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16	SUPERIOR COURT OF	THE STATE OF CALIFORNIA
17	COUNTY	Y OF ALAMEDA
18	NORTH	ERN DIVISION
19 20	SHONETTA CRAIN AND KIRA SERNA,	Case No. RG19004509
21	Plaintiffs,	CLASS ACTION COMPLAINT
22	v.	JURY TRIAL DEMANDED
23	ACCREDITED SURETY AND	(1) Business & Professions Code § 16720
24	CASUALTY COMPANY, AEGIS SECURITY INSURANCE COMPANY,	(2) Business & Professions Code § 17200
25	ALLEGHENY CASUALTY COMPANY, AMERICAN CONTRACTORS	
26	INDEMNITY COMPANY, AMERICAN SURETY COMPANY, ASSOCIATED	
27	BOND AND INSURANCE AGENCY, INC., BANKERS INSURANCE	
28	COMPANY, BOND SAFEGUARD INSURANCE COMPANY, CRUM &	
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1	FORSTER INDEMNITY COMPANY,	
2	DANIELSON NATIONAL INSURANCE COMPANY, FINANCIAL CASUALTY &	
3	SURETY, INC., HARCO NATIONAL INSURANCE COMPANY, INDIANA	
4	LUMBERMENS MUTUAL INSURANCE COMPANY, INTERNATIONAL	
5	FIDELITY INSURANCE COMPANY, LEXINGTON NATIONAL INSURANCE	
6	CORPORATION, LEXON INSURANCE COMPANY, NATIONAL AMERICAN	
7	INSURANCE COMPANY, NORTH RIVER INSURANCE COMPANY,	
8	PHILADELPHIA REINSURANCE CORPORATION, SAFETY FIRST	
9	INSURANCE COMPANY, SEAVIEW	
	INSURANCE COMPANY, SENECA INSURANCE COMPANY,	
10	STILLWATER PROPERTY AND CASUALTY INSURANCE COMPANY,	
11	SUN SURETY INSURANCE COMPANY, UNITED STATES FIRE INSURANCE	
12	COMPANY, UNIVERSAL FIRE & INSURANCE COMPANY,	
13	CONTINENTAL HERITAGE INSURANCE COMPANY,	
14	WILLIAMSBURG NATIONAL INSURANCE COMPANY, ALL-PRO	
15	BAIL BONDS INC., TWO JINN, INC., AMERICAN BAIL COALITION, INC.,	
16	CALIFORNIA BAIL AGENTS ASSOCIATION, AND GOLDEN STATE	
17	BAIL AGENTS ASSOCIATION, JERRY WATSON, WILLIAM B. CARMICHAEL,	
18	AND DOES1-50,	
19	Defendants.	
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Plaintiffs Shonetta Crain and Kira Serna, individually and on behalf of all others similarly situated (collectively referred to as "Class members"), hereby state and allege the following against Defendants:

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INTRODUCTION

5 1. Every year in California, nearly one million people are arrested and taken into 6 custody. Many are released if they can post money bail, which will be returned to them as long as 7 they appear for scheduled court dates. But the bail amounts that courts typically require far 8 exceed what most people can pay out-of-pocket. Those people can remain in jail, away from 9 their jobs and loved ones-and over 60% of people in California jails are there because they can't 10 afford to pay bail---or they can purchase a commercial bail bond by paying a premium. That 11 premium is non-refundable, even if the accused person attends all court dates, and even if the 12 charges against them are dismissed.

2. Bail bonds are sold by thousands of bail agents, but these agents, and the
premiums they charge, are ultimately controlled by a much smaller group of companies, referred
to as sureties, who underwrite those bonds, much like insurers. The sureties, who dictate rates to
their associated bail agents, have orchestrated a long-running anticompetitive conspiracy to keep
bail bond premiums higher than they would be if the California bail-bonds market functioned
competitively. They have done so with the assistance of certain bail agents who have also
profited from the conspiracy.

Open competition over price is a bedrock principle of California state policy.
 Presumptively innocent Californians, even if charged with crimes, are no less deserving than any
 other consumer of a marketplace that drives competitors to offer lower prices. Because
 Defendants' conspiracy made bail bonds costlier for Californians, more people spent time in jail
 awaiting trial and separated from their families, jobs, and lives than otherwise would have been
 the case, simply because they could not afford to pay Defendants' supra-competitive premium
 rates.

4. In 2018, California passed SB 10, which, if enacted, would eliminate money bail
in California. The bail reform effort that led to the passage of SB 10 centered on the common

practice of requiring criminal defendants to post bail amounts that they cannot afford to pay out-1 2 of-pocket; this case, in contrast, targets a conspiracy to charge higher premiums on bonds to cover 3 those bail amounts. SB10 will not go into effect until November 2020 at the earliest. Even when 4 it does go into effect, it will do nothing to directly redress the injury to California's residents. 5 who, in exchange for their liberty, have been forced to pay inflated premiums to private bail 6 agents and the sureties that back them. And consumers will continue to suffer from Defendants' 7 anticompetitive conduct as sureties aggressively seek to recover debts for price-fixed premiums. 8 As a former bail consultant explained to the Los Angeles Times, "if bail goes away, the one thing 9 that will still be here a little longer is [debt] recovery, because surety companies will need to clear all of their liabilities." 10 5 11 This class action seeks damages for the hundreds of thousands of Californians who 12 have overpaid for unlawfully inflated bail bond premiums and injunctive relief to end the

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overcharges going forward.

JURISDICTION AND VENUE

6. This Complaint is filed, and these proceedings are instituted, pursuant to California
 Business & Professions Code sections 16750(a) and 17203 to recover damages and to obtain
 other relief for harms that Plaintiffs and the members of the Class have sustained due to violations
 by Defendants, as hereinafter alleged, of California Business and Professions Code sections
 16720, *et seq.*, commonly known as the Cartwright Act, and California Business and Professions
 Code sections 17200, *et seq.*, commonly known as the Unfair Competition Law.

21 7. Venue as to the Defendants is proper in this judicial district pursuant to the 22 provisions of California Business and Professions Code section 16750(a) and California Code of 23 Civil Procedure sections 395(a) and 395.5. Defendants maintain an office, transact business, have 24 an agent, or are found in the County of Alameda. Plaintiffs' causes of action arose in part within 25 the County of Alameda, and the Defendants are within the jurisdiction of this Court for purposes 26 of service of process. The unlawful acts hereinafter alleged had a direct effect on persons who 27 paid premiums for bail bonds within the State of California and, more particularly, within the 28 County of Alameda. Furthermore, the Court has personal jurisdiction over each Defendant as co-

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conspirators as a result of the acts of any of the co-conspirators occurring in California and in connection with Defendants' violations of the Cartwright Act and/or the Unfair Competition Law.

8. There is no federal jurisdiction over this case. At least two-thirds of the proposed Class members are citizens of California. Significant relief is sought from at least one Defendant who is a California citizen and whose conduct forms a significant basis for the claims asserted, and principal injuries resulting from the alleged conduct were incurred in California. *See* 28 U.S.C. § 1332(d)(4).

