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County of Los Angeles

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SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF LOS ANGELES

**THE PEOPLE OF THE STATE OF
CALIFORNIA,**

Plaintiff,

v.

STUBHUB, INC., a corporation,

Defendant.

Case No. **24 STCV21332**

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

(BUS. & PROF. CODE, §§ 17200 et seq.,
17500 et seq.)

1 The People of the State of California ("People"), by Rob Bonta, Attorney General of the
2 State of California, bring this action against StubHub, Inc. ("Defendant") for violating the Unfair
3 Competition Law (Bus. & Prof. Code, § 17200 et seq.) and False Advertising Law (Bus. & Prof.
4 Code, § 17500 et seq.), and allege the following on information and belief:

5 **DEFENDANT**

6 1. Defendant StubHub, Inc. is a Delaware corporation, with its principal place of business in
7 New York, New York.

8 **JURISDICTION AND VENUE**

9 2. This Court has jurisdiction over the allegations and subject matter of the People's
10 Complaint filed in this action, and the parties to this action; venue is proper in this County; and
11 this Court has jurisdiction to enter this Judgment.

12 3. This enforcement action is brought under Business and Professions Code section 17200 et
13 seq. and section 17500 et seq. The violations of law alleged in this Complaint occurred in the
14 County of Los Angeles and elsewhere in the State of California.

15 **STATUTORY BACKGROUND**

16 4. "Unfair competition" is defined in Business and Professions Code section 17200 as "any
17 unlawful, unfair or fraudulent business act or practice," any unfair, deceptive, untrue or
18 misleading advertising, and any act prohibited by Chapter 1 (commencing with Section 17500) of
19 Part 3 of Division 7 of the Business and Professions Code.

20 5. Pursuant to Business and Professions Code section 17206, any person who engages, has
21 engaged, or proposes to engage in unfair competition shall be liable for a civil penalty not to
22 exceed \$2,500 for each violation.

23 6. Pursuant to Business and Professions Code section 17203, any person who engages, has
24 engaged, or proposes to engage in unfair competition may be enjoined in any court of competent
25 jurisdiction and the court may make such orders or judgments to prevent the use of any practice
26 which constitutes unfair competition, or as may be necessary to restore to any person in interest
27 any money or property which may have been acquired by means of such unfair competition.

28 7. Pursuant to Business and Professions Code section 17205, the remedies or penalties

provided for violations of Business and Professions Code section 17200 et seq. are cumulative to each other and to the remedies or penalties available under all other laws of the state.

8. Business and Professions Code section 17500 makes it unlawful for any person, firm, corporation, or association, or any employee thereof, with intent directly or indirectly to dispose of real or personal property or to perform services, to disseminate any statement, concerning that real or personal property or those services, which is untrue or misleading, and which is known, or which by the exercise of reasonable care should be known, to be untrue or misleading.

9. Pursuant to Business and Professions Code section 17535, any person who violates or proposes to violate Business and Professions Code section 17500 et seq. may be enjoined in any court of competent jurisdiction and the court may make such orders or judgments to prevent the use of any practices which constitute a violation of Business and Professions Code section 17500 et seq., or as may be necessary to restore to any person in interest any money or property which may have been acquired by means of such violation.

10. Pursuant to Business and Professions Code section 17536, any person who violates Business and Professions Code section 17500 et seq. shall be liable for a civil penalty not to exceed \$2,500 for each violation.

11. Pursuant to Business and Professions Code section 17534.5, the remedies or penalties provided for violations of Business and Professions Code section 17500 et seq. are cumulative to each other and to the remedies or penalties available under all other laws of the state.

12. Business and Professions Code sections 22500 through 22511 (California's Ticket Seller Statute) imposes various obligations related to ticket sales for live events, including certain refund obligations for ticket sellers (Bus. & Prof. Code, § 22507). California Business and Professions Code section 22503 defines "ticket seller" for purposes of the Ticket Seller Statute as "any person who for compensation, commission, or otherwise sells admission tickets to sporting, musical, theatre, or any other entertainment event."

