17200, *et seq.*;
- 9 (e) Whether Plaintiff and Class members are entitled to declaratory and
10 injunctive relief regarding FCA's failure to identify that the
11 components of the Valve Train System installed in the Class Vehicles
12 should be covered under the 7-year, 70,000-mile California
13 Emissions Warranty, pursuant to California law; and,
- 14 (f) The appropriate remedy for FCA's violations of California law.

15 131. There is a well-defined community of interest in the litigation and the
16 Class members are readily ascertainable:

- 17 (a) Numerosity: The Class members are so numerous that joinder of all
18 Class members would be unfeasible and impractical. The
19 membership of the entire Class is unknown to Plaintiff at this time;
20 however, the Class is estimated to be greater than one hundred (100)
21 individuals and the identity of such membership is readily
22 ascertainable by inspection of Defendant's records.
- 23 (b) Typicality: Plaintiff is qualified to, and will, fairly and adequately
24 protect the interests of each Class member with whom she has a well-
25 defined community of interest, and Plaintiff's claims (or defenses, if
26 any) are typical of all Class members as demonstrated herein.
- 27 (c) Adequacy: Plaintiff is qualified to, and will, fairly and adequately
28 protect the interests of each Class member with whom she has a well-

defined community of interest and typicality of claims, as demonstrated herein. Plaintiff acknowledges that she has an obligation to make known to the Court any relationship, conflicts or differences with any Class member. Plaintiff's attorneys, the proposed Class counsel, are versed in the rules governing class action discovery, certification, and settlement. Plaintiff has incurred, and throughout the duration of this action, will continue to incur costs and attorneys' fees that have been, are, and will be necessarily expended for the prosecution of this action for the substantial benefit of each Class member.

(d) Superiority: The nature of this action makes the use of class action adjudication superior to other methods. A class action will achieve economies of time, effort, and expense as compared with separate lawsuits, and will avoid inconsistent outcomes because the same issues can be adjudicated in the same manner and at the same time for the entire class.

TOLLING OF THE STATUTE OF LIMITATIONS

132. FCA engaged in misleading and dishonest conduct relating to its failure to identify all of the parts, including the Valve Train System, that should be covered pursuant to the California Code of Regulations regarding the California Emissions Warranty. Despite acting diligently, Plaintiff and Class members lacked the resources and had no realistic ability to identify the specific parts that should have been covered. Plaintiff and Class members cannot be reasonably expected on their own to learn or discover what parts should be covered under the California Emissions Warranty. Therefore, the delayed discovery rule is applicable to the claims asserted by Plaintiff and Class members, and the statute of limitations for bringing the claims set forth herein should be tolled.

133. FCA has actual and constructive knowledge that it is violating California law by failing to identify all of the parts that should be covered under the California Emissions Warranty. FCA has concealed from Plaintiff and Class members that FCA is violating California law as set forth herein. Any applicable statute of limitation is tolled by FCA's wrongful conduct set forth herein, and FCA is estopped from relying on any statute of limitation because of its conduct.

FIRST CAUSE OF ACTION

Violation of California Unfair Competition Law

(Cal. Bus. & Prof. Code §§ 17200, *et seq.*)

By Plaintiff, the California Class, and the Reg. 177 Class Against Defendant

134. Plaintiff re-alleges and incorporates by reference each allegation set forth above.

135. California Business and Professions Code section 17200, *et seq.* (the "UCL") prohibits "any unlawful, unfair or fraudulent business act or practice." FCA has committed acts of unfair competition proscribed by the UCL, including the acts and practices alleged herein.

136. The UCL imposes strict liability. Plaintiff need not prove that FCA intentionally or negligently engaged in unlawful or unfair business practices – only that such practices occurred.

137. FCA is a "person" as defined by Business & Professions Code § 17201.

138. As a direct and proximate result of FCA's acts and practices in violation of the UCL, Plaintiff and members of the Classes have suffered injury in fact and lost money or property as set forth above and will continue to do so.

Unlawful Prong

139. A business practice is "unlawful" under the UCL if it is forbidden by law or regulations, including standard of professional conduct. The violation of any law or regulation may serve as the predicate for a violation of the "unlawful"

1 prong of the UCL.