THE PARTIES

9. 9 Plaintiff Shonetta Crain resides in the County of Alameda. In 2016, Ms. Crain 10 paid an unlawfully inflated bond premium to secure pre-trial release of a relative charged and 11 detained in Alameda County and against whom all criminal charges were subsequently dropped. 12 The bond was arranged through Defendant All-Pro Bail Bonds Inc. and underwritten by Defendant Bankers Insurance Company. Although charges were dropped against her relative, 13 14 Ms. Crain was not refunded or reimbursed for any portion of the bond premium. She proceeds on 15 her own behalf and on behalf of a Class of similarly situated people subjected to Defendants' 16 scheme.

17 10. Plaintiff Kira Serna resides in the County of Contra Costa. In 2016, Ms. Serna
paid an unlawfully inflated bond premium to secure her own pre-trial release. She was never
charged with an offense. The bond was arranged through Defendant Two Jinn, Inc., d/b/a
Aladdin Bail Bonds and underwritten by Defendant Seaview Insurance Company. Although she
was never charged, Ms. Serna was not refunded or reimbursed for any portion of the bond
premium. She proceeds on her own behalf and on behalf of a Class of similarly situated people
subjected to Defendants' scheme.

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SURETY DEFENDANTS

11. Defendant Accredited Surety and Casualty Company is incorporated in the state of
Florida, has its principal place of business in Orlando, Florida, and has a designated agent for
service of process in Sacramento, California.

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1 12. Defendant Aegis Security Insurance Company is a member of the Aegis Group
 and is incorporated in the state of Pennsylvania, has its principal place of business in Harrisburg,
 Pennsylvania, and has a designated agent for service of process in Los Angeles, California.

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13. Defendant Allegheny Casualty Company is incorporated in the state of New Jersey, has its principal place of business in New Jersey, and has a designated agent for service of process in Walnut Creek, California. Allegheny Casualty is a member of AIA, the nation's largest bail surety administrator, with offices in Calabasas, California.

8 14. Defendant American Contractors Indemnity Company ("ACIC") is a member of
9 the HCC Surety Group. ACIC is incorporated in the state of California, has its principal place of
10 business in Los Angeles, California, and has a designated agent for service of process in Los
11 Angeles, California.

12 15. Defendant American Surety Company ("ASC") is incorporated in the state of
13 Indiana with its principal place of business in Indianapolis, Indiana. ASC has an agent for service
14 of process located in San Francisco, California.

15 16. Defendant Associated Bond and Insurance Agency, Inc. ("Associated Bond") is
incorporated in the state of California and has its principal place of business in Calabasas,
California. Associated Bond is a member of AIA, the nation's largest bail surety administrator,
with offices in Calabasas, California.

19 17. Defendant Bankers Insurance Company is incorporated in the state of Florida, has
 20 its principal place of business in St. Petersburg, Florida, and has a designated agent for service of
 21 process in Sacramento, California. Bankers Insurance is a member of the Bankers Insurance
 22 Group.

18. Defendant Bond Safeguard Insurance Company is incorporated in the state of
Illinois, has its principal place of business in Mount Juliet, Tennessee, and has a designated agent
for service of process in Sacramento, California. Bond Safeguard is a member of the J.A.
Patterson Group.

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1 19. Defendant Continental Heritage Insurance Company is incorporated in the state of
 2 Florida, has its principal place of business in Mayfield Heights, Ohio, and has a designated agent
 3 for service of process in Los Angeles, California.

20. Defendant Crum & Forster Indemnity Company is incorporated in the state of
Delaware, has its principal place of business in Morristown, New Jersey, and has an agent for
service of process in Orange, California. Crum & Forster Indemnity Company is a member of the
Crum & Forster group.

8 21. Defendants Danielson National Insurance Company and National American
9 Insurance Company of California are members of the DHC Group and are incorporated in the
10 state of California, have their principal place of business in San Diego, California, and have a
11 designated agent for service of process in Sacramento, California.

12 22. Defendant Financial Casualty & Surety, Inc. is a member of the HCC Surety
13 Group. It is incorporated in the state of Texas, has its principal place of business in Houston,
14 Texas, and has a designated agent for service of process in Sacramento, California.

15 23. Defendant Harco National Insurance Company is incorporated in the state of
16 Illinois, has its principal place of business in Raleigh, North Carolina, and has a designated agent
17 for service of process in Los Angeles, California.

Defendant Indiana Lumbermens Mutual Insurance Company is a member of ILM
 Group and is incorporated in the state of Indiana, has its principal place of business in
 Indianapolis, Indiana, and has a designated agent for service of process in Sacramento, California.

21 25. Defendant International Fidelity Insurance Company is incorporated in the state of
22 New Jersey, has its principal place of business in Newark, New Jersey, and has a designated agent
23 for service of process in Walnut Creek, California. International Fidelity is a member of AIA, the
24 nation's largest bail surety administrator, with offices in Calabasas, California.

25 26. Defendant Lexington National Insurance Corporation is incorporated in the state
26 of Maryland, has its principal place of business in Cockeysville, Maryland, and has a designated
27 agent for service of process in Los Angeles, California.

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27. Defendant Lexon Insurance Company is incorporated in the state of Texas, has its principal place of business in Mount Juliet, Tennessee, and has a designated agent for service of process in Sacramento, California. Lexon Insurance is a member of the J.A. Patterson Group.

Defendant North River Insurance Company is incorporated in the state of New 28. 5 Jersey, has its principal place of business in Morristown, New Jersey, and has an agent for service 6 of process in Orange, California. North River is a member of the Crum & Forster group.

7 29. Defendant Philadelphia Reinsurance Corporation is incorporated in the state of 8 Pennsylvania, has its principal place of business in San Diego, California, and has a designated 9 agent for service of process in San Diego, California.

10 30. Defendant Safety First Insurance Company is a member of Delphi Financial 11 Group, Inc. and is incorporated in the state of Illinois, has its principal place of business in 12 Chicago, Illinois, and has a designated agent for service of process in Los Angeles, California.

13 31. Defendant Seaview Insurance Company ("SIC") is incorporated in the state of 14 California with its principal place of business located in Carlsbad, California. Seaview Insurance 15 Company is the surety for Defendant Two Jinn, Inc.'s bail bonds, and is a wholly owned 16 subsidiary of Seaview Surety Holdings, LLC.

17 32. Defendant Seneca Insurance Company is incorporated in the state of New York, 18 has its principal place of business in New York, New York, and has an agent for service of 19 process in La Jolla, California. Seneca is a member of the Crum & Forster group.

20 33. Defendant Stillwater Property and Casualty Insurance Company is incorporated in 21 the state of New York, has its principal place of business in Jericho, New York, and has an agent 22 for service of process in Los Angeles, California. Stillwater is a member of the Bankers Insurance Group. 23

24 34. Defendant Sun Surety Insurance Company is incorporated in the state of South 25 Dakota, has its principal place of business in Rapid City, South Dakota, and has a designated 26 agent for service of process in Los Angeles, California.