13. Civil Code section 1750 et seq. (California's Consumers Legal Remedies Act) imposes various obligations on sellers of goods and services to consumers. Civil Code section 1770, subdivision (a), defines as unlawful certain "unfair methods of competition and unfair or

deceptive acts or practices” that are “undertaken by any person in a transaction intended to result or that results in the sale or lease of goods or services to any consumer,” and prohibits, among other conduct, “[a]dvertising goods or services with intent not to sell them as advertised” (Civ. Code, § 1770, subd. (a)(9)), “[r]epresenting that a transaction confers or involves rights, remedies, or obligations that it does not have or involve” (*id.* at subd. (a)(14)), or “[r]epresenting that the subject of a transaction has been supplied in accordance with a previous representation when it has not” (*id.* at subd. (a)(16)).

FACTUAL BACKGROUND

14. StubHub offers and sells tickets to live events – such as musical concerts, sports, theater performances, comedy shows, conventions, exhibitions, and other events – on its secondary marketplace online at www.stubhub.com and on its mobile apps.

15. StubHub operates and manages its secondary marketplace to effectuate the sale from individuals or entities of secondary or resold tickets to consumers.

16. StubHub manages many aspects of the transaction, takes payment from the consumer, ensures that tickets are delivered to the consumer, and remits funds to the original ticketholder.

17. When a live event is canceled, the event organizer typically refunds money to the purchaser of the ticket. This presents potential uncertainty for resold tickets because the event organizer typically does not issue refunds directly to the holder of a resold ticket.

18. Because StubHub operates a secondary market, consumers who consider purchasing a ticket on StubHub’s marketplace may have questions and uncertainty as to whether they will receive a refund if a ticket purchased on the StubHub marketplace is for an event that is subsequently canceled. Consumers therefore may be reluctant to purchase tickets on a secondary market such as StubHub in the absence of a refund guarantee.

19. For many years, StubHub prominently advertised that ticket sales on its secondary marketplace were backed by its “FanProtect” guarantee, which promised that StubHub would provide a full refund for the amount a consumer paid, inclusive of all fees and charges, if an event was canceled and not rescheduled. StubHub made its “FanProtect” guarantee a central part of its marketing, including in the period of time leading up to the COVID-19 pandemic in early 2020.

1 20. As of March 5, 2020, StubHub, through its advertising and other public statements,
2 assured consumers that they would receive refunds for the purchase of secondary tickets on
3 StubHub's marketplace place if an event was canceled.

4 21. In March 2020, the outbreak of COVID-19 was declared a global pandemic by the World
5 Health Organization. Various public health measures, including stay-at-home orders and bans of
6 large gatherings, resulted in cancellation of live events, including events for which StubHub
7 consumers had purchased tickets.

8 22. On or about March 6, 2020, StubHub sent emails to its consumers who had tickets to
9 events that had been canceled as a result of COVID-19. In these emails, StubHub stated that the
10 consumers were protected by the "FanProtect" guarantee and would receive a full refund for any
11 events canceled as a result of COVID-19 unless the consumers preferred the credit option of 120
12 percent of the original order. StubHub sent similar emails on or about March 20, 2020.

13 23. On or about March 25, 2020, StubHub, contrary to its prior representations and to the
14 terms imposed on consumers when purchasing tickets on StubHub, revised its "FanProtect"
15 guarantee and informed consumers that it would no longer provide refunds for canceled events,
16 including consumers who had previously purchased tickets on StubHub's marketplace under
17 terms that included the "FanProtect" guarantee. StubHub refused to pay refunds to hundreds of
18 thousands of consumers nationwide, including many thousands of California consumers, who had
19 previously purchased tickets on StubHub's marketplace under terms that included the
20 "FanProtect" guarantee.

21 24. StubHub failed to inform consumer who purchased tickets under terms that included its
22 "FanProtect" guarantee that it would not pay refunds under certain circumstances, such as during
23 the COVID-19 pandemic when many consumers desired refunds.

24 25. StubHub did not provide refunds to consumers for many months during the COVID-19
25 pandemic. By failing to honor its guarantee to consumers to provide refunds for canceled events,
26 StubHub misled consumers who reasonably relied on the advertised refund policy when
27 purchasing tickets from StubHub's platform.

