| 1 2 3 4 5 6 7 | DAN DOW District Attorney of San Luis Obispo County By: Kenneth J. Jorgensen (SBN: 220887) Deputy District Attorney 1035 Palm Street, Room 450 San Luis Obispo, CA 93408 Telephone: (805)781-5800 Email: kjorgensen@co.slo.ca.us Attorneys for Plaintiff See Attachment A for more Plaintiff's counse | FILED 9/27/2023 3:35 PM San Luis Obispo Superior Court By: Christine Dossey, Deputy Clerk |
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| 8 | SUPERIOR COURT OF THE STATE OF CALIFORNIA | |
| 9 | FOR THE COUNTY OF SAN LUIS OBISPO | |
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| 11 | THE PEOPLE OF THE STATE OF | Case No.: 23CV-0547 |
| 12 | CALIFORNIA, Plaintiff, | |
| 13 | V. | COMPLAINT FOR INJUNCTION, CIVIL PENALTIES, AND OTHER EQUITABLE RELIEF |
| 14 | ADVANCE AUTO PARTS, INC., a | |
| 15 16 17 18 19 20 | Delaware Corporation; GENERAL PARTS INTERNATIONAL, INC., a North Carolina Corporation; GENERAL PARTS, INC., a North Carolina Corporation; LEE HOLDINGS NC, INC., a Delaware corporation; GOLDEN STATE SUPPLY LLC, a Nevada Limited Liability Company; and WORLDWIDE AUTO PARTS a California corporation, dba CARQUEST AUTO PARTS, and DOES 1-10, Inclusive, Defendants. | [VERIFIED ANSWER REQUIRED – Code of Civ. Proc., § 446] |
| 21 | Defendants. | |
| 22 | Plaintiff the People of the State of Californi | ia by and through Dan Dow District Attorney of |
| 23 | Plaintiff, the People of the State of California, by and through Dan Dow, District Attorney of San Luis Obispo County, Summer Stephan, District Attorney of San Diego County, and John T. | |
| 24 | Savrnoch District Attorney of Santa Barbara Count | |
| 25 | belief, allege: | <i>y-)g</i> |
| 26 | I. | |
| 27 | <u>INTRODU</u> | <u>UCTION</u> |
| 28 | 1. California consumers are entitled | to believe that the price retail stores advertise is |
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| | | ALTIES, AND OTHER EQUITABLE RELIEF |

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the price the consumer will pay. This lawsuit alleges that the Defendants violated California law by routinely overcharging consumers in a manner that was unlawful, unfair, and fraudulent. Through this lawsuit, Plaintiff, the People of the State of California seek to correct Defendants' behavior and ensure a fair marketplace for California consumers and businesses.

- 2. The California Department of Food and Agriculture's Division of Measurement Standards (DMS) is responsible for enforcing weights and measures laws in California. DMS works closely with county sealers of weights and measures ("county sealers"), who carry out the majority of weights and measures enforcement activities at the local level. Both DMS and county sealers operate with the goal of ensuring fair and honest competition for industry and accurate value comparisons for consumers.
- 3. To accomplish price accuracy goals, county sealers routinely, and on a regular basis, conduct price accuracy inspections at retailers within their county. During these inspections, county inspectors visit stores and purchase a set of items based on standardized guidelines to ensure the store is charging consumers the lowest posted or advertised price—as the law requires. California's regulations trigger a reinspection for inspections that result in more than 2% of the items being overcharged. Most retail stores in California have no overcharges noted during routine inspections by county sealers.
- 4. As of December 31, 2022, Defendant CARQUEST AUTO PARTS had 330 stores in North America serving professional and "do-it-yourself" customers. CARQUEST AUTO PARTS stores carry a wide variety of aftermarket auto parts products for both domestic and import vehicles. Between 2017 and 2023, CARQUEST AUTO PARTS has knowingly and intentionally violated the law by consistently overcharging consumers in violation of California law and in violation of a 2012 Final Judgment prohibiting Defendant from engaging in the exact same conduct.
- 5. Between 2017 and 2023, county sealers in at least nine counties, conducted inspections of company-owned CARQUEST AUTO PARTS locations, revealing at least 24 separate locations had failed inspections. Inspections conducted from 2017 to 2021 revealed that CARQUEST AUTO PARTS overcharged an average of 12% of the items purchased during inspections.