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1	35. Defendant United States Fire Insurance Company is incorporated in the state of
2	Delaware, has its principal place of business in Morristown, New Jersey, and an agent for service
3	of process in Orange, California. United States Fire is a member of the Crum & Forster group.
4	36. Defendant Universal Fire & Insurance Company is incorporated in the state of
5	Indiana, has its principal place of business in Hudsonville, Michigan, and has a designated agent
6	for service of process in Lancaster, California.
7	37. Defendant Williamsburg National Insurance Company is a member of the
8	Meadowbrook Insurance Group and is incorporated in the state of Michigan, has its principal
9	place of business in Southfield, Michigan, and has a designated agent for service of process in
10	Los Angeles, California.
11	38. Collectively, the Defendants named in paragraphs 11-37 are referred to as the
12	"Surety Defendants."
13	BAIL AGENCY DEFENDANTS
14	39. Defendant All-Pro Bail Bonds Inc. is incorporated in the state of California with
15	its principal place of business in Solana Beach, California. It operates as a bail bond agent in
16	California.
17	40. Defendant Two Jinn, Inc. is incorporated in the state of California with its
18	principal place of business in Carlsbad, California. It is an affiliate of Seaview Insurance
19	Company, and it does business as Aladdin Bail Bonds ("Aladdin"), Aladino Bail Bonds, AM/PM
20	Bail Bonds, Andy's Bail Bonds, and Express Bail Bonds, and is incorporated in the State of
21	California, with its principal place of business in Carlsbad, California. Two Jinn, Inc. operates as
22	a bail bond agent in California.
23	41. Collectively, the Defendants named in paragraphs 39-40 are referred to as the
24	"Bail Agency Defendants."
25	BAIL AGENT ASSOCIATION DEFENDANTS
26	42. Defendant American Bail Coalition, Inc. ("ABC") is a nonprofit association
27	organized under § 501(c)(6) of the Internal Revenue Code, incorporated in the state of
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Pennsylvania with its principal place of business located in Lancaster, Pennsylvania. ABC is a
 trade association for the national bail underwriting insurance industry.

43. Defendant California Bail Agents Association ("CBAA") is a nonprofit
corporation organized under § 501(c)(6) of the Internal Revenue Code, incorporated in the state
of California with its principal place of business in Pomona, California. CBAA is a trade
association for bail agents in California.

7 44. Defendant Golden State Bail Agents Association ("GSBAA") is a nonprofit
8 corporation organized under § 501(c)(6) of the Internal Revenue Code, incorporated in the state
9 of California with its principal place of business in Fresno, California.

10 45. Collectively, the Defendants named in paragraphs 42-44 are referred to as the
11 "Bail Agent Association Defendants."

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INDIVIDUALLY NAMED DEFENDANTS

46. Defendant Jerry Watson is the Vice President of the AIA and Senior Counsel and
Board Member of Defendant American Bail Coalition. Defendant Watson directly participated in
the conspiracy alleged herein and approved and ratified the conduct of AIA's members
(Defendants Allegheny Casualty Company, Associated Bond and Insurance Agency, and
International Fidelity Insurance Company) and Defendant American Bail Coalition. Upon
information and belief, Defendant Watson is a resident of Oxnard, California.

47. Defendant William B. Carmichael is the President and CEO of Defendant
 American Surety Company and the former President and Executive Director of Defendant
 American Bail Coalition. He presently serves as the American Bail Coalition's Chairman.
 Defendant Carmichael directly participated in the conspiracy alleged herein and approved and
 ratified the conduct of Defendants American Surety Company and American Bail Coalition.
 Upon information and belief, Defendant Carmichael is a resident of Indianapolis, Indiana.

48. DOES 1-50, inclusive, were co-conspirators with other Defendants in the
violations alleged in this Complaint and performed acts and made statements in furtherance
thereof. Plaintiffs are presently unaware of the true names and identities of those defendants sued

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1	herein as DOES 1-50. Plaintiffs will amend this Complaint to allege the true names of the DOE
2	defendants when they have been ascertained.
3	CLASS ACTION ALLEGATIONS
4	49. Plaintiffs bring this action on behalf of themselves and all others similarly situated
5	(the "Class"), pursuant to section 382 of the California Code of Civil Procedure and California
6	Rule of Court 3.760, et seq. The Class is defined as follows:
7	All persons who, between February 24, 2004 and present (the
8	"Class Period"), paid for part or all of a commercial bail bond premium in connection with a California state court criminal proceeding. Specifically excluded from this Class are Defendants;
9	the officers, directors or employees of any Defendant; any entity in
10	which any Defendant has a controlling interest; any affiliate, legal representative, heir or assign of any Defendant and any person
11	acting on their behalf; any person who acted as a bail agent during the Class Period; any judicial officer presiding over this action and
12	the members of his/her immediate family and judicial staff; and any juror assigned to this action.
13	50. Based upon the nature of the trade and commerce involved, there are at least
14	hundreds of thousands of Class members dispersed throughout the State of California. According
15	to one report, approximately 27.8% of individuals booked on misdemeanors or felonies in
16	California from October 2011 to October 2015 (approximately 180,000 people) were released
17	pretrial on bail. Nearly all rely on commercial surety bonds. Members of the class are
18	ascertainable through searches of either court records or of Defendants' business records.
19	51. The questions of law and fact common to the Class include but are not limited to:
20	a. Whether the conduct of Defendants and their co-conspirators violated
21	sections 16720, et seq., of the California Business and Professions Code;
22	b. Whether the conduct of Defendants and their co-conspirators violated
23	sections 17200, et seq., of the California Business and Professions Code;
24	c. Whether Defendants' acts, contracts, combinations and/or conspiracies
25	restrained trade, commerce, or competition for the sale of bail bonds and the associated setting of
26	bond premiums in the State of California;
27	d. Whether Defendants conspired to fix advertised prices and inflate bail bond
28	premiums in California;
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1	e. Whether Defendants instructed bail agents to fix advertised prices;	
2	f. Whether Defendants engaged in additional acts to fix and inflate bail bond	
3	premiums;	
4	g. Whether Defendants retaliated against agents or sureties that attempted to	
5	drop prices;	
6	h. Whether Defendants deceived the public about the laws pertaining to bail	
7	bond pricing;	
8	i. Whether Defendants otherwise fraudulently concealed their misconduct;	
9	j. Whether Plaintiffs and the Class they seek to represent have suffered	
10	antitrust injury and/or have been threatened with antitrust injury;	
11	k. Whether the conspiracy resulted in inflated bail bond premiums in	
12	California; and	
13	1. The type and measure of damages suffered by Plaintiffs and the Class.	
14	52. These and other questions of law and fact are common to the Class, and	
15	predominate over any questions affecting only individual members of the Class.	
16	53. Plaintiffs' claims are typical of the claims of the Class. Plaintiffs and members of	
17	the Class sustained damages arising out of Defendants' common course of conduct in violation of	
18	the laws alleged herein. The damages and injuries of each Class member were directly caused by	
19	Defendants' wrongful conduct.	
20	54. There are no defenses of a unique nature that may be asserted against Plaintiffs	
21	individually, as distinguished from the other members of the Class, and the relief sought is	
22	common to the Class.	
23	55. Plaintiffs will fairly and adequately protect the interests of the members of the	
24	Class. Plaintiffs' interests are aligned with, and not antagonistic to, those of the other members of	
25	the Class, and Plaintiffs have retained counsel competent and experienced in the prosecution of	
26	antitrust class action litigation to represent themselves and the Class.	
27	56. Defendants have acted on grounds generally applicable to the Class, thereby	
28	making final injunctive relief appropriate with respect to the Class as a whole. 10	
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1 57. A class action is superior to other available methods for the fair and efficient 2 adjudication of this controversy. The prosecution of separate actions by individual members of 3 the Class would impose heavy burdens on the courts, and would create a risk of inconsistent or 4 varying adjudications of the questions of law and fact common to the Class. A class action, on 5 the other hand, would achieve substantial economies of time, effort, and expense, and would 6 assure uniformity of decision as to persons similarly situated without sacrificing procedural 7 fairness or bringing about other undesirable results.

