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13 SUPERIOR COURT OF THE STATE OF CALIFORNIA FOR THE COUNTY OF ORANGE,
14
15 CENTRAL JUSTICE CENTER

16 THE PEOPLE OF THE STATE OF
17 CALIFORNIA,

18 Plaintiff,

19 vs.

20 EZ LUBE, INC.;
21 EZ LUBE, LLC;

22 Defendant(s)

Case No.:

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

23 Plaintiff, the People of the State of California (“Plaintiff” or the “People”), by and
24 through Tony Rackauckas, District Attorney of the County of Orange, alleges on information
25 and belief:

26 **VENUE AND JURISDICTION**

27 1. Tony Rackauckas, District Attorney of the County of Orange, by Michelle
28 Cipolletti, Deputy District Attorney, acting to protect the public from unlawful or unfair business

1 practices, and false or misleading advertising brings this suit in the public interest and in the
2 name of the People of the state of California.

3 2. Plaintiff, by this action and pursuant to Business and Professions Code sections
4 17200 et seq. and Business and Professions Code section 17500, et seq. seeks to enjoin
5 Defendants from engaging in unfair, fraudulent or unlawful business practices, and false and/or
6 misleading advertising as alleged herein and seeks to obtain civil penalties, restitution and costs
7 for the defendants' violations of the above-mentioned statutes.

8 3. The Orange County District Attorney's Office brings this action at the request of
9 the Bureau of Automotive Repair.

10 4. Defendants, at all times mentioned herein, have transacted business within and
11 from the County of Orange, State of California. The violations of law hereinafter described have
12 been and are now being committed, wholly or in part, within said County of Orange and
13 elsewhere in the state of California.

14 **DEFENDANTS**

15 5. Defendants, doing business as EZ Lube, Inc. a California Corporation and EZ
16 Lube, LLC a Delaware Limited Liability Company, (herein after collectively referred to as "EZ
17 Lube")¹, has its office headquarters located at 3506 West Lake Center Drive, Suite B, Santa Ana,
18 California 92704. EZ Lube has registered and received licenses from the Bureau of Automotive
19 Repair (hereinafter "The BAR") as an automotive repair dealer to do business at various
20 locations throughout California and has applied for such registration renewals for its stores upon
21 the stores' registration expirations which are currently pending the BAR's approval.² EZ Lube is

22 _____
23 ¹ Documents from the Office of the Secretary of State reflect the origination of EZ LUBE INC., was from various
24 incorporations and mergers that took place between May 18th 1988 and October 4, 2005, with Michael Dobson and
25 Richard Teasta always remaining the primary officers. On October 4, 2005 Michael Dobson and Richard Teasta as
26 the officers became incorporated as EZL-I Investments, Inc. On October 19, 2005 a merger of EZ LUBE, Inc. into
27 EZ Lube ,LLC with Michael J.Dobson and Richard Teasta, listed as the officers of EZ LUBE, Inc., EZL-I
28 Investments , Inc. and EZ LUBE, LLC was filed. All outstanding stock of EZ LUBE , Inc. was "contributed" to
EZL-I, who elected to cause EZ Lube, Inc. to be treated as a "Qualified Subchapter S Subsidiary". Subsequent to
this merger EZ LUBE submitted applications to the Bureau of Automotive Repair for all 73 of their stores
requesting their registration status be changed to EZ LUBE, LLC. The applications reflect Mike Dobson and Rick
Teasta as the primary officers, along with Daniel Pendergast as the CFO and Allen Braun as the COO.

² See Exhibit A for a listing of each EZ Lube location, store number, automotive repair dealer license number
("ARD"), the dates of application with the BAR for an ARD license via both EZ Lube, Inc. and EZ Lube, LLC., and

1 a company that offers automotive services which include, but are not limited to, engine oil and
2 filter change, transmission fluid change, flush and fluid replacement, fuel system cleaning
3 service, fuel filter service (replacement), fuel injector flush, radiator fluid (coolant) change and
4 flush, power steering fluid flush, engine flush, and gearbox service, differential flush and service.
5 EZ Lube operates at more than 70 locations, primarily in Southern California.³ As such, EZ
6 Lube advertises to, and services cars for, California consumers.

7 6. Whenever reference is made in this complaint to any act of any corporate or other
8 business defendant, such allegation shall mean that said defendant and its owners, officers,
9 directors, agents, employees, or representatives did or authorized such acts while engaged in the
10 management, direction, or control of the affairs of defendants and while acting within the scope
11 and course of their duties.

12 7. Whenever reference is made in this complaint to any act of defendants, such
13 allegation shall mean that each defendant acted individually and jointly with the other defendants
14 named in this cause of action.

15 8. Whenever in this complaint reference is made to any act of any defendant, such
16 allegation shall be deemed to mean that said defendant is and was acting (a) as a principal, (b)
17 under express or implied agency, and/or (c) with actual or ostensible authority to perform the
18 acts so alleged on behalf of every other defendant herein.

