			ELECTRONICALLY FILED		
1	JOHN H. DONBOLI (SBN: 205218) JL SEAN SLATTERY (SBN: 210965)		Superior Court of California, County of San Diego		
2	DEL MAR LAW GROUP, LLP 12250 El Camino Real, Suite 120		09/15/2014 at 03:05:13 PM		
3	San Diego, CA 92130 Telephone: (858) 793-6244		Clerk of the Superior Court By Andrea Santiago, Deputy Clerk		
4	Facsimile: (858) 793-6005				
5	Attorneys for Plaintiff: GARY HOFMANN, and of all others similarly situated	individua	l and on behalf		
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8	SUPERIOR COURT OF CALIFORNIA - COUNTY OF SAN DIEGO				
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10	GARY HOFMANN, an individual and on behalf of all others similarly situated,) CASI	E NO. 37-2014-00031150-CU-NP-CTL		
11	Plaintiff,	CLAS	SS ACTION		
12	vs.	COM	IPLAINT FOR:		
13	FIFTH DIMENSION, INC., a Texas)) (1)	VIOLATION OF BUSINESS &		
14 15	corporation; and DOES 1 through 100, inclusive,))	PROFESSIONS CODE § 17200 ET SEQ. (CALIFORNIA UNFAIR		
	Defendants.)	COMPETITION LAW);		
1617) (2))	VIOLATION OF BUSINESS & PROFESSIONS CODE § 17500 <i>ET SEQ.</i> (FALSE AND MISLEADING		
18))	ADVERTISING);		
19)))	VIOLATION OF CONSUMERS LEGAL REMEDIES ACT (CIVIL		
20)	CODE § 1750 <i>ET SEQ</i> .);		
21		(4)	NEGLIGENT MISREPRESENTATION		
22))			
23)			
24	COMECNOW "1-1-46CCADY HOEMANIN ("DL 1-46CC")				
25	COMES NOW, plaintiff GARY HOFMANN ("Plaintiff"), as an individual and on behalf				
26	of the general public and all others similarly situated, by his undersigned attorneys, alleges as				
27	follows:				
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COMPLAINT

NATURE OF THE CASE

1. This is a class action case brought on behalf of all purchasers of all vodka ("Vodka") manufactured, distributed, marketed, and/or sold by FIFTH DIMENSION, INC. dba Tito's Handmade Vodka (hereinafter "TITO'S"). Through a fraudulent, unlawful, deceptive and unfair course of conduct, TITO'S, and DOES 1 through 100 (collectively "Defendants"), manufactured, marketed, and/or sold their "TITO'S HANDMADE" Vodka to the California general public with the false representation that the Vodka was "handmade" when, in actuality, the Vodka is made via a highly-mechanized process that is devoid of human hands. There is simply nothing "handmade" about the Vodka, under any definition of the term, because the Vodka is: (1) made from commercially manufactured "neutral grain spirit" ("NGS") that is trucked and pumped into TITO's industrial facility; (2) distilled in a large industrial complex with modern, technologically advanced stills; and (3) produced and bottled in extremely large quantities (i.e., it is "mass produced"). The Vodka is sold through various retailers in California.

PARTIES

- 2. Plaintiff is an individual residing in San Diego, California.
- 3. Defendant is a corporation that is organized and exists under the laws of the State of Texas. Its business address (as listed on the Texas Secretary of State website) is 12101 Moore Road, Austin, Texas 78719. FIFTH DIMENSION, INC. can be served via its registered agent for service of process: Bert Beveridge, 12101 Moore Road, Austin, Texas 78719.
- 4. Plaintiff is ignorant of the true names and capacities of the defendants sued herein as DOES 1-100, inclusive; therefore, Plaintiff sues these defendants by such fictitious names. Plaintiff is informed and believes that each of the fictitious named defendants are legally responsible in some manner for the occurrences herein alleged, assisted in and about the wrongs complained herein by providing financial support, advice, resources or other assistance. Plaintiff will amend the complaint to allege their true names and capacities when ascertained.