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FACTUAL ALLEGATIONS

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I.

The California Market for Commercial Bail

58. Most people arrested on suspicion of violating California's criminal laws have the
right to seek and post bail for their release. An arrestee who cannot afford the posted bail can
contract with a bail bond company to post bail in exchange for a non-refundable premium. At the
time of arrest, during the booking process, the arrestee must be afforded an opportunity to call a
bail bond company to initiate the process of obtaining a bail bond, and retains that right
throughout any pretrial detention.

16 59. These bail bonds practically function like insurance: they are underwritten by a
17 small number of large surety companies that sell their bail bonds through thousands of
18 commercial bail-bond agents.

60. Consumers of commercial bail pay a premium in exchange for the bail bond
companies' service of posting the bond. The transaction is carried out through a bail agent who
posts a bond with the court that allows a defendant to leave custody pending trial. If the
defendant attends all court dates, the posted bond is "exonerated," releasing the surety and bail
agency from all liability. However, the consumer does not get his or her premium back. This is
true even if a prosecutor never files charges, all charges are dismissed, the accused is acquitted, or
the accused is returned to custody for some other reason.

61. For bail bond services sold in California, sureties must file a rate application with
the California Department of Insurance (CDI) stating a proposed maximum premium rate that the
surety may charge its consumers (the "Maximum Rate"). All Surety Defendants have made the

requisite filing, received approval, and currently sell bail bond products in California or did so 2 during the Class Period.

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3 62. Although California law bars sureties and agents from charging more than their 4 Maximum Rate, they can charge less by offering rebates to consumers. Thus, in some respects 5 the market for commercial bail bonds in California operates like the markets for insurance 6 products.

7 63. But, because of the conspiracy alleged herein, the California bail bonds market 8 does not function like competitive insurance markets. Insurance premiums-from healthcare to 9 life insurance to farmers' insurance for crops-are generally priced based on risk factors that 10 predict the likelihood that the insurer will have to pay out, together with other actuarial practices 11 that are frequently based on proprietary formulas and market competition.

12 64. The Surety Defendants price bail bonds differently: they have nearly uniformly 13 filed for a default premium rate of 10 percent of the posted bond, with an 8 percent maximum for 14 consumers who meet enumerated and nearly identical criteria (e.g., veterans, homeowners, union 15 members, government employees or certain arrestees represented by a private lawyer). They do 16 not price their products based upon any risk analysis, and several have not changed their filing in 17 nearly a decade.

18 65. Gross profit margins also distinguish California bail bonds from traditional 19 insurance markets, even though some Surety Defendants also sell insurance. In a competitive 20 market, pricing will be driven down to the marginal cost of providing a good or service. Thus, in 21 general, the lower the expected need to pay out on a claim, the lower the marginal cost of 22 supplying insurance; and the lower marginal cost of supplying insurance, the lower the premium 23 should be in a competitive market. Indeed, economists often assess the competitiveness of an 24 insurance market by looking at the fraction of premium revenue that insurers pay out to cover 25 claims (the "loss ratio"). The lower the loss ratio, the higher the profit margins, the less 26 competitive the market is likely to be, other things equal.

27 66. The California bail bonds market as a whole exhibits an extremely low loss ratio. 28 On the one hand, costs are low: the expected need to pay out is minimal because criminal

1 defendants rarely "jump bail" and even when they do, the bond is rarely forfeited. Defendant 2 AIA has been operating in the bail market for 107 years (now underwriting \$700 million of bail 3 annually), and its Vice President, Defendant Jerry Watson (also Senior Counsel and Board 4 Member of Defendant American Bail Coalition) has admitted: "You know how many checks has 5 this company written to pay a bail loss? Not a single one." Indeed, a report by the San Francisco 6 Office of the Treasurer & Tax Collector observes that "bail bond agencies are rarely held 7 accountable to the courts when an individual fails to appear;" in San Francisco, for example, bail 8 bond agencies are released from their obligation to pay approximately 4 out of every 5 challenges 9 they make to a bail forfeiture.

10 67. On the other hand, premium revenues are high, thanks to both pricing and volume. 11 According to Defendant American Surety Company, "[w]ith the highest average bond in the 12 nation at approximately \$14,000, more commercial bail is written in [California] than in any other 13 [state]." Every year between 2011 and 2013, California-licensed sureties underwrote bonds with 14 a face value of more than \$4.4 billion, and collected more than \$308 million in nonrefundable 15 premium fees per year, on average, from criminal defendants and their families. The CDI 16 estimates that "[t]he business costs of a bail bond company are typically 20% of the bail fee to be 17 paid to the surety company," meaning gross profit margins may be as high as 80%, and would 18 still be substantial even if the bail agent kept the majority of the premium.

19 68. Simply put, in no competitive insurance market are loss ratios that low and gross
20 profit margins that high. The premiums found in the California bail bonds market make no
21 economic sense, and can be explained only by a market failure. The market failure here is
22 Defendants' conspiracy to keep default premium rates fixed at 10%, and to prevent discounting or
23 rebating as much as possible.

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II.

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Defendants' Conspiracy

69. In November 1988, California voters enacted the Insurance Rate Reduction and
Reform Act ("Proposition 103"), which allowed insurers to charge consumers less than the rate
they submitted to the CDI by offering rebates. The express purpose of Proposition 103 was,

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among other things, "to protect consumers from arbitrary insurance rates and practices [and] to encourage a competitive insurance marketplace."

70. It has been clear since at least February 2004 that Proposition 103 permits sureties
in the bail bond industry to offer prices below the Maximum Rate submitted to the CDI by
offering rebates. *See Pacific Bonding Corp. v. John Garamendi*, No. GIC815786 (Cal. Super. Ct.
Feb. 24, 2004). Specifically, the trial court decision in *Pacific Bonding* enjoined the CDI from
enforcing an anti-rebate statute pre-dating Proposition 103. The CDI provides a link to this
decision on its website. Since then, the CDI explains, "to become more competitive, a bail agent
may choose to negotiate a lower fee by rebating, as allowed by Proposition 103."

10 71. Despite knowing no later than February 2004 that they can either (1) file for lower
11 rates, or (2) offer prices below their filed Maximum Rate by rebating, Defendants have agreed to
12 file for the same Maximum Rate, advertise only that default Maximum Rate, conceal their ability
13 to charge a lower effective rate through rebating, and generally refrain from offering competitive
14 rebates.

Furthermore, the Surety Defendants and their coconspirators have concealed their
scheme and dissuaded consumers from placing pressure on the industry to offer lower premium
rates by misrepresenting that their self-imposed pricing scheme is required by law. In fact, they
may file, and the CDI has the power to approve, lower Maximum Rates. Additionally, sureties
and bond agents may charge less than the Maximum Rate by offering and advertising rebates.

73. The anticompetitive cartel also intimidates competitors to toe the line. When
competitors attempt to compete by offering lower rates or rebating, cartel members brand them as
"break[ing] the law," despite knowing that to be false. The accusation dissuades competition and
misleads consumers to believe that shopping around for better premium rates is futile because
state law mandates uniform prices.

