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10 Attorneys for Plaintiff, People of the State of California

11 IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA  
12 FOR THE COUNTY OF LOS ANGELES

13 PEOPLE OF THE STATE OF CALIFORNIA,  
14  
15 Plaintiff,  
16  
17 v.  
18  
19 TREVOR LAW GROUP, LLP; SHANE C. HAN;  
ALLAN HENDRICKSON; DAMIAN TREVOR;  
CONSUMER ENFORCEMENT WATCH  
CORPORATION; RON KORT, also known as RON  
JAMAL and RON JAMAL KORT; and DOES 1  
through 50, inclusive,  
20 Defendants.

Case No.:  
COMPLAINT FOR INJUNCTION,  
RESTITUTION, OTHER  
EQUITABLE RELIEF, AND CIVIL  
PENALTIES

21  
22 Plaintiff, the People of the State of California, by and through Bill Lockjyer,  
23 Attorney General of the State of California, allege on information and belief:

24 **DEFENDANTS**

25 1. Defendant **TREVOR LAW GROUP, LLP**, is a partnership that does  
26 business in Los Angeles County and elsewhere in California.

27 2. Defendant **SHANE C. HAN** is sued in his individual capacity and in his  
28 official capacity as an owner, partner or associate of **TREVOR LAW GROUP, LLP**, and as

1 such he has at all relevant times directed and controlled the business activities of **TREVOR**  
2 **LAW GROUP, LLP.**

3 3. Defendant **ALLAN HENDRICKSON** is sued in his individual capacity  
4 and in his official capacity as an owner, partner or associate of **TREVOR LAW GROUP, LLP**  
5 and as such he has at all relevant times directed and controlled the business activities of  
6 **TREVOR LAW GROUP, LLP.**

7 4. Defendant **DAMIAN TREVOR** is sued in his individual capacity and in  
8 his official capacity as an owner, partner or associate of defendant **TREVOR LAW GROUP,**  
9 **LLP,** and as such he has at all relevant times directed and controlled the business activities of  
10 **TREVOR LAW GROUP, LLP.**

11 5. Defendant **CONSUMER ENFORCEMENT WATCH**  
12 **CORPORATION (“CEWC”)** is incorporated under the laws of the State of California as a  
13 domestic corporation and does business in Los Angeles County and elsewhere in California.

14 6. Defendant **RON KORT** also known as **RON JAMAL** and **RON JAMAL**  
15 **KORT** is the president and owner of **CONSUMER ENFORCEMENT WATCH**  
16 **CORPORATION.** He is sued in his individual capacity and in his official capacity as an owner,  
17 officer, director, principal, partner, and/or agent of defendant **CONSUMER ENFORCEMENT**  
18 **WATCH CORPORATION** and as such he has at all relevant times directed and controlled the  
19 business activities of **CONSUMER ENFORCEMENT WATCH CORPORATION.**

20 7. Plaintiff is not aware of the true names and capacities of the defendants  
21 sued herein as DOES 1 through 50, inclusive, and therefore sues these defendants by such  
22 fictitious names. Each of said fictitiously named defendants is responsible in some manner for  
23 the violations of law herein alleged. Plaintiff will amend this complaint to add the true names of  
24 the fictitiously named defendants once they are discovered. Whenever reference is made in this  
25 complaint to “defendants” or Trevor Law Group, LLP, such reference shall include Does 1  
26 through 50, Shane C. Han, Allan Hendrickson, Damian Trevor, Consumer Enforcement Watch  
27 Corporation, and Ron Kort, also known as Ron Jamal and Ron Jamal Kort.

28 8. The violations of law alleged herein have been and are being carried out

1 within Los Angeles County and elsewhere in the state.

2 9. When reference in this complaint is made to any act or transaction of a  
3 defendant corporation, company, association, business entity, or partnership, such allegation shall  
4 be deemed to mean that said defendant and its owners, officers, directors, agents, employees, or  
5 representatives did or authorized such acts while engaged in the management, direction, or  
6 control of the affairs of defendants and while acting within the scope and course of their duties.