| 1 | 6. On August 12, 2021, Plaintiff contacted Defendants about the results of the People's |
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| 2 | statewide investigation into price accuracy violations. Inspections conducted through 2022, after |
| 3 | the People contacted CARQUEST AUTO PARTS, showed a higher overcharge rate of 14% of the |
| 4 | items audited. The conduct has persisted in 2023, and in fact, it has become more egregious. Despite |
| 5 | CARQUEST AUTO PARTS' awareness of the problem, inspections in July of 2023 in 20 counties |
| 6 | revealed that 91% of the 43 stores surveyed failed their inspections. Nearly one in four—or 23%— |
| 7 | of the items purchased during these inspections were overcharged compared to the displayed or |
| 8 | advertised price. Many of the mispriced items in one store were also mispriced in other stores |
| 9 | throughout California, indicating a state-wide systemic concern in CARQUEST AUTO PARTS' |
| 10 | pricing procedures. |
| 11 | II. |
| 12 | PLAINTIFF'S AUTHORITY |
| 13 | 7. The People bring this action pursuant to Business and Professions Code sections |
| 14 | 17203, 17206, 17535, and 17536. |

III.

JURISDICTION AND VENUE

- 8. Defendants at all times mentioned in this Complaint, have transacted business within the Counties of San Diego, San Luis Obispo, and Santa Barbara and elsewhere in the State of California. The actions of Defendants, as set forth below, violate the laws of the State of California and have been committed within the Counties of San Diego, San Luis Obispo, and Santa Barbara and elsewhere in the State of California.
- 9. Plaintiff and Defendants entered into a series of agreements to toll any applicable statutes of limitations. As a result of those agreements, each day from September 29, 2021, up to and including September 30, 2023 (hereinafter "Tolling Period") will not be included in computing the time limited by any statutes of limitations applicable to all causes of action brought against Defendants based on claims covered by the tolling agreement. The covered claims in the tolling agreements include the causes of action and claims alleged in this Complaint against Defendants.

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10. Defendant, LEE HOLDINGS NC, INC. (LEE), a Delaware corporation with its principal place of business at 2635 E. Millbrook Rd., Raleigh North Carolina, 27604 owns the brand and trademark for CARQUEST AUTO PARTS. LEE has licensed its CARQUEST brand to its affiliates GOLDEN STATE SUPPLY LLC, a Nevada Limited Liability Company (GOLDEN STATE SUPPLY), with a mailing address 5008 Airport Road NW Roanoke, Virginia 24012 and WORLDWIDE AUTO PARTS, a California corporation (WORLDWIDE AUTO PARTS), with their principal executive offices at 4200 Six Forks Road, Raleigh, North Carolina 27609. GOLDEN STATE SUPPLY and WORLDWIDE AUTO PARTS own and operate at least 56 CARQUEST AUTO PARTS stores in California that engage in the business of retail sales to the public. LEE, GOLDEN STATE SUPPLY and WORLDWIDE AUTO PARTS are owned by GENERAL PARTS, INC., a North Carolina Corporation which is in turn owned by GENERAL PARTS INTERNATIONAL, INC., a North Carolina Corporation, with a mailing address of 5008 Airport Road NW Roanoke Virginia 24012. In January 2014, ADVANCE AUTO PARTS, INC., a Delaware Corporation, with its principal place of business at 4200 Six Forks Road, Raleigh, North Carolina 27609, purchased GENERAL PARTS INTERNATIONAL, INC.

- 11. Some of the CARQUEST AUTO PARTS stores are company-owned and others are independently-owned stores that operate under the "Carquest" name. Although inspections revealed a few violations at independently owned stores, the vast majority of the violations occurred at company-owned stores. This lawsuit is limited to the violations that occurred at those company-owned stores.
- 12. The true names and capacities of Defendants DOES 1 through 10 are unknown to Plaintiff, and Plaintiff will seek leave of court to amend this complaint to allege such names and capacities as soon as they are ascertained under the provisions of Code of Civil Procedure section 474. Defendants DOES 1 through 10 are in some manner responsible for the events alleged herein.
- 13. Whenever reference is made in this Complaint to any act of a corporate defendant, that allegation shall mean that corporation did the acts alleged in this complaint through its officers,

FACTUAL ALLEGATIONS

V.