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A. Defendant Sureties Have Conspired to Fix Bail Premiums

74. The Surety Defendants and their coconspirators, since at least February 2004, have
conspired to fix bail premiums and avoid price competition. Defendants have:

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prices;

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- Made statements indicating their agreement not to compete over premium a.

b. Directed their agents not to compete with other agents over prices:

4 c. Used industry associations, including the Surety Association of America 5 (SAA), the California Bail Bond Association, the American Bail Coalition, and Golden State Bail Agents Association, and bail education courses organized by industry leaders, as a conduit for 6 7 enforcing their price-fixing cartel down to the bail-agent level; and

8 d. Singled out for punishment maverick bail agents who cut premium prices 9 to attract consumers.

10 75. At the center of the conspiracy is Aladdin Bail Bonds, the largest bail agency in 11 California, and its surety, Defendant SIC. The two companies are closely connected. As of 2012, 12 two of the five members of SIC's Board of Directors were executives of Two Jinn, Inc. (which 13 owns Aladdin), including the CEO of Two Jinn, Robert Hayes. As of 2012, Mr. Hayes owned 44.2% of Two Jinn, Inc. and 15.7% of SIC's holding company. The five individual shareholders 14 15 who together own 100% of Two Jinn, Inc. own over 35% of SIC's holding company.

16 76. As detailed further below, like other bail agents, Aladdin claims that its fees are 17 standard and non-negotiable. On its website under the heading "Standard Premium Rate," 18 Aladdin claims that its prices are required by law: "All insurers who work with bail service 19 providers are required to file their premium rates with the Department of Insurance. In California ... Aladdin Bail Bonds is authorized to offer an 8% rate in addition to the standard 10%. 20 Nobody has lower prices than Aladdin." These statements are misleading insofar as they conceal 21 22 the ability of Aladdin-and its competitors-to offer lower prices with rebates.

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77. Aladdin uses the SAA as a justification for setting its standard rate, and has said in 24 its CDI filings that "[t]he standard rate is based on Surety Association of America (SAA) 25 pricing."

26 Aladdin and SIC are not alone. Defendant Jerry Watson, acting on behalf of 78. 27 Defendant surety AIA, has publicly derided what he calls "price-cutting" as a "cancer" in an

1	article posted to AIA's website. Watson and AIA have helped to organize the industry to prevent	
2	price competition and maintain the cartel.	
3	79. Defendant American Surety Company is a national leader in the bail industry, and	
4	"devotes a tremendous amount of resources towards preserving the commercial bail industry."	
5	ASC staff have been vocal proponents of maintaining elevated prices through concerted action.	
6	80. Defendant Carmichael, President and CEO of Defendant American Surety	
7	Company, and current Chairman and former President and CEO of Defendant American Bail	
8	Coalition, has written:	
9	In 1986, when Jack and I started, we dreamt of an industry solidly	
10	united against its foes. National, State and Local associations well- versed in the vital roles they play in the protection and betterment	
11	of our markets We wished for a cohesive band of agents and companies whose power, when combined, far exceeded the power of an unorganized group of single businesses Our Company	
12	will continue to provide its resources, both financial and personnel, to any effort which can be demonstrated to be trying to grow the	
13	surety-backed agency channel. (Emphasis added.)	
14	81. Carmichael has long recognized that if the sale of commercial bail bonds were a	
15	competitive market, the profitability of ASC and other Defendants would plummet, because	
16	sureties rarely have to pay out a bond to a court. Those low costs should otherwise encourage	
17	discounting by sureties to increase their respective market shares. As Carmichael stated in a	
18	March 2005 article:	
19	2005 will not be a year when we, as an industry, can sit passively by while competitive forces continue to encroach upon our	
20	markets Advocates argue that the market dictates that they charge and collect less than the filed rate [But] I can safely	
21	predict that if left unchecked, rampant premium discounting will result in the end of the bail bond business as we know it, to be	
22	replaced by a new model that properly reflects the proper balance of risk and reward. Simple economics dictates it I urge all of	
23	us to recognize the serious nature of the threats to our industry and work collectively to repel them. Leaving profit on the table,	
24	in the form of discounts or uncollected accounts receivable, is a fool's game. (Emphasis added.)	
25	82. Thus, Carmichael and other sureties have recognized the need to avoid the "simple	
26	economics" that would create a market "reflect[ing] the proper balance of risk and reward"	
27	a market with low premiums to reflect the low likelihood that a criminal defendant will "jump	
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bail" and a surety will have to pay out on a bond. Carmichael called upon bail bond agents to be 2 "our industry's eyes, ears and mouths in recognizing and alerting all to the impending attack [on the industry]. When you [agents] become aware of a situation, please contact us so that we may 3 4 assess the depth of the threat and work alongside of you to craft an appropriate response."

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83. The sureties have taken matters into their own hands to avoid the "simple economics" that would otherwise reduce their profits. A 2002 essay entitled Predatory Pricing, by Michael J. Whitlock, Vice President of Defendant ASC, explained, with particular reference to California, that "*[p]rice gauging [sic] or predatory pricing is being addressed in several markets* around the country.... Fix the system and you will correct those areas which allow large retailers to prostitute the bail industry for short term gain." (Emphasis added.)

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B. Defendants Have Enlisted or Created Industry Associations to Enforce Their Conspiracy

84. Industry associations, including, for example, Defendant California Bail Agents Association, Defendant Golden State Bail Agents Association, and Bail Agents Association of San Diego County, host meetings that provide opportunities for Defendants to maintain and enforce the conspiracy.

85. The California Bail Agents Association is the primary industry association of bail agents in California. CBAA hosts annual conventions every year. The 39th Annual Convention was held in Reno, Nevada on October 1, 2018.

86. The CBAA provides material to the general public in service of the conspiracy, falsely designed to hide the conspiracy behind misrepresentations of the governing law.

The CBAA's "How Bail Bonds Works" web page deliberately misleads 87. 22 consumers, but also ensures its members know the association-wide policy: "Are there any restrictions on how high my bail can be? Each surety company must file rates with the 24 Department of Insurance. Bail agents representing a company must charge the same, filed rates." 25 The "rates" here are the Maximum Rates. The CBAA does not disclose that agents are allowed to 26 rebate appropriately based on market competition. 27

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88. The CBAA also maintains information regarding premiums charged that Defendants and their agents can use to detect and prevent premium discounting.

89. The Golden State Bail Agents Association ("GSBAA"), founded in 2004 by
"competitors, [who] discovered that they had a lot in common and formed GSBAA to pursue
their common interest in promoting and propagating the California bail industry," functions
similarly.

90. The trade associations cooperate with each other as well. According to ASC VP
Whitlock's blog, "[a] bail industry meeting took place on the 2nd floor of the Crown Plaza Hotel
down the street from LAX on November 2, 2011. The meeting was organized by the American
Bail Coalition and included representatives of not only the members of ABC, but California's two
bail agent associations, California Bail Agents Association and The Golden State Bail Agents
Association and representatives of Aladdin Bail Bonds, the state's largest retailer. This
cooperative was named the California Bail Coalition (CBC)."

14 91. The coordination extends to the national level, with the "ABC [] working with a
15 large coalition that includes California's two state associations, CBAA and GSBAA," according
16 to ASC VP Whitlock's blog written in 2017. In that same blog, Whitlock wrote that "[t]he
17 cooperation among industry competitors at both the agency and surety level has been nothing
18 short of inspiring."