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

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

#### 14 DEFENDANTS' BUSINESS PRACTICES

15 12. Defendants represent that they are in the business of enforcing consumer  
16 laws through litigation. Defendants are actually in the business of extracting money from small  
17 businesses under the guise of purporting to enforce consumer protection laws by engaging in the  
18 following scheme.

19 13. In April of 2002 defendants formed CEWC for the purpose of having a  
20 named plaintiff in their litigation. R. Jamal (Ron Jamal, whose full name is Ron Jamal Kort) is  
21 the sole owner of CEWC. Merit Strausman, the wife of defendant Allan Hendrickson, was  
22 named as the agent for service of process.

#### 23 **Defendants' Lack of Investigation Before Initiating Suit**

24 14. Defendants review the web sites of various governmental administrative  
25 agencies, primarily the California Bureau of Automotive Repair ("BAR") and the Los Angeles  
26 County Department of Health Services, looking for any notice of alleged violations issued to a  
27 business within the authority of that agency. These notices of violations tend to be issued when  
28 an investigator for the administrative agency determines that the violation found does not warrant

1 formal disciplinary action. The purpose of such notices is to inform the business owner of the  
2 violation and to seek the owner's future voluntary compliance with the agency's regulations. No  
3 penalty results from the issuance of a notice of violation.

4 15. Defendants bring suit against the types of businesses referenced in  
5 paragraph 14 based solely on these public postings. Their boilerplate lawsuits first describe a  
6 laundry list of laws and regulations governing the industry. They then allege "on information and  
7 belief" that each of the named businesses "are responsible for the act(s), practice(s), omissions(s)  
8 and/or occurrence(s)" alleged in each complaint. Defendants then typically insert a short  
9 paragraph for each named business which sets forth the information obtained from the public  
10 posting.

#### 11 **Defendants' Filings Against Unrelated Businesses**

12 16. Defendants, claiming to assert the interest of the general public, file mass  
13 actions under the authority of Business and Professions Code sections 17200, et seq., and 17500  
14 et seq., against hundreds or thousands of unrelated, improperly joined businesses and Does who  
15 defendants have identified by reviewing the web sites referenced in paragraph 14.

16 17. Defendants have filed some 22 different lawsuits. In approximately 14 of  
17 these lawsuits they have named a total of approximately 2200 auto repair shops; in seven other  
18 lawsuits, although they only list a single auto repair shop as the named defendant, they include  
19 30,000 Does in each action. In the twenty second filed action defendants named over 1000  
20 largely immigrant-owned restaurants and markets. In each of these lawsuits there is no  
21 connection among the businesses named or the conduct cited in defendants' lawsuits. The only  
22 apparent commonality of the businesses named in each lawsuit is that they are subject to the  
23 jurisdiction of the same administrative agency.

#### 24 **Defendants' Settlement Scam**

25 18. Shortly after filing their complaints, defendants directly contact by letter  
26 the named businesses, and some businesses identified only as Does, to obtain a quick settlement.  
27 One letter, known as the "red letter" because it is printed on red paper, advises the business that it  
28 has been found to be in violation of automotive repair laws based on a review of the records from

1 the Bureau of Automotive Repair. The “red letter” tells the business that many other businesses  
2 have chosen to settle so as “not to take the time, money, and energy involved with the challenge .  
3 ...” It concludes:

4 “Our client’s case is very strong. Every single case that has been  
5 completed in this lawsuit has ended with an out of court settlement.  
6 Settling outright is clearly the most intelligent business option.  
7 Should you insist on litigation, you may hire an attorney to follow  
8 the necessary steps for you. Otherwise, putting this behind you is a  
9 simple matter of contacting Trevor Law Group, LLP, which will  
10 send you a supplemental package. Thank you.”