- 14. In February of 2012, the San Diego Superior Court entered a Final Judgement, case number 37-2012-00092632-CU-BT-CTL, to resolve a case involving CARQUEST AUTO PARTS (which at that time was owned and operated by GOLDEN STATE SUPPLY, LLC. and WORLDWIDE AUTO PARTS) (hereinafter "the 2012 Final Judgment"). The resolved causes of action included violations of the False Advertising Law ("FAL") (Bus. & Prof. Code § 17500 et seq.), and the Unfair Competition Law ("UCL") (Bus. & Prof. Code § 17200 et seq.). The 2012 Final Judgment imposed a permanent injunction prohibiting further violations of the FAL and UCL and prohibiting CARQUEST AUTO PARTS from charging consumers a higher price than the price advertised pursuant to Business and Professions Code section 12024.2 (hereinafter "the 2012 Permanent Injunction").
- 15. Within only five years of entering into the 2012 Permanent Judgment (by 2017 and 2018) inspectors from several county sealers offices noted overcharges at CARQUEST stores. The violations at CARQUEST AUTO PARTS stores have persisted despite county sealers taking administrative action by serving Notices of Violations ("NOV") and Notices of Pending Actions ("NOPA"). These NOVs and NOPAs have been accompanied by thousands of dollars in administrative fines, yet CARQUEST AUTO PARTS has continued to overcharge consumers.
- 16. Los Angeles County weights and measures officials escalated enforcement from administrative action to criminal prosecution. On July 10, 2019, WORLDWIDE AUTO PARTS pleaded no contest to a violation of Business and Professions Code section 12024.2 for overcharges discovered during a routine inspection at a Van Nuys CARQUEST store. A few months later, on October 23, 2019, WORLDWIDE AUTO PARTS pleaded no contest to another violation of Business and Professions Code section 12024.2 after routine inspections in 2018 revealed overcharges at three separate CARQUEST Stores in Los Angeles County.
 - 17. In August of 2021, Plaintiff contacted CARQUEST AUTO PARTS to discuss the