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C. Defendants Have Used Bail Agent Training Courses to Enforce Cartel Pricing

92. The cartel has also been reinforced by industry-sponsored, privately-run bail agent
training courses where industry participants train other participants in implementing the
conspiracy. For example, a course offered by the Bail Resource Center & Career Academy
teaches the cartel line: "the right answer on the test: no rebates."

Sean Cook, of Bail Bonds Universal California, Board Member At-Large of the
CBAA, and author of the e-book "Bail Bonds 101," which the CBAA advises is an essential
starting point for all bail agents, works to "educate" bail agents into the cartel.

27 94. For example, in an article titled "Running a Bail Bond Business: Answering
28 Calls," Cook advises:

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Bail Agents, Following Surety Instructions, Have Implemented Uniform Pricing and Made Misrepresentations Regarding Bail Bond Premiums

95. The sureties contractually dictate the rates for their associated bail agents, who then advertise these rates as nonnegotiable.

[T]he caller may be shopping to see what fees you charge, but

make up the point or two somewhere in the transaction. In California, the only time you might lower the fee to 8%, which is

from an attorney.

always keep in mind that your state DOI regulates the fees for bail

bonds and if a competitor offers a lower percentage fee, they WILL

2% less than the standard 10%, is if you are working with a referral

9 96. Contractual agreements establishing the relationship between sureties and bail
10 agents may include strictures like the following: "The premiums to be charged and collected" by
11 the bail agent "shall be at such rates as may be approved by the Department of Insurance of the
12 State of California or by statute, or *in the absence of some such established rates, as may be*13 *prescribed by the [surety].*" (Emphasis added.)

- 97. Bail agents then advertise these dictated rates, misleading Class members into
 thinking they are mandated by law rather than by the sureties. For example, as of January 2019,
 the website for Quick Bail Bonds Covina, which operates under License No. 1J09699 and
 contracts with AIA, states: "The Bail Bond agency in California (by California law) is not
 allowed to charge more or less than 10%."
- 19 98. For example, as of January 2019, the website for Padilla Bail Bonds (License No.
 20 1639213) states, on behalf of its surety, Lexington National Insurance: "The California Law
 21 mandated bail bond fee (also called premium) is 10% of the bail. This is non-refundable, but can
 22 be lowered to 8% if you qualify for the discount—if you're a veteran, union member or have a
 23 lawyer retained."

99. As of January 2019, the website for 888 Bail Bonds (which operates under several
license numbers) states on behalf of its sureties, including Defendants Allegheny Casualty
Company and International Fidelity Insurance Company: "Can I find Cheap Bail? The cost of a
bail bond in California is set with the Department of Insurance at 10% of the total bail amount.
We often get the question from potential clients: 'Can you do it for less?' 'Would you take 5% if

I pay cash?' Any agent offering bail at 5% in the State of California is simply acting illegally or
 deceptively...." (Emphasis added.) Finally, the website states, "Do you Offer 5% Bail or
 Negotiate Premium? We do not negotiate bail premium. Some people may not care if paying an
 illegal 5% bail premium is against the law. However, we ask you to consider carefully the
 position in which unlawful bail puts you. If a bail agent is breaking the law by price-cutting, will
 the same agent return your collateral?"

100. As of January 2019, the website for Bad Boy Bail Bonds (License No. 1846634)
says, on behalf of its surety: "The process of bail is regulated by the State of California. A Judge
within the county of arrest sets the bail amount. Once bail is set, a Bad Boys Bail Bonds Agent
charges 10%. (The State of California regulates this fee. All Bail Bonds companies charge the
same rate.)."

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101. As of January 2019, the website for All American Bail Bonds (License No.
1845565) says, on behalf of its sureties, "the lowest legal rate that any one Bail Bonding company can charge is 8%, anything less is ILLEGAL." Characterizing rates lower than 10% (or, where applicable, 8%) as "illegal" is a frequent occurrence.

16 102. Similar deceptive language used by other bail agents discourages consumers from
17 comparison shopping to find the best rates. As of January 2019, the website for Almighty Bail
18 Bonds (License No. 1842942) says, on behalf of its sureties: "there are companies that can legally
19 charge 8%, while the allowable premium is set at 10% for others. If a company that [sic] agrees
20 to discount their fee, they may lose their license."

21 103. Examples of bail agents purporting to be prohibited by California law from
22 charging less than 10% (or 8% under limited circumstances) are hardly restricted to the
23 foregoing; indeed, they are ubiquitous.

24 104. These statements misrepresent the law and mislead consumers by omitting or
25 disclaiming that bail bond agents and their sureties are free to charge a lower effective rate
26 through rebates.

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Defendants Have Maintained Their Conspiracy by Punishing Undercutting

105. Understanding that it is within their legal authority—and economic self-interest, absent the cartel—to offer and advertise lower prices, a small number of maverick bail agents have done so.

5 106. But the mavericks who have opted to openly compete on price, either through 6 lower filed rates or by advertising their lawful rebating authority, have faced retaliation from 7 participants in the price-fixing conspiracy. This has resulted in some bail agents being forced to 8 exit the market. As Dennis Bartlett, former Executive Director of Defendant ABC, has noted, 9 higher bail amounts have "disadvantaged not only defendants but bail agents, some of whom have 10 cut premium rates in order to write any bonds at all," and explained that in response, "[t]he 11 bonding industry has worked hard to rectify this abuse." (Emphasis added.)

107. For example, in a 2014 online post, bail agent Chad Conley (also known as "Chad 12 the Bail Guy") explained the legal effect of Proposition 103 on bail agents' ability to give rebates 13 to consumers: "bail bonds are regulated under Proposition 103, which provides for premium 14 rebates as long as they are not unfairly discriminatory." Mr. Conley's post is notable: Plaintiffs 15 have been able to identify only one clear public acknowledgement from a market participant 16 about their rebating authority under Proposition 103. In a response to a comment on this post, 17 Mr. Conley stated that his efforts to provide lower prices for his bail bond clients resulted in 18 pressure from a "good ol boys club," which "came after [his] license for trying to save clients' 19 money." He further confirmed that other bond agents are aware of their ability to provide lower 20 prices but have conspired to avoid this form of competition: "They prefer price fixing" 21

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<u>The Industry Is Well Aware That the Law Encourages Price Competition,</u> and Would Discount Absent Their Agreement

108. The bail industry has every reason to behave competitively and yet it does not
because of the conspiracy.

109. The industry regulator, CDI, has publicly explained that "to become more
competitive, a bail agent may choose to negotiate a lower fee by rebating, as allowed by
Proposition 103."

1 110. In addition, in *Pacific Bonding Corp. v. John Garamendi*, No. GIC815786 (Cal.
 2 Sup. Ct. Feb. 24, 2004), the California Superior Court enjoined the California Department of
 3 Insurance from enforcing a regulation prohibiting bail sureties from offering rebates to
 4 consumers; the court relied in part on Proposition 103's repeal of anti-rebate statutes. Thus, it has
 5 been clear since that time that sureties and bail agents may offer rebates below the approved
 6 maximum insurance rate.