11 19. In those situations where an automotive repair business sued by defendants  
12 obtains legal representation, defendants often send to the attorney for such business a form letter  
13 in which they seek to examine the business records of the business for the prior four years, and  
14 warn that through discovery they will uncover additional violations. Defendants then offer, in  
15 this same letter, to settle the case for a fixed sum if the matter is settled in a very short period of  
16 time, often a week or less from the date of the letter. Defendants’ settlement letter, in addition, to  
17 stating the amount demanded, sets forth language similar to, or identical to the following:

18 “Our experience reveals that cases, such as that against your client,  
19 have settled anywhere from \$6,000 to \$26,000. Accordingly, if  
20 your client agrees to the proposed settlement, they need only sign  
21 the enclosed documents and return them along with their payment  
22 (cashier’s check, money order, or wire transfer only). This offer  
23 will expire [within a short period of time] and have no force and  
24 effect thereafter.”

25 20. In those situations where a restaurant or market sued by defendants obtains  
26 legal representation, defendants often send to the attorney for such business a form letter, similar  
27 to that set forth in paragraph 19, in which they seek to examine the business records of the  
28 business for the prior four years, but offer to resolve the case for a specific dollar amount, with

1 the letter concluding similar to the following:

2           “Our experience reveals that cases, such as that against your client,  
3           have settled anywhere from \$7,000 to \$13,000. Accordingly, if  
4           your client agrees to the proposed settlement, they need only sign  
5           the enclosed documents and return them along with their payment  
6           (cashier’s check, money order, or wire transfer only). This  
7           settlement offer will expire [within a short period of time] and  
8           have no force and affect thereafter.”

9           21. Defendants represent that the settlement will confer res judicata and  
10 collateral estoppel, thus barring any and all other persons from tiling suit against the business  
11 based on the alleged violation of law.

12           22. If defendants settled with all of the automotive repair businesses they  
13 actually sued by name, for the figure set forth as the low range in the settlement letter (\$6,000),  
14 they would collect a minimum of \$13,200,000.00. If they settled at the mid-point (\$16,000) with  
15 each named business, defendants would reap \$22,000,000.00 Defendants, of course, potentially  
16 could receive even more because they also try to settle with businesses identified only as Does.

17           23. If defendants settled against all of the approximately 1,000 restaurants and  
18 markets for the figure set forth as the low range in the settlement letter (\$7,000), they would  
19 collect a minimum of another \$7,000,000.00.

20   **Secret Settlements With No Public Benefit**

21           24. Even though defendants claim that their actions are filed in the public  
22 interest, they seek to settle their cases by utilizing a secret, confidential settlement, which they  
23 call “Confidential Agreement and Mutual Release.” In this document defendants purport, on  
24 behalf of the general public, to release all claims against the business that were alleged in the  
25 complaint. The agreement contains a confidentiality clause that creates a cause of action for  
26 defendants should the business breach the confidentiality provision:

27           “... It is agreed and acknowledged that a breach of this provision  
28           for confidentiality may create a high risk of retaliation against

1 CEWC and would hinder further investigation into the nature of  
2 the underlying acts/or omissions of this action. As a result, the  
3 Parties agree that a breach of this provision would severely damage  
4 CEWC, and CEWC may recover damages for each act or  
5 occurrence of a breach. Furthermore [name of business]  
6 acknowledges that damages are not a sufficient remedy and CEWC  
7 may bring a further action to enjoin a future breach or repudiation  
8 of this provision, and shall be entitled to attorneys' fees and cost  
9 for bringing [such] action. . . .”

10 25. The type of settlement set forth in paragraph 24 not only prevents the  
11 public from discovering the settlement amount, but also precludes the public from knowing the  
12 other terms of the agreement by which the interests of the public are purportedly being served.