| 1 | many failed inspections that occurred between 2017 and 2021. Plaintiff outlined for Defendant the | |
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| 2 | results of the inspections and discussed what was needed to correct the violations. | |
| 3 | 18. Despite the NOVs, NOPAs, two criminal cases, and multiple meetings with | |
| 4 | Plaintiff, CARQUEST AUTO PARTS has not increased its rate of compliance. In fact, as detailed | |
| 5 | above in Paragraph 6, the failure and overcharge rates have actually increased. Unfortunately for | |
| 6 | consumers, this means that they may be overcharged for nearly one-in-four of the items they | |
| 7 | purchase from a CARQUEST AUTO PARTS store. | |
| 8 | 19. California law requires retail stores to charge consumers the lowest advertised price | |
| 9 | The People bring this civil law enforcement action to compel compliance by Defendant CARQUEST | |
| 10 | AUTO PARTS and its subsidiaries, affiliates and parent companies, with the FAL, UCL, and 2012 | |
| 11 | Final Judgment, in order to seek (1) injunctive relief; (2) civil penalties for Defendants' violations | |
| 12 | of the FAL, UCL, and 2012 Permanent Judgment; and (3) restitution for California consumers who | |
| 13 | have been aggrieved by Defendants' violations of the UCL, FAL, and the 2012 Final Judgment. | |
| 14 | VI. | |
| 15 | <u>CAUSES OF ACTION</u> | |
| 16 | FIRST CAUSE OF ACTION | |
| 17 | FALSE ADVERTISING | |
| 18 | VIOLATION OF BUSINESS AND PROFESSIONS CODE SECTION 17500 | |
| 19 | (Against All Defendants) | |
| 20 | 20. Plaintiff realleges and incorporates herein by reference paragraphs 1 through 19 of this | |
| 21 | complaint as though they were set forth herein in their entireties. | |
| 22 | 21. Beginning on an exact date unknown to Plaintiff, but within three years prior to the | |
| 23 | filing of this Complaint, and continuing to the present, Defendants, and each of them, with the inten- | |
| 24 | directly or indirectly to induce members of the public to purchase Defendants' retail products, have | |
| 25 | made or caused to be made advertising, shelf and sign price representations to the public in California | |
| 26 | that were false or misleading in violation of California's False Advertising Law, Business and | |
| 27 | Professions Code section 17500. | |
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| 1 | 22. Defendants knew, or by the exercise of reasonable care, should have known the | |
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| 2 | statements set forth in paragraphs 5, 6, 15, 16, and 17 above were false or misleading at the time the | |
| 3 | statements were made. | |
| 4 | VII. | |
| 5 | SECOND CAUSE OF ACTION | |
| 6 | UNFAIR COMPETITION | |
| 7 | VIOLATION OF BUSINESS AND PROFESSIONS CODE SECTION 17200 | |
| 8 | (Against All Defendants) | |
| 9 | 23. Plaintiff realleges and incorporates herein by reference paragraphs 1 through 22 of this | |
| 10 | Complaint as though they were set forth herein in their entireties. | |
| 11 | 24. Beginning on an exact date unknown to Plaintiff, but within four years prior to the filing | |
| 12 | of this Complaint, and continuing to the present, Defendants, and each of them, have engaged in | |
| 13 | unfair competition as defined in California's Unfair Competition Law, Business and Professions | |
| 14 | Code section 17200. Such acts, practices, and/or advertising engaged in by Defendant include, bu | |
| 15 | are not limited to, the following: | |
| 16 | A. Committing the violations of Business and Professions Code section 17500 set forth | |
| 17 | above in the First Cause of Action. | |
| 18 | B. Computing at the time of sale, of a commodity, a value which was more than the price | |
| 19 | then advertised, posted, or quoted, in violation of Business and Professions Code section | |
| 20 | 12024.2(a). | |
| 21 | VIII. | |
| 22 | THIRD CAUSE OF ACTION | |
| 23 | VIOLATION OF 2012 FINAL JUDGMENT AND PERMANENT INJUNCTION | |
| 24 | BUSINESS AND PROFESSIONS CODE SECTION 17207(a) | |
| 25 | (Against All Defendants) | |
| 26 | 25. Plaintiff realleges and incorporates by reference paragraphs 1 through 24 of this | |
| 27 | Complaint as though they were set forth herein in their entireties. | |
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- 26. In relevant part, Business and Professions Code section 17207(a) provides: "Any person who intentionally violates any injunction prohibiting unfair competition issued pursuant to Section 17203 shall be liable for a civil penalty not to exceed six thousand dollars (\$6,000) for each violation. Where the conduct constituting a violation is of a continuing nature, each day of that conduct is a separate and distinct violation."
- 27. At the time of the 2012 Final Judgment, CARQUEST AUTO PARTS was owned and operated by GOLDEN STATE SUPPLY and WORLDWIDE AUTO PARTS. The causes of action resolved in that case included violations of the FAL and the UCL. The 2012 Final Judgment and Permanent Injunction prohibited CARQUEST AUTO PARTS from charging consumers a higher price than the price advertised. The terms of the injunction were ordered by the Court to apply to any successor company that would purchase CARQUEST AUTO PARTS.
- 28. The 2012 Final Judgment applies to all named Defendants by its terms as stated in paragraph 2:

The provisions of this Judgment are applicable to defendant GOLDEN STATE SUPPLY LLC, including its subsidiary WORLDWIDE AUTO PARTS INC. (together, "Defendants"), and to the successors and assignees of Defendants, and to all persons, partnerships, corporations, and other entities acting for, through, or on behalf of, or in concert with Defendants' operation of retail stores in California, with actual or constructive notice of this Judgment. All obligations imposed upon Defendants by the terms of this Judgment are ordered pursuant to Business and Professions Code sections 17203 and 17535.

- 29. After the 2012 Final Judgment, it is alleged that Defendant ADVANCE AUTO PARTS, INC. acquired Defendant GENERAL PARTS INTERNATIONAL, INC., and all of its wholly owned subsidiaries, including GOLDEN STATE SUPPLY LLC., WORLDWIDE AUTO PARTS, and LEE HOLDINGS NC INC. Therefore, as part of this acquisition, the Defendants became successors and assignees, having legally accepted the terms and obligations of the 2012 Final Judgment.
- 30. As alleged in the paragraphs above, CARQUEST AUTO PARTS violated the 2012 Final Judgment. Defendants' violations of the injunction provisions were continuous, willful, and intentional.