1 **FIRST CAUSE OF ACTION**

2 VIOLATIONS OF BUSINESS AND PROFESSIONS CODE SECTION 17500

3 (False Advertising Law)

4 26. Plaintiff realleges and incorporates by reference each of the paragraphs above as though
5 fully set forth in this cause of action.

6 27. Defendant violated Business and Professions Code section 17500 et seq. in connection
7 with statements made related to its refund policy, including statements related to its "FanProtect"
8 guarantee, by making or disseminating, or causing to be made or disseminated, false or
9 misleading statements with the intent to induce members of the public to purchase tickets on
10 StubHub's platform, when Defendant knew, or by the exercise of reasonable care should have
11 known, that the statements were false or misleading.

12 **SECOND CAUSE OF ACTION**

13 VIOLATIONS OF BUSINESS AND PROFESSIONS CODE SECTION 17200

14 (Unfair Competition Law)

15 28. Plaintiff realleges and incorporates by reference each of the paragraphs above as though
16 fully set forth in this cause of action.

17 29. Defendant engaged in unfair competition as defined in California Business and
18 Professions Code section 17200 by engaging in unlawful, unfair or fraudulent business acts or
19 practices, and unfair, deceptive, untrue or misleading advertising, in connection with statements
20 made related to its refund policy, including statements related to its "FanProtect" guarantee, and
21 its failure to provide timely refunds.

22 30. Defendant's acts and practices of unfair competition include the following:

23 a. Defendant violated Business and Professions Code section 17500 et seq., as
24 alleged above in the First Cause of Action.

25 b. Defendant violated Business and Professions Code section 22500 through 22511
26 (California's Ticket Seller Statute) by, among other things, failing to refund tickets as required
27 by Business and Professions Code section 22507.
28

1 c. Defendant violated Civil Code section 1750 et seq. (California's Consumers Legal
2 Remedies Act) by, among other things, the following:

3 (i.) Advertising goods or services with intent not to sell them as advertised (Civ. Code,
4 § 1770, subd. (a)(9));

5 (ii.) Representing that a transaction confers or involves rights, remedies, or obligations
6 that it does not have or involve (Civ. Code, § 1770, subd. (a)(14)); and

7 (iii.) Representing that the subject of a transaction has been supplied in accordance with
8 a previous representation when it has not (Civ. Code, § 1770, subd. (a)(16)).

9 **PRAYER FOR RELIEF**

10 WHEREFORE, Plaintiff prays for judgment as follows:

11 1. That under Business and Professions Code section 17535, Defendant, its successors,
12 agents, representatives, employees, and all persons who act in concert with Defendant, be
13 permanently enjoined from making any false or misleading statements in violation of Business
14 and Professions Code section 17500 as alleged in this complaint;

15 2. That under Business and Professions Code section 17203, Defendant, its successors,
16 agents, representatives, employees, and all persons who act in concert with Defendant, be
17 permanently enjoined from committing any acts of unfair competition in violation of Business
18 and Professions Code section 17200 as alleged in this complaint;

19 3. That under Business and Professions Code sections 17203 and 17535, the Court make
20 such orders or judgments as may be necessary to restore to any person in interest any money or
21 property that may have been acquired by means of Defendant's unlawful conduct;

22 4. That under Business and Professions Code section 17536, the Court assess a civil penalty
23 of \$2,500 for each violation of Business and Professions Code section 17500, as proved at trial;

24 5. That under Business and Professions Code section 17206, the Court assess a civil penalty
25 of \$2,500 for each violation of Business and Professions Code section 17200, as proved at trial;

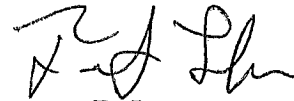
26 6. That Plaintiff recover its costs of suit, including costs of investigation; and

27 7. For such other and further relief that the Court deems just and proper.
28

1 Dated: August 22, 2024

Respectfully Submitted,

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3 ROB BONTA
Attorney General of California
4 NICKLAS A. AKERS
Senior Assistant Attorney General
5 JON WORM
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7 

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