13 26. Even in those instances when defendants procure injunctive relief, these  
14 injunctions filed with the court are in effect for only a limited period of time, typically ninety (90)  
15 days. Thus, defendants' business is not one of representing the public in enforcing consumer  
16 laws, but of abusing Business and Professions Code sections 17200 et seq. and 17500 et seq., for  
17 private gain.

18 **Splitting of Attorney's Fees With Non-Attorney**

19 27. Defendant Trevor Law Group entered into a fee agreement with  
20 defendants CEWC and Ron Kort whereby the defendants agreed that each would receive a  
21 portion of any recovery obtained from the Business and Professions Code sections 17200 et seq.  
22 and 17500 et seq., litigation tiled by defendants.

23 28. The confidential settlement agreement referred to in paragraph 24 requires  
24 monies to go towards recovering defendants' fees and costs, and to be made payable to both  
25 CEWC and Trevor Law Group. The settlement agreement does not break down the payment of  
26 the settlement amount among attorney's fees, cost of investigation, and court fees. Accordingly,  
27 a portion of the fees and costs, which by definition includes attorney's fees, accrues to non-  
28 attorney defendants CEWC and Ron Kort.

1 **FIRST CAUSE OF ACTION**  
2 **VIOLATIONS OF CALIFORNIA BUSINESS**  
3 **AND PROFESSIONS CODE SECTION 17200**  
4 **(Against All Defendants)**

5 **29.** Paragraphs 1 through 28 of this complaint are incorporated herein as  
6 though set forth in full.

7 **30.** Defendants and each of them, have engaged in and continue to engage in  
8 the following, among other, acts of unfair competition as defined in Business and Professions  
9 Code Section 17200:

10 **A.** Establishing and maintaining the plan of filing litigation and  
11 attempting to secure settlements of such litigation in the manner more particularly  
12 described in paragraphs 13 through 28, above, which are incorporated herein as though  
13 set forth in full.

14 **B.** Defendants have abused the process of law in that they have used  
15 the judicial process with an ulterior purpose aimed at an objective which is not legitimate.  
16 Defendants have abused the process of law in the following way:

17 1. Defendants have instituted volume litigation under  
18 Business and Professions Code sections 17204 and 17535 in which they assert  
19 they are acting on behalf of the interest of the general public. Defendants real  
20 purpose is to obtain monetary payment for themselves to which they are not  
21 entitled. Defendants only seek moneys which they denominate as being for fees,  
22 including attorney's fees, and costs, and which only accrue directly to the benefit  
23 of defendants.

24 2. Defendants have filed mass lawsuits prior to making  
25 adequate investigation to ascertain the facts necessary to establish their case.  
26 Defendants instead rely only on the public postings of minor violations by  
27 administrative agencies. Their improper purpose is to conduct volume litigation  
28 with minimal overhead so as to maximize their profits from settlements.

3. Defendants have improperly joined separate and distinct

1 businesses as defendants, in violation of Code of Civil Procedure section 379,  
2 inasmuch as there is no factual nexus among the businesses other than the fact  
3 they are licensed by the same administrative agency. Defendants have joined such  
4 separate and distinct businesses for an improper purpose: to avoid paying  
5 multiple filing fees and to impose onerous notice requirements on the businesses.

6 4. In the course of settlement, defendants falsely represent to  
7 the businesses that settlement with defendants will preclude lawsuits by others on  
8 these same facts. Judgments obtained by defendants also claim that businesses  
9 cannot be sued again for the underlying conduct.

10 C. Defendants have engaged in the practice of filing lawsuits and  
11 having as part of their settlement strategy, an attempt to obtain money from businesses  
12 under threat of causing these businesses unlawful injury in the form of financial harm by  
13 defendants. Defendants do so by entwining these businesses in protracted,  
14 nonmeritorious lawsuits that were filed without adequate investigation, and which result  
15 in businesses being compelled to expend substantial amounts of money to defend these  
16 actions.