19 9. At all times mentioned herein, each defendant knew or realized, or should have
20 known or realized, that the other defendants were engaging in or planned to engage in the
21 violations of law alleged in this complaint. Knowing or realizing that other defendants were
22 engaging in such unlawful conduct, each defendant nevertheless facilitated the commission of
23 those unlawful acts. Each defendant intended to and did encourage, facilitate, or assist in the
24 commission of the unlawful acts, and thereby aided and abetted the other defendants in the
25 unlawful conduct.

26
27 the dates each license expired. Note as of 7/31/07 all stores ARD licenses are expired. The new applications
28 applied for via EZ Lube, LLC are currently pending with the BAR, but the BAR has not yet granted them.

³ See Exhibit A

1 10. The violations of law alleged in this complaint occurred in Orange County and
2 elsewhere in California.

3 **DESCRIPTION OF DEFENDANTS' BUSINESS PRACTICES**

4 11. Defendants and their employees, own and operate EZ Lube, an automotive
5 service facility that offers automotive services, which include, but are not limited to, engine oil
6 and filter change, transmission fluid and filter change, fuel system cleaning service, fuel filter
7 service (replacement), fuel injector flush, radiator fluid (coolant) change and flush, power
8 steering fluid flush, engine flush, gearbox service, tire rotation, and differential flush and service.
9 EZ Lube contracts with customers to provide these and other services for an estimated price.

10 12. EZ Lube, Inc has applied for and received licenses to operate as a registered
11 automotive service establishment via the Bureau of Automotive Repair. EZ Lube was established
12 in 1988 by founders and current President Michael Dobson and current CEO Richard Teasta. In
13 November of 2005, EZ Lube, Inc. merged into EZ Lube, LLC with Michael Dobson still
14 President and Richard Teasta Secretary. As EZ Lube, LLC the company applied for licenses
15 with the BAR. The granting of these licenses for EZ Lube, LLC is pending with the BAR.

16 13. During the time the defendants were licensed by the BAR, the BAR conducted an
17 undercover investigation on EZ Lube. The undercover investigation prompted by consumer
18 complaints, concluded that the defendants were selling consumers unnecessary parts and services
19 and/or not providing parts and services for which consumers had paid the defendants.
20 Additionally, the price consumers paid often exceeded the estimated price.

21 14. More specifically, during the BAR investigation which began in 2004 undercover
22 operators would arrive at EZ Lube with said vehicles that only needed an oil and oil filter
23 change. The BAR investigator would ask for an oil change. EZ Lube employees would then
24 make false and misleading statements which they would use to convince BAR operators to
25 purchase unnecessary parts and services, like “your fuel filter is rusted”, or “there are metal
26 shaving inside your transmission” etc. During these undercover operations the BAR operators
27 would accept the additional repair recommendations made by the EZ Lube employees. After
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1 paying for the oil change and additional repair charges, the BAR operators would return the
2 vehicle to BAR technicians to confirm that unnecessary repairs were made or that repairs paid
3 for were not made.

4 **FIRST CAUSE OF ACTION**

5 **VIOLATIONS OF BUSINESS AND PROFESSIONS CODE**

6 **SECTION 17200 (UNFAIR COMPETITION)**

7 15. Plaintiff incorporates paragraphs 1 through 17 of this complaint as though they
8 were set forth herein.

9 16. Beginning on an exact date unknown to Plaintiff, but within at least the last (4)
10 years preceding the filing of this complaint defendants, and each of them, in conducting their
11 automotive repair and maintenance business have engaged in acts of unfair competition, within
12 the meaning of Business and Professions Code section 17200, including, but not limited to, the
13 following acts:

14 A. Making or authorizing statements to consumers written or oral which are
15 untrue or misleading, and which is known, or which by the exercise of reasonable care
16 should be known, to be untrue or misleading.

17 B. Unfairly and fraudulently, invoicing and accepting payment from
18 consumers for goods and/or services that were not provided or performed.

19 C. Violating Business and Professions Code section 9884.7(a)(2) by causing
20 or allowing a customer to sign any work order which does not state the repairs requested
21 by the customer at the time of repair.

22 D. Violating Business and Professions Code section 9884.7(a)(3) by failing
23 or refusing to give to a customer a copy of any document requiring his or her signature,
24 as soon as the customer signs the document.

25 F. Violating California Code of Regulations section 3353(a) and Business
26 and Professions Code section 9884.8 by failing to give customers a written estimated
27 price for labor and parts necessary for a specific job; and 2) failing to list service and
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1 parts separately on the invoice.

2 G. Violating Business and Professions Code section 9884.9(a) by failing to
3 make the appropriate notation on the work order or invoice reflecting the customer's
4 authorization for additional repairs or parts.