2 140. FCA failed to comply with the California Emissions Warranty
3 requirements pursuant to the CCR by failing to provide 7-year and 70,000-mile
4 warranty coverage for all of the components of the Valve Train Systems installed
5 in the Class Vehicles where coverage should be provided pursuant to the CCR.
6 The California Emissions Warranty applies to all Class Vehicles. 13 CCR 2037(a).
7 Pursuant thereto, manufacturers shall warrant that vehicles conform with CARB
8 regulations, and are free from defects which cause the failure of a warranted part
9 to perform as described in the application for certification, including defects which
10 would cause the vehicle's on-board diagnostic malfunction indicator to illuminate,
11 for 3 years or 50,000 miles. 13 CCR 2037(b)(1)- (2). The vehicle manufacturer is
12 FCA, which is the manufacturer granted certification for the Class Vehicles. 13
13 CCR 2035(c)(5). The parts at issue are all warranted parts. The warranty period
14 shall be 7-years and 70,000-miles for high-priced emissions parts. 13 CCR
15 2037(b)(3). High-priced emissions parts are those parts which, when taking into
16 consideration the cost to diagnose, replace and pay for the failed part, exceed the
17 cost limit defined in 13 CCR 2037(c)(3). CARB published memos which
18 calculated the cost limit for the Class period.

19 141. Although the cost to repair any and all of the components of the
20 Valve Train Systems installed in the Class Vehicles exceeded the cost limit for the
21 correlating years and should have received California Emissions Warranty
22 coverage, FCA failed to provide 7-year and 70,000-mile warranty coverage for
23 said parts. The failure was unlawful and has resulted in damage to Plaintiff and
24 members of the Classes.

25 142. FCA did not designate the parts at issue as “emissions-related” and/or
26 high-priced warranted parts that should be covered by the 7-year and 70,000-mile
27 California High-Cost Emissions-Related Parts Warranty. Thereby, FCA also was
28 able to avoid identifying all of the components of the Valve Train Systems

1 installed in the Class Vehicles as defined herein where coverage should be
2 provided pursuant to the CCR as being high-priced warranted parts in the warranty
3 books for the Class Vehicles, which purport to identify all parts covered under the
4 high-priced California Emissions Warranty for 7 years and 70,000 miles. Thus,
5 FCA's violation of Section 2037(c)(1)(B) directly affected communications with
6 consumers. By violating Section 2037(c)(1)(B), FCA was able to avoid disclosing
7 in the warranty books that all of the components of the Valve Train System should
8 have been included as a high-priced warranted parts.

9 143. FCA's conduct is unlawful because it violates the California Code of
10 Regulations, including, *inter alia*, the requirement under Section 2037(c)(1)(B) of
11 the California Code of Regulations, by failing to provide coverage under the
12 California Emissions Warranty and pursuant to FCA's warranty book.

13 144. FCA's acts of unlawful competition as set forth above have caused
14 members of the Classes to suffer damage, present a continuing threat and will
15 persist and continue to do so unless and until this Court issues appropriate
16 injunctive relief. Plaintiff also seeks attorneys' fees and costs pursuant to, *inter*
17 *alia*, C.C.P. Section 1021.5.

18 **Unfair Prong**

19 145. FCA's conduct violates the unfair prong of the UCL.

20 146. An act or practice is unfair if the consumer injury is substantial, is not
21 outweighed by any countervailing benefits to consumers or to competition and is
22 not an injury the consumers themselves could reasonably have avoided. An act or
23 practice also is unfair if it offends an established public policy or is immoral,
24 unethical, oppressive, unscrupulous or substantially injurious to consumers. An act
25 or practice also is unfair if Plaintiff's claims are "tethered" to specific
26 constitutional, statutory or regulatory provisions. FCA's conduct violates all of
27 these definitions.

28 147. As alleged above, FCA engages and has engaged in a systematic

1 business practice of failing to identify in the Class Vehicles' warranty books at the
2 time of distribution, and in resources provided to its dealerships, numerous parts
3 that FCA is obligated to identify as high-priced warranted parts and emission
4 related parts by operation of law, including specifically all of the components of
5 the Valve Train Systems installed in the Class Vehicles where coverage should be
6 provided pursuant to the CCR. FCA does this in an effort to reduce the amount of
7 money that FCA spends on warranty-related repairs knowing that it would be very
8 difficult if not impossible for most consumers to discover this unlawful conduct. If
9 FCA complied with California law and properly identified all of the components
10 of the Valve Train System as a high-priced warranted parts, then FCA dealerships
11 would properly provide warranty coverage for them. Further, FCA's conduct is
12 unfair because it refuses to provide warranty coverage for all of the components of
13 the Valve Train Systems installed in the Class Vehicles as defined herein for the
14 sole purpose of wrongfully limiting its warranty claims, with no regard for the fact
15 that the public is being forced to pay for repairs which should be covered under
16 the 7-year and 70,000-mile California Emissions Warranty. Plaintiff and members
17 of the Classes have suffered injury in fact and lost money or property as a result of
18 FCA's unfair business acts and practices as set forth in detail.

19 148. FCA's failure to properly identify all of the components of the Valve
20 Train Systems installed in the Class Vehicles where coverage should be provided
21 pursuant to the CCR, is a uniform systematic business practice on the part of FCA
22 to minimize the amount of money that FCA has to pay out in warranty claims.
23 This conduct violates California law.