The Oxford Dictionary defines the term "handmade" as "[m]ade by hand, not by machine, and typically therefore of superior quality."

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	5. Plaintiff is informed and believes that all defendants were agents, servants and						
	employees of their co-defendants, and in doing the things hereinafter mentioned, were acting						
	within the scope of their authority as such agents, servants and employees with the permission						
	and consent of their co-defendants.						
	JURISDICTION AND VENUE						
	6. This Court has jurisdiction in this matter because Defendants routinely transact						
	business in San Diego County.						
	7. Venue in this Court is proper pursuant to Code of Civil Procedure §§ 395 and						
	395.5 and Business & Professions Code §§ 17203 and 17204 because Defendants do business in						
	San Diego County and Plaintiff's transaction took place in San Diego County.						
GENERAL ALLEGATIONS COMMON TO ALL CAUSES OF ACTION							
	8. Plaintiff realleges and incorporates herein by reference all of the allegations						
	contained in paragraphs 1 through 7, inclusive, of this complaint as though fully set forth herein.						
	9. During the relevant statutory time period, Defendants manufactured, marketed,						
	and/or sold Vodka with printed labels that prominently claimed the Vodka was "Handmade."						
	10. During the relevant four year statutory time period, Defendants manufactured,						
	marketed, and/or sold Vodka with printed bottle labels that also prominently claimed that the						
	Vodka was "Crafted in an Old Fashioned Pot Still by America's Original Microdistillery." An						

exemplar image of the label is as follows:





11. On information and belief, the Vodka was made, manufactured and/or produced in "massive buildings containing ten floor-to-ceiling stills and bottling 500 cases an hour" ² using automated machinery that is the antithesis of "handmade" that is in direct contradiction to both the "Handmade" representation and the "Crafted in an Old Fashioned Pot Still" representation on the product. Discovery will further reveal the specific automated manner in which the Vodka is made.

12. Defendants marketed and represented to the general public that the Vodka was "Handmade" and, in doing so, concealed the highly automated nature of the Vodka manufacturing and bottling process. Defendants also concealed the fact that the Vodka is no longer made in old fashioned pot stills of the variety TITO's proudly displayed in the 2013

A 2013 article in Forbes magazine noted that the Forbes photographer was purposefully directed away by the Tito's brand manager from "massive buildings containing ten floor-to-ceiling stills and bottling 500 cases an hour and into the shack with the original still, cobbled from two Dr. Pepper kegs and a turkey-frying rig to cook bushels of corn into booze."

Forbes article (i.e., in a shack containing a pot still cobbled from two Dr. Pepper kegs and a turkey-frying rig to cook bushels of corn). The disclosure of this information was necessary in order to make Defendants' representations truthful and not misleading. Defendants possess superior knowledge of the true facts that were not disclosed, thereby tolling the running of any applicable statute of limitations.

- 13. Consumers are particularly vulnerable to these kinds of false and deceptive labeling practices. Most consumers possess very limited knowledge of the likelihood that products, including the Vodka at issue herein, that are claimed to be "Handmade" are in fact: (1) made from commercially manufactured NGS that is trucked and pumped into TITO's industrial facility; (2) distilled in a large industrial complex with modern, technologically advanced stills; and (3) produced and bottled in extremely large quantities (i.e., it is "mass produced"). This entire process is devoid of the caring touch of human hands. This is a material factor in many individuals' purchasing decisions, as they believe they are purchasing a product made in small amounts that is of inherently superior quality.
- 14. Consumers generally believe that "Handmade" products are of higher quality than their non-handmade counterparts. Due to Defendants' scheme to defraud the market, members of the general public were fraudulently induced to purchase Defendants' Vodka at inflated prices. California laws are designed to protect consumers from this type of false representation and predatory conduct. Defendants' scheme to defraud consumers is ongoing and will victimize consumers each and every day until altered by judicial intervention.