5 H.. Violating California Code of Regulations, title 16, section 3356.1 by
6 assessing a charge for costs associated with hazardous waste disposal without noting the
7 station's Environmental Protection Agency identification number on the invoice and/or
8 the estimate.

9 I. Violating Business and Professions Code section 17500 and 16 California
10 Code of Regulations section 3372.1(a) by advertising automotive service at a price which
11 is misleading, including, but not limited to, not intending to sell the advertised service at
12 the advertised price but intending to entice the consumer into a more costly transaction.

13 J. Violating 16 California Code of Regulations section 3373 by billing for
14 parts and labor on an invoice and performing labor or supplying parts in a manner that
15 caused the document to be false or misleading and/or have the tendency or effect of
16 misleading or deceiving customers or the public.

17 K. Violating Business and Professions Code section 17500 as more
18 particularly described in paragraphs 27 and 28 below.

19 **SECOND CAUSE OF ACTION**

20 **VIOLATION OF BUSINESS AND PROFESSIONS CODE SECTION 17500**

21 **(UNTRUE OR MISLEADING REPRESENTATIONS)**

22 17. Plaintiff, the People of the State of California, restates and incorporates
23 paragraphs 1 through 14 and 16 as though fully set forth herein.

24 18. Beginning on an exact date unknown to Plaintiff but within at least the last (3)
25 years preceding the filing of this complaint defendants and each of them, acting directly or
26 indirectly with intent to induce members of the public to engage defendants' automotive repair
27 services and to buy parts being sold by defendants, made or caused to be made, in violation of
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1 Business and Professions Code section 17500, untrue or misleading statements that include, but
2 are not limited to, the following:⁴

3 A. Representing that there were problems inside a part of a customer's car
4 and that the part was in need of service when, in fact, there were no such problems inside
5 the part of the customer's vehicle.

6 B. Representing that the vehicle manufacturer recommends a type of service
7 at a particular mileage, when, in fact, the vehicle manufacturer makes no such
8 recommendation.

9 C. Representing engine and radiator flushes were needed based on the color
10 of the fluids, when, in fact, the fluids were not consistent with the color of fluids in need
11 of being changed and/or as represented.

12 D. Representing a part to be serviced is necessary on a car that does not
13 possess that part.

14 E. Representing on invoices that specific services were rendered and
15 demanding and accepting payment for these services, when defendants did not perform
16 these services.

17 F. Representing on invoices that specific parts or products had been installed
18 or replaced in consumers' automobiles, and demanding and accepting payment for these
19 products or parts, when these products or parts had not been installed.

20 G. Representing on invoices that specific services were performed as
21 included in EZ Lube's advertised "14 Point full service oil change" which were not
22 performed.

23 19. Defendants knew, or by the exercise of reasonable care should have known, at the
24 time of making these statements, or causing these statements to be made, that the statements set
25 forth in paragraph 18 were untrue or misleading.

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1 WHEREFORE, the People pray for judgment as follows:

2 1. Pursuant to Business and Professions Code section 17203, defendants, their
3 successors, agents, representatives, employees and all persons who act in concert with
4 defendants be permanently enjoined from engaging in unfair competition as defined in Business
5 and Professions Code section 17200, including, but not limited to, the acts and practices alleged
6 in this complaint.

7 2. Pursuant to Business and Professions Code section 17535, defendants, their
8 successors, agents, representatives, employees and all persons who act in concert with
9 defendants be permanently enjoined from making any untrue or misleading statements in
10 violation of Business and Professions Code section 17500, including, but not limited to, the
11 untrue or misleading statements alleged in this complaint.

12 3. Pursuant to Business and Professions Code section 17206, that the court assesses
13 the maximum civil penalty per violation against defendants for each violation of Business and
14 Professions Code section 17200, as proved at trial, but in an amount of not less than
15 \$5,000,000.00.

16 4. Pursuant to Business and Professions Code section 17536, that the Court assesses
17 the maximum civil penalty per violation against defendants for each violation of Business and
18 Professions Code section 17500, as proved at trial, but in an amount of not less than
19 \$5,000,000.00.

20 5. Defendants be ordered to make direct restitution of any money or other property
21 that may have been acquired by their violations of Business and Professions Code sections 17200
22 and 17500.

23 6. Pursuant to Business and Professions Code Sections 17206, subdivision (d) and
24 17536, subdivision (d), defendants be ordered to pay the reasonable expenses incurred by the
25 Bureau of Automotive Repair.

26 7. Plaintiff recover costs of suit.

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8. Plaintiff have such other and further relief that the Court deems just and proper.

TONY RACKAUCKAS, DISTRICT ATTORNEY
COUNTY OF ORANGE, STATE OF CALIFORNIA

DATED: _____

BY: _____
MICHELLE CIPOLLETTI
DEPUTY DISTRICT ATTORNEY