24 149. As a direct and proximate result of FCA's acts and practices in
25 violation of the UCL, Plaintiff and members of the Classes have paid out of
26 pocket to repair or replace any and all of the components of the Valve Train
27 Systems installed in the Class Vehicles where coverage should be provided
28 pursuant to the CCR by FCA under the 7-year and 70,000-mile California

1 Emissions Warranty. As a result, consumers were denied warranty coverage,
2 which is unfair.

3 150. FCA's conduct does not benefit consumers or competition. Plaintiff
4 and members of the Classes could not reasonably avoid the injury each of them
5 suffered or will suffer, which injury is substantial. FCA's conduct only benefits
6 FCA, by FCA wrongfully avoiding having to pay warranty claims which should
7 be covered by the California Emissions Warranty.

8 151. The gravity of the consequences of FCA's conduct as described
9 above outweighs the justification, motive or reason therefor, is immoral, unethical
10 and unscrupulous. FCA's conduct also offends established public policy that is
11 tethered to legislatively declared policies as set forth in the laws detailed above,
12 including California laws and regulations regarding the California Emissions
13 Warranty, or is substantially injurious to the public, for the reasons set forth
14 above.

15 152. To the extent that any definition of "unfair" requires a balancing test
16 or weighing various factors, such an inquiry is fact intensive and requires a full
17 factual record as to FCA's justification and motives for its conduct, and as to the
18 impact of FCA's conduct on Plaintiff and members of the Classes.

19 153. FCA's acts of unfair competition as set forth above present a
20 continuing threat and will persist and continue to do so unless and until this Court
21 issues appropriate injunctive relief. Plaintiff also seeks attorneys' fees and costs
22 pursuant to, inter alia, C.C.P. § 1021.5.

23 **PRAYER FOR RELIEF**

24 WHEREFORE, Plaintiff, on behalf of herself and all others similarly
25 situated, prays for relief and judgment against FCA as follows:

26 (a) An order certifying the proposed Classes, designating Plaintiff as named
27 representative of the Classes, and designating the Plaintiff's Counsel as Class
28 Counsel;

1 (b) A declaration that FCA is financially responsible for notifying all
2 members of the Classes about the wrongful conduct set forth herein; that FCA's
3 conduct as alleged herein violates the California Emissions Warranty including,
4 without limitation, that FCA has used, and continues to use, the wrong or incorrect
5 standards for identifying "emission-related" parts and "high-priced warranty
6 parts" under the California Emissions Warranty; that FCA failed and is failing to
7 properly identify and warrant under the California Emissions Warranty all of the
8 components of the Valve Train Systems in Class Vehicles; and/or that Plaintiff
9 and the members of the Classes are entitled to warranty coverage under the
10 California Emissions Warranty for Valve Train Systems installed in Class
11 Vehicles under the California Emissions Warranty described or defined herein;

12 (c) An order requiring FCA to (1) review its warranty books for all Class
13 Vehicles and properly identify and warrant all "emissions-related parts" and (2)
14 for all such parts, and for all parts that FCA already identified in its warranty
15 books or that FCA previously identified and submitted to CARB as "emissions
16 parts" or "emissions-related parts," recalculate whether those parts, in fact, should
17 properly be characterized as "high priced parts" when the correct, rate is used; (3)
18 on a going forward basis, use the proper standard for determining whether a part is
19 "emissions-related" under the California Emissions Warranty; (4) otherwise
20 accurately and comprehensively apply the CCR in order to properly identify all
21 parts as defined and limited herein that should be covered under the California
22 Emissions Warranty; and, (5) reimburse both Plaintiff and members of the Classes
23 for the money wrongfully paid by Plaintiff and members of the Classes relating to
24 repairs which should have been covered by FCA under the California Emissions
25 Warranty;

26 (d) An award to Plaintiff and members of the Classes of any repair costs
27 they are owed, reimbursement for all out-of-pocket expenses, including diagnostic
28 costs, that Class Members paid for repairs that should properly have been covered

1 by FCA under the California Emissions Warranty and other amounts to which
2 they may be legally entitled;

3 (e) An award to Plaintiff and members of the Classes of damages in an
4 amount to be proven at trial;

5 (f) An award of attorneys' fees and costs as allowed by law and/or pursuant
6 to California Code of Civil Procedure § 1021.5;

7 (g) An award of pre-judgment and post-judgment interest;

8 (h) Leave to amend the Complaint to conform to the evidence produced at
9 trial; and,

10 (i) Other relief as may be appropriate under the circumstances.

11
12 Dated: December 14, 2022

Respectfully submitted,

13 **POMERANTZ LLP**
14 **THE LAW OFFICE OF ROBERT STARR**
FRONTIER LAW CENTER

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