THE PLAINTIFF TRANSACTION

- 15. In August 2014, Plaintiff purchased TITO's Vodka at a San Diego BevMo! store. At the time of purchase, the product itself was prominently marked with a "Handmade" label when in fact there was nothing "Handmade" about the product. The product was also labeled as being "Crafted in an Old Fashioned Pot Still by America's Original Microdistillery."
- 16. When Plaintiff, and Class Members, purchased the Vodka they saw and relied upon the "Handmade" representation that is prominently displayed on all of TITO's Vodka

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products. This reliance on the "Handmade" label to make their purchasing decisions is typical of most California consumers.

- 17. Simply stated, Plaintiff and Class Members were deceived as a result of Defendants' false labeling. Their purchasing decisions were supported by the "Handmade" representation made by Defendants, which is absent from most (if not all) of Defendants' competitors. Plaintiff believed at the time he purchased the Vodka that he was in fact buying a high-quality product made by human hands that was not made in large industrial vats in mass quantities, etc.
- 18. Plaintiff suffered an "injury in fact" because Plaintiff's money was taken by Defendants as a result of Defendants' false "Handmade" claim set forth on the offending product. Furthermore, he suffered an "injury in fact" by paying for something he believed was genuinely "Handmade," when it was not. Essentially, the Vodka is not worth the purchase price paid. Plaintiff and Class Members are entitled to monetary damages; the specific measure of which is the subject of expert testimony. Plaintiff and Class Members were undoubtedly injured as a result of Defendants' false "Handmade" representations that are at issue in this litigation.

CLASS ALLEGATIONS

- 19. Plaintiff brings this action on behalf of himself as an individual and on behalf of all other persons similarly situated in the State of California who purchased Defendants' Vodka (the "Class"). Specifically excluded from the Class are any persons who have a controlling interest in Defendants, any of Defendants' parent companies, subsidiaries, and Defendants' officers, directors, managers, shareholders and members of their immediate families, and their heirs, successors and assigns, pursuant to Code of Civil Procedure § 382 and Business & Professions Code § 17200 et seq. The Class also does not include any persons who previously filed suit against Defendants for similar violations of California law and/or the Hon. Judge presiding over this matter and his or her judicial staff.
- 20. The members of the Class are so numerous that joinder of all members is impracticable. The disposition of their claims in a class action will provide substantial benefits

<u>Superiority</u>: A class action is superior to other available means for the fair

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impracticable. Class action treatment will permit a large number of similarly situated persons to prosecute their common claims in a single forum simultaneously, efficiently and without the unnecessary duplication of effort and expense that numerous individual actions would engender. Furthermore, since most class members' individual claims for damages are likely to be modest, the expenses and burdens of litigating individual actions would make it difficult or impossible for individual members of the Class to redress the wrongs done to them. An important public interest will be served by addressing the matter as a class action, substantial economies to the litigants and to the judicial system will be realized and the potential for inconsistent or contradictory judgments will be avoided.

FIRST CAUSE OF ACTION

(Violation of Business & Professions Code § 17200 et seq. Against All Defendants)

- 23. Plaintiff realleges and incorporates herein by reference all of the allegations contained in Paragraphs 1 through 22, inclusive, of this complaint as though fully set forth herein.
- 24. Business & Professions Code § 17200 et seq. provides that unfair competition means and includes "any unlawful, unfair or fraudulent business act or practice and unfair, deceptive, untrue or misleading marketing."
- 25. By and through their conduct, including the conduct detailed above, Defendants engaged in activities which constitute unlawful, unfair, and fraudulent business practices prohibited by Business & Professions Code § 17200 et seq.
- 26. Beginning at an exact date unknown as yet and continuing up through the present, Defendants committed acts of unfair competition that are prohibited by Business & Professions Code § 17200 et seq. Defendants engaged in a pattern of "unfair" business practices that violate the wording and intent of the statutes, by engaging in practices that threaten an incipient violation of law, or violate the policy or spirit of laws because its effects are comparable to or the same as a violation of the law by manufacturing, distributing, and marketing Vodka with a false

"Handmade" label when the product is in fact: (1) made from commercially manufactured NGS that is trucked and pumped into TITO's industrial facility; (2) distilled in a large industrial complex with modern, technologically advanced stills; and (3) produced and bottled in extremely large quantities (i.e., it is "mass produced").