31. Pursuant to Business and Professions Code section 17207, Defendant is liable for civil penalties for each and every separate violation of the injunction in the 2012 Final Judgment.

PRAYER

WHEREFORE Plaintiff prays that:

- 1. Defendants, their officers, directors, employees, agents, representatives, successors, assignees, and all natural persons, corporations, or other entities acting under, by, through, on behalf of, or in concert with them with actual or constructive notice of this injunction, be permanently enjoined and restrained from making false or misleading statements and engaging in acts and practices of unfair competition including the unlawful business acts alleged herein.
- 2. Pursuant to Business and Professions Code section 17536, the Court assess a civil penalty of two thousand five hundred dollars (\$2,500) against each Defendant for each and every violation of Business and Professions Code section 17500 alleged in the First Cause of Action.
- 3. Pursuant to Business and Professions Code section 17535.5, the Court assess a civil penalty of six thousand dollars (\$6,000) against each Defendant for each and every violation of the 2012 permanent injunction alleged in the Third Cause of Action
- 4. Pursuant to Business and Professions Code section 17206, the Court assess a civil penalty of two thousand five hundred dollars (\$2,500) against each Defendant for each and every violation of Business and Professions Code section 17200 alleged in the Second Cause of Action.
- 5. Pursuant to Business and Professions Code section 17207, the Court assess a civil penalty of six thousand dollars (\$6,000) against each Defendant for each and every violation of the 2012 Final Judgment alleged in the Third Cause of Action.
- 6. The People request that a civil penalty of no less than \$10,000,000 be imposed on Defendant as a result of its violations of Business and Professions Code sections 17200 et seq. and 17500 et seq.
- 7. Pursuant to Business and Professions Code sections 17203 and 17535, the Court order Defendants to make full restitution to restore to any person any money or property which has been acquired by means of Defendants' violations, as proved at trial.

| 1 | 8. Plaintiff recover its costs, including costs of investigation and prosecution, and those |
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| 2 | of other law enforcement or regulatory agencies pursuant to statute, including but not limited to |
| 3 | Business and Professions Code section 12015.5, and as appropriate; and |
| 4 | 9. Plaintiff have such other and further relief as the nature of the case may require and the |
| 5 | court deems appropriate and just. |
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| | 10 COMPLAINT FOR INJUNCTION CIVIL PENALTIES, AND OTHER EQUITABLE RELIEF |

| 1 Dated: September 27, 2023 | Respectfully Submitted, |
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| 2 | DAN DOW |
| 3 | District Attorney of San Luis Obispo |
| 4 | |
| 5 | Kenneth Joyense |
| 6 | KENNETH JORGENSEN Deputy District Attorney |
| 7 | Attorneys for Plaintiff People of the State of California |
| 8 Dated: Sep 27, 2023 | Respectfully Submitted, |
| 9 | SUMMER STEPHAN District Attorney of San Diego County |
| 1 | <i>y</i> |
| 2 | <u>Kathryn Turner</u> Kathryn Turner (Sep 27, 2023 10:51 PDT) |
| 3 | KATHRYN TURNER |
| 4 | Prosecuting Attorney Attorneys for Plaintiff |
| 5 | People of the State of California |
| 6 Dated: Sep 27, 2023 | D 45-11 C-1 '44 1 |
| 7 Dated: | Respectfully Submitted, |
| 8 | JOHN T. SAVRNOCH District Attorney of Santa Barbara |
| 9 | |
| 0 | Morgan S. Lucas Morgan S. Lucas (Sep 27, 2023 11:27 PDT) |
| | MORGAN LUCAS Deputy District Attorney |
| | Attorneys for Plaintiff People of the State of California |
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| 1 | <u>Attachment A</u> |
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| 2 | Attorneys for Plaintiff |
| 3 | Attorneys for Plaintiff PEOPLE OF THE STATE OF CALIFORNIA |
| 4 | SUMMER STEPHAN |
| 5 | District Attorney of San Diego County Kathryn Lange Turner, SBN 151477 |
| 6 | District Attorney of San Diego County Kathryn Lange Turner, SBN 151477 Deputy District Attorneys 330 West Broadway, Suite 1300 San Diego, California 92101 Talenbane (610) 531 3071 |
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| | COMPLAINT FOR INJUNCTION CIVIL PENALTIES, AND OTHER EQUITABLE RELIEF |