17 D. Defendants, in filing suit, assert the interest of the general public.  
18 However, defendants attempt to conclude, and have succeeded in concluding, cases  
19 through confidential settlements, backed by the threat of suing a business which breaches  
20 the confidentiality provision. In concealing their compromise of the public interest in  
21 order to benefit themselves, defendants have committed an unfair practice.

22 E. Defendants have repeatedly violated Code of Civil Procedure  
23 section 379, inasmuch as they have joined businesses as defendants in a single action  
24 when there is no connection among the businesses or the conduct of the businesses other  
25 than the fact they are licensed by the same governmental administrative agency.

26 F. Defendants have committed an unfair practice by attempting to  
27 obtain, in the guise of fees and expenses, civil penalties which may only be awarded in  
28 actions brought by the public officials and agencies set forth in Business and Professions

1 Code section 17206.

2 G. Pursuant to the agreement between defendants, defendants  
3 Consumer Enforcement Watch Corporation and Ron Kort are to receive a portion of the  
4 monetary recovery obtained from the Business and Professions Code sections 17200 et  
5 seq. and 17500 et seq., litigation filed by defendants. Defendants Consumer Enforcement  
6 Watch Corporation and Ron Kort are not entitled to recover any moneys from an action  
7 brought under Business and Professions Code section 17200 et seq. and/or 17500 et seq.,  
8 except for their out of pocket costs of suit.

9 **SECOND CAUSE OF ACTION**

10 **VIOLATIONS OF CALIFORNIA BUSINESS**  
11 **AND PROFESSIONS CODE SECTION 17200**  
12 **(Against Attorney Defendants Trevor Law Group, LLP,**  
13 **Shane Han, Allan Hendrickson, and Damian Trevor)**

14 31. Paragraphs 1 through 28 of this complaint are incorporated by reference as  
15 though set forth in full.

16 32. Trevor Law Group, LLP, Shane Han, Allan Hendrickson, and Damian  
17 Trevor (“Attorney defendants”) have engaged in and continue to engage in, the following, among  
18 other, acts of unfair competition as defined in Business and Professions Code section 17200:

19 A. Attorney defendants commit the practice of exciting groundless  
20 judicial proceedings.

21 B. Attorney defendants commit the practice of instituting volume  
22 litigation without probable cause and for the purpose of harassing small businesses into  
23 settling, as described in paragraphs 1 through 28, which paragraphs are incorporated by  
24 reference as though set forth in full.

25 C. Attorney defendants commit the practice of encouraging and  
26 facilitating the commencement and maintenance of abusive litigation by engaging in the  
27 scheme described in paragraphs 12 through 28.

28 D. By failing to make an inquiry reasonable under the circumstances  
regarding the conduct of the businesses, prior to filing suit against these businesses,

defendants have violated Code of Civil Procedure section 128.7, subdivision (b).

**WHEREFORE**, plaintiff prays for judgment as follows:

1. Pursuant to Business and Professions Code section 17203, that defendants and each of them, personally or through their successors, agents, representatives, employees, and any and all other persons who act under, by, through, or on behalf of defendants be permanently restrained and enjoined from:

A. Failing to dismiss all suits brought under the authority of Business and Professions Code sections 17200 et seq. and 17500 et seq.

10 B. Filing any new action under the authority of Business and Professions Code sections 17200 et seq. and 17500 et seq., except with the express prior approval of this Court.

12 2. Pursuant to Business and Professions Code section 17206, that defendants  
13 and each of them be assessed a civil penalty of \$2,500.00 for each violation of Business and  
14 Professions Code section 17200 as proven at trial, but in an amount of not less than  
15 \$1 ,000,000.00.

16 3. That plaintiff have such other and further relief as the nature of the case  
17 may require and the court deems proper, including an order that defendants make full restitution  
18 of all money or other property that they may have acquired by their violation of Business and  
19 Professions Code sections 17200 et seq.

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4. That plaintiff recover its costs.

DATED: February 26, 2003

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