- a. Alternatively, Defendants engaged in a pattern of "unfair" business practices that violate the wording and intent of the statutes, by engaging in practices that are immoral, unethical, oppressive or unscrupulous, the utility (if any) of which conduct is far outweighed by the harm done to consumers and public policy by manufacturing, distributing, marketing, and advertising Vodka with a false "Handmade" label when the product is in fact: (1) made from commercially manufactured NGS that is trucked and pumped into TITO's industrial facility; (2) distilled in a large industrial complex with modern, technologically advanced stills; and (3) produced and bottled in extremely large quantities (i.e., it is "mass produced").
- b. Alternatively, Defendants engaged in a pattern of "unfair" business practices that violate the wording and intent of the statutes, by engaging in practices wherein: (1) the injury to the consumer was substantial; (2) the injury was not outweighed by any countervailing benefits to consumers or competition; and (3) the injury was of the kind that the consumers themselves could not reasonably have avoided by manufacturing, distributing, marketing, and advertising Vodka with a false "Handmade" label when the product is in fact: (1) made from commercially manufactured NGS that is trucked and pumped into TITO's industrial facility; (2) distilled in a large industrial complex with modern, technologically advanced stills; and (3) produced and bottled in extremely large quantities (i.e., it is "mass produced").
- 27. Beginning at an exact date unknown as yet and continuing up through the present, Defendants committed acts of unfair competition, including those described above, prohibited by Business & Professions Code § 17200 *et seq.* by engaging in a pattern of "fraudulent" business practices within the meaning of Business & Professions Code § 17200 *et seq.*, by manufacturing, distributing, marketing, and/or selling Vodka products with a false "Handmade" representation when the product is in fact: (1) made from commercially manufactured NGS that is trucked and

contained in Paragraphs 1 through 34, inclusive, of this complaint as though fully set forth

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36. Business & Professions Code § 17500 *et seq*. provides that it is "unlawful for any person, firm [or other party] . . . to make or disseminate before the public . . . any statement which is untrue or misleading" in connection with the sale or disposition of goods or services.

- 37. Beginning at an exact date unknown as yet and continuing up through the present, Defendants committed acts of unfair competition, including those set forth above, prohibited by Business & Professions Code § 17500 *et seq.* by engaging in a pattern of false and misleading advertising and business practices that violate the wording and intent of the statutes.
- 38. On information and belief, Defendants engage in unlawful advertising practices with the intent to induce members of the public to purchase goods that they believe to be of a particular quality.
- 39. Defendants' deceptive advertising practices, including the "Handmade" representations detailed herein, present a continuing threat to members of the public in that Defendants continue to engage in the conduct described above.
- 40. Such acts and omissions are unfair and/or deceptive and/or untrue and/or misleading and constitute a violation of Business & Professions Code § 17500 *et seq*. Plaintiff reserves the right to identify additional violations by Defendants as may be established through discovery.
- 41. As a direct and legal result of Defendants' conduct described above, Defendants have been and will be unjustly enriched with ill-gotten gains. Plaintiff and the general public are entitled to restitution and/or reimbursement of the gains Defendants received because of the misdeeds described herein.
- 42. In prosecuting this action for the enforcement of important rights affecting the public interest, Plaintiff seeks the recovery of attorneys' fees pursuant to Code of Civil Procedure § 1021.5, which is available to a prevailing plaintiff who wins relief for the general public.

Third Cause of Action

(Violation of Consumers Legal Remedies Act Against Defendants)

- 43. Plaintiff realleges and incorporates herein by reference all of the allegations contained in Paragraphs 1 through 42, inclusive, of this complaint as though fully set forth herein.
- 44. California Civil Code § 1750 et seq. (entitled the Consumers Legal Remedies Act) provides a list of "unfair or deceptive" practices in a "transaction" relating to the sale of "goods" or "services" to a "consumer." The Legislature's intent in promulgating the Consumers Legal Remedies Act is expressed in Civil Code § 1760, which provides, *inter alia*, that its terms are to be:

[C]onstrued liberally and applied to promote its underlying purposes, which are to protect consumers against unfair and deceptive business practices and to provide efficient and economical procedures to secure such protection.