7 111. What the regulators and the judiciary made clear is as also what economics would 8 yield but for the conspiracy. Market dynamics would normally provide a strong incentive to compete on price. As discussed above, the loss ratios and profit margins of the California bail 9 10 bonds market strongly suggest a lack of competition—that is, the high uniform premiums make 11 no economic sense. In a competitive market for the sale of commercial bail bonds, one would 12 expect bail-bond agents to advertise premiums based on market conditions and actuarial 13 determinations, and offer competitive payment structures that would attract consumers. They 14 would do this based on instruction from their sureties, who would know that reducing premiums 15 would allow them to increase their market share, with little downside risk because of the rarity with which criminal defendants "jump bail" and collection is sought from sureties. 16

17 112. This competitive dynamic would be especially likely in a market where demand is
18 declining and supply increasing. Defendant Jerry Watson, in a 2009 article called "The New Age
19 of Bail," observed a simultaneous increase in the supply and reduction in demand for commercial
20 bail services:

For a number of years, there has been concern that too many new agents are entering an already crowded industry. An inherent problem has revealed itself as an increasing number of bail agents want a piece of a shrinking bail bond pie. . . . [Meanwhile,] data compiled concludes that the number of nationwide arrests is decreasing by slightly over two percent each year. . . . Whatever the cause may be, the effect is clear: There are increasingly fewer bonds in the marketplace.

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Watson was describing changes that have affected bail agents across the country,
 but the same dynamic has been observed in California, including by Maggie Kreins, president of
 the California Bail Agents' Association (CBAA): "When I first started writing bail in the mid-

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80s, there were 1,200 agents in the state. Now there are 3,400, one on top of the other, and everyone is fighting for that slice of the pie."

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114. Economic theory and common sense dictate that in industries with numerous 4 competitors, a cartel is harder to create, monitor, and enforce. Near-universal adherence to the 5 10% rule by thousands of California bail agents would be surprising without a conspiracy among 6 the sureties that are licensed to sell commercial bail bonds in the state. That there are far fewer 7 sureties makes a cartel easier to enforce. Only licensed sureties may legally sell commercial bail 8 bonds to California criminal defendants. Not only are there regulatory entry barriers, but to be 9 successful, a surety must have a network of bail agents selling its bonds, which requires 10 developing arrangements and contracting with bail agents.

11 115. That these sureties would have independently decided to keep premiums uniformly 12 high is particularly inexplicable in light of the industry's shrinking size. With the onset of what is 13 typically referred to in industrial-organization literature as "secular decline"-long-term 14 reduction in demand for a product, rather than cyclical shifts-the standard response in other 15 industries has been vigorous price competition. Yet despite these changes, Defendants have 16 managed to avoid competing on price.

17 116. That has been true even as various forms of non-price competition have responded 18 in just the way that economic theory would predict: bail agents and sureties have become 19 increasingly fierce competitors in marketing (both legal and prohibited forms), credit terms, and 20 other respects.

21 For a 2017 report titled "The Devil in the Details: Bail Bond Contracts in 117. 22 California," the CDI's Deputy Legislative Director noted that the Department has seen unfair and 23 illegal solicitation including (1) soliciting bail in a prohibited place such as a court, jail, or police 24 station, (2) "spoofing" inmate locator websites to gather information on the accused that the bail 25 bond agent uses for solicitation, (3) using data mining strategies to collect public information 26 about new admissions to jail facilities to "bond drop" or conduct illegal solicitations of arrestees, 27 (4) using attorney-client jail visiting room scams to illegally solicit other inmates for bail, or (5) inmate "capping," which consists of paying an inmate to refer clients to a bail agent. These 28 23

findings have been corroborated by other government investigations and even arrests of bail
 agents.

118. Despite sometimes fierce competition on other terms, the Bail Agency Defendants 3 4 and other bail agents do not compete on price, because prices are controlled by their respective 5 sureties. Today, and throughout the Class period, substantially all (1) sureties in California have 6 filed for the same Maximum Rate, offered under nearly identical conditions (including the 7 standard Fully Earned Term), and (2) bail agents, to whom sureties dictate rates, have advertised 8 those Maximum Rates as the required price, even though they could offer lower prices. That not 9 only reflects the conspiracy's success, but-as in other industries in which pricing is 10 transparent—facilitates identification and punishment of those industry participants who dare to 11 deviate.

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PLAINTIFFS AND THE CLASS HAVE BEEN HARMED

13 119. Consumers were harmed by Defendants' conspiracy to fix bail bond prices.
14 120. Absent the conspiracy to fix default premiums at 10%, sureties and agents would
15 have competed by filing lower Maximum Rates with CDI or charging rates that are lower than
16 their respective Maximum Rates through rebates and other discounts. Price competition would
17 have led to lower prices across the market, which would have resulted in consumers paying less
18 to get out of jail or incurring less debt when consumers financed the premium.

19 In addition, absent the conspiracy, fewer consumers would have been left in 121. 20 pretrial detention because they could not afford to pay a bail bondsman to post bail. California 21 holds a disproportionate number of people in pretrial detention—as of 2015, 59% of people 22 accused of crimes, compared to the nationwide average of 32%. According to Human Rights 23 Watch, "[i]n California, consistently over 63 percent of prisoners in county jails have not been 24 sentenced, but are serving time because they cannot afford to pay bail." A working group 25 appointed by the Chief Justice of the Supreme Court of California reported that, "although the 26 available statistical data are limited, information gathered by the working group confirms that 27 some people currently in California jails who are safe to be released are held in custody solely 28 because they lack the financial resources for a commercial bail bond." Further, pretrial

incarceration has been linked to loss of housing and employment, deterioration in familial
 relationships, and harms to mental and physical health, among other consequences. Simply put:
 Defendants' conspiracy to generate unlawful profits caused more Californians to remain in
 detention, and suffer collateral consequences, than otherwise would be the case.

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FRAUDULENT CONCEALMENT, THE DISCOVERY RULE, AND EQUITABLE ESTOPPEL

7 122. Application of the doctrines of fraudulent concealment and the discovery rule 8 tolled the statutes of limitations on claims asserted by Plaintiffs and the Class. Plaintiffs and 9 Class members were persons in pretrial detention or friends and relatives who paid premiums on 10 bail bonds but had no actual knowledge, or reason to have knowledge, of the secret conspiracy 11 alleged herein or any reasonably available means to discover or investigate it. Defendants' 12 pervasive public misrepresentations that their prices were legally required gave Plaintiffs and the 13 Class no reason to suspect that an unlawful conspiracy to restrain competition was afoot. 14 Plaintiffs and the Class were justified in relying on these misrepresentations. Plaintiffs and the 15 Class also lacked the specialized economic and industry knowledge necessary to discover the 16 conspiracy sooner despite the exercise of due diligence.

17 123. Alternatively, Defendants are equitably estopped from asserting a statute of
18 limitations defense because, by their affirmative misrepresentations and by intentional acts to
19 conceal their wrongdoing, Defendants misled Plaintiffs and the Class into believing they had no
20 choice but to pay the cartel price. Defendants should not be permitted to profit from their
21 wrongdoing.

FIRST CLAIM FOR RELIEF

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Violation of the Cartwright Act, Cal. Bus. & Prof. Code § 16720

24 124. Plaintiffs repeat and incorporate by reference each of the foregoing allegations of25 this Complaint.

26 125. Defendants, and their co-conspirators, entered into and engaged in a continuing
27 unlawful trust in restraint of the trade and commerce described above in violation of California
28 Business and Professions Code section 16720.