- 45. Defendants' products constituted "goods" as defined in Civil Code § 1761(a).
- 46. Plaintiff, and Class members, are each a "Consumer" as defined in Civil Code § 1761(d).
- 47. Plaintiff's purchase of Defendants' Vodka constituted a "transaction" as defined in Civil Code § 1761(e).
- 48. Civil Code § 1770(a)(5) prohibits a defendant from "[r]epresenting that goods or services have sponsorship, approval, characteristics, ingredients, uses, benefits, or quantities which they do not have or that a person has a sponsorship, approval, status, affiliation, or connection which he or she does not have."
- 49. Civil Code § 1770(a)(7) also prohibits a defendant from "[r]epresenting that goods or services are of a particular standard, quality, or grade, or that goods are of a particular style or model, if they are of another."
- 50. Defendants violated Civil Code § 1770(a)(5) and (7) by marketing and representing that their Vodka products are "Handmade" when they are actually: (1) made from

COMPLAINT

FOURTH CAUSE OF ACTION

(For Negligent Misrepresentation Against All Defendants)

- 56. Plaintiff realleges and incorporates herein by reference all of the allegations contained in Paragraphs 1 through 55, inclusive, of this complaint as though fully set forth herein.
- 57. During the relevant statutory time period, Defendants made false "Handmade" representations to Plaintiff and Class Members as it pertains to the sale of their Vodka.
- 58. The representation that Defendants' Vodka was "Handmade" was false. The true facts are that the Vodka is: (1) made from commercially manufactured NGS that is trucked and pumped into TITO's industrial facility; (2) distilled in a large industrial complex with modern, technologically advanced stills; and (3) produced and bottled in extremely large quantities (i.e., it is "mass produced").
- 59. When Defendants made the representations set forth above, they had no reasonable grounds for believing them to be true.
- 60. Defendants made the representations with the intention of inducing Plaintiff and Class Members to act in reliance upon these representations in the manner hereafter alleged, or with the expectation that they would so act.
- 61. Plaintiff and Class Members, at the time the representations were made by Defendants, and at the time Defendants took the actions herein alleged, were ignorant of the falsity of the representations and believed them to be true. In reliance on these representations, Plaintiff and Class Members were induced to and did pay monies to purchase Defendants' Vodka.
- 62. Had Plaintiff and Class Members known the actual facts, they would not have taken such action. Furthermore, Plaintiff and other California consumers had no reason to believe that Defendants would act otherwise than as to rely on the "Handmade" representation.
- 63. Without knowledge, Plaintiff and Class Members acted on the false "Handmade" representation and purchased the Vodka products they did not truly want (in hindsight). Had

1	7.	Plaintiff and each of the other members of the Class recover the amounts by		
2	which Defen	hich Defendants have been unjustly enriched;		
3	8.	Plaintiff's reasonable attorneys' fees as it relates to all causes of action pursuant		
4	to Code of C	ode of Civil Procedure § 1021.5;		
5	9.	For punitive damages as to the Third Cause of Action only;		
6	10.	For costs of suit incurred herein;		
7	11.	For prejudgment interest as allowed by law; and		
8	12.	For such other and further relief as this Court finds just, equitable and proper,		
9	including, bu	including, but not limited to, the remedy of disgorgement.		
10	Dated: Septe	ember 15, 2014 DEL MAR LAW GROUP, LLP		
11				
12		By: <u>/sJohn H. Donboli</u> John H. Donboli		
13		JL Sean Slattery Attorneys for: GARY HOFMANN, an		
14		individual and on behalf of all others similarly		
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General Information

Court California Superior Court, San Diego County

Docket Number 201400031150