1	126. Beginning on or about February 24, 2004, Defendants have engaged in continuing	
2	trusts in restraint of trade and commerce, and the fixing of commercial bail bond premiums sold	
3	to Plaintiffs and members of the Class in violation of the Cartwright Act.	
4	127. Defendants' trusts have included concerted action and undertakings among the	
5	Defendants with the purpose and effect of fixing advertised premiums for commercial bail bonds	
6	at 10% of the bond, with the exception that 8% may be offered to some consumers meeting	
7	certain criteria.	
8	128. The wrongful acts done in furtherance of Defendants' conspiracy include, but are	
9	not limited to:	
10	a. Agreeing at meetings—at industry conferences and elsewhere—to fix the	
11	advertised premiums for commercial bail bonds;	
12	b. Filing uniform Maximum Rates submitted to the California Department of	
13	Insurance;	
14	c. Advertising those Maximum Rates as the minimum price of bail bonds on	
15	their websites and elsewhere while concealing their ability to offer rebates;	
16	d. Falsely claiming that the offered prices were required by law and that	
17	rebates or discounts were unlawful;	
18	e. Maintaining industry discipline and coordination through blog posts and	
19	articles advocating against price competition; and	
20	f. Retaliating, via threats and other means, against those supporting or	
21	engaging in price competition.	
22	129. The agreement that Defendants entered, maintained, renewed, and enforced with	
23	one another had the purpose and effect of fixing or inflating bail bond prices in California. As a	
24	result of this agreement, Plaintiffs and Class members have been forced to pay inflated bail bonds	
25	premiums, and otherwise have been damaged as described in this Complaint. But for the	
26	conspiracy alleged herein, bail bond premiums paid by Plaintiffs and Class members in California	
27	would have been significantly lower.	
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CLASS ACTION COMPLAINT CASE NO. 1 130. As a direct and proximate result of Defendants' past and continuing violation of
 the Cartwright Act, Plaintiffs and the Class have suffered injury and damages in an amount to be
 proven at trial.

131. Plaintiffs, on behalf of themselves and other members of the Class, seek money
damages from Defendants jointly and severally for these violations. These damages represent the
difference between the amount Plaintiffs and other members of the Class paid in premiums for
bail bonds in California and what Plaintiffs and other members of the Class would have paid in
premiums in the absence of the violations alleged. Damages may be quantified on a Class-wide
basis. Actual damages should be trebled under California Business and Professions Code section
16750.

11 132. Plaintiffs and members of the Class are "persons" within the meaning of the
12 Cartwright Act as defined in section 16702.

13 133. The acts done by each Defendant as part of, and in furtherance of, their
agreements, combinations or conspiracies were authorized, ordered, or done by their respective
officers, directors, agents, employees, or representatives while actively engaged in the
management of each Defendant's affairs.

17 134. Defendants' agreements, combinations and/or conspiracies are a per se violation of
18 the Cartwright Act.

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SECOND CLAIM FOR RELIEF

Unfair Competition in Violation of Cal. Bus. & Prof. Code § 17200, et. seq.

21 135. Plaintiffs repeat and incorporate by reference each of the foregoing allegations of
22 this Complaint.

136. Defendants' and their co-conspirators' actions to restrain trade and fix prices in the
market for commercial bail bonds constitute unfair competition and unlawful, unfair, and
fraudulent business acts and practices in violation of California Business and Professions Code
sections 17200, *et seq*.

27 137. Defendants' and their co-conspirators' conduct in engaging in combinations of
28 capital, skill, and acts with others with the intent, purpose, and effect of restraining trade and

fixing prices in the market for commercial bail bonds, including falsely advertising that they were 2 required to charge the filed Maximum Rates while concealing their ability to charge a lower effective rate through rebates, constitutes and was intended to constitute unfair competition and 4 unlawful, unfair, and fraudulent business acts and practices within the meaning of California Business and Professions Code section 17200.

6 138. Defendants and their co-conspirators also violated California's Unfair Competition 7 Law by violating the Cartwright Act.

8 139. As a result of Defendants' and their co-conspirators' violations of Business and 9 Professions Code section 17200, Defendants have unjustly enriched themselves at the expense of 10 the Class. The unjust enrichment continues to accrue as the unlawful, unfair, and fraudulent 11 business acts and practices continue.

12 140. To prevent their unjust enrichment, Defendants should be required pursuant to 13 Business and Professions Code sections 17203 and 17204 to disgorge their illegal gains for the 14 purpose of making full restitution to all injured Class members identified hereinabove. 15 Defendants should also be permanently enjoined from continuing their violations of Business and Professions Code section 17200. 16

17 141. The acts and business practices, as alleged herein, constituted and constitute a 18 common, continuous, and continuing course of conduct of unfair competition by means of unfair, 19 unlawful, and/or fraudulent business acts or practices within the meaning of California Business 20 and Professions Code section 17200, et seq., including, but not limited to, violations of the Cartwright Act, California Business and Professions Code section 16720, et seq. 21

22 142. Defendants' and their co-conspirators' acts and business practices as described above, whether or not in violation of California Business and Professions Code section 16720, et 23 24 seq., are otherwise unfair, unconscionable, unlawful, and fraudulent.

25 143. The illegal conduct alleged herein is continuing, and there is no indication that 26 Defendants and their co-conspirators will not continue such activity into the future.

> 28 CLASS ACTION COMPLAINT CASE NO.

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1	PRAYER FOR RELIEF
2	Plaintiffs request relief as follows:
3	a. That the Court determine that this action may be maintained as a class
4	action under section 382 of the California Code of Civil Procedure, and direct that notice of this
5	action, as provided by California Rule of Court 3.766 and 3.767(a)(1), be given to Class
6	members;
7	b. That Defendants be declared to be financially responsible for the costs and
8	expenses of a Court-approved notice program by mail, broadcast media, e-mail, and publication
9	designed to give immediate notification to Class members;
10	c. That the Court enter an order declaring Defendants' actions, as set forth in
11	this Complaint, violate the law;
12	d. That the Court issue an injunction against Defendants, stopping and
13	preventing the violations alleged herein and requiring Defendants to correct all false or
14	misleading statements in any materials, online or otherwise, relating to the discounting of bail;
15	e. That the Court award Plaintiffs and Class members damages and/or
16	restitution in an amount to be determined at trial, with damages to be trebled pursuant to
17	California Business and Professions Code section 16750(a);
18	f. That the Court require disgorgement and/or impose a constructive trust
19	upon Defendants' ill-gotten gains, freeze Defendants' assets, and/or require Defendants to pay
20	restitution to Plaintiffs and to all members of the Class of all funds acquired by means of any act
21	or practice declared by this Court to be an unlawful, unfair, or fraudulent, business practice, a
22	violation of state law, or to constitute unfair competition;
23	g. That the Court award Plaintiffs and the Class pre- and post-judgment
24	interest;
25	h. That the Court award Plaintiffs and the Class their costs of suit, including
26	reasonable attorney's fees and expenses; and
27	i. That the Court award such other relief as the Court may deem just and
28	proper. 29
	CLASS ACTION COMPLAINT
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1	JU	RY DEMAND
2	Plaintiffs hereby demand a jury trial	l for all triable issues.
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		Respectfully submitted,
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6	Dated: January 29, 2019	By: and an
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	CLAS	S ACTION COMPLAINT CASE NO.

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