

ENDORSED
FILED
Superior Court of California
County of San Francisco

JUN 11 2019

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Deputy Clerk

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9

10 SUPERIOR COURT OF THE STATE OF CALIFORNIA
11 COUNTY OF SAN FRANCISCO
12

13 CGC-19-576620

14 **PEOPLE OF THE STATE OF**
15 **CALIFORNIA**

16 Plaintiff,

17 v.

18 **CLUBCORP HOLDINGS, INC.,**
19 **CLUBCORP CLUB OPERATIONS, INC.,**
20 **CCA CLUB OPERATIONS HOLDING,**
LLC, CLUBCORP USA, INC., CLUBCORP
21 **ALISO VIEJO HOLDING CORP.,**
BERNARDO HEIGHTS COUNTRY CLUB,
22 **CLUBCORP BRAEMAR COUNTRY**
CLUB, INC., CLUBCORP CREST
23 **COUNTRY CLUB, INC., CLUBCORP**
CENTER CLUB, INC., CLUBCORP COTO
24 **PROPERTY HOLDINGS, INC.,**
CLUBCORP CROW CANYON
25 **MANAGEMENT CORP., CLUBCORP**
DESERT FALLS COUNTRY CLUB, INC.,
26 **GRANITE BAY GOLF CLUB, INC., A/K/A**
CLUBCORP GRANITE BAY
27 **MANAGEMENT, INC., CLUBCORP IW**
GOLF CLUB, INC., CLUBCORP MISSION
28 **HILLS COUNTRY CLUB, INC.,**
CLUBCORP PORTER VALLEY

Case No.

**COMPLAINT FOR TREBLE DAMAGES,
CIVIL PENALTIES, RESTITUTION,
AND INJUNCTIVE RELIEF FOR
VIOLATION OF THE UNFAIR
COMPETITION LAW AND
CALIFORNIA FALSE CLAIMS ACT**

DEMAND FOR JURY TRIAL

Exempt from Filing Fees

(Gov. Code, § 6103)

1 COUNTRY CLUB, INC., SANTA ROSA
2 GOLF & COUNTRY CLUB, CLUBCORP
3 SPRING VALLEY LAKE COUNTRY
4 CLUB, INC., CLUBCORP TEAL BEND
5 GOLF CLUB, INC., CLUBCORP TURKEY
6 CREEK GOLF CLUB, INC., CLUBCORP
7 SYMPHONY TOWERS CLUB, INC., CITY
8 CLUB OF LOS ANGELES, INC., A/K/A
9 CLUBCORP BUNKER HILL CLUB, INC.,
10 SILICON VALLEY CAPITAL CLUB
11 A/K/A CLUBCORP SAN JOSE CLUB,
12 INC., MORGAN RUN CLUB & RESORT,
13 EMPIRE RANCH GOLF CLUB, INC., OLD
14 RANCH COUNTRY CLUB, LLC,
15 SHADOWRIDGE GOLF CLUB, INC.,
16 ROYAL DRIVE COUNTRY CLUB, INC.,
17 MCC MANAGEMENT CORPORATION,
18 LAKEVIEW CITY CLUB, INC., SAN
19 FRANCISCO TENNIS CLUB, INC., LOS
20 GATOS TENNIS CLUB, INC., MARINA
21 CLUB MANAGEMENT, INC.,
22 CLUBCORP AIRWAYS GOLF CLUB,
23 INC., AND DOES 1-100,

24 Defendants.

25 The People of the State of California, by and through Xavier Becerra, Attorney General of the
26 State of California, based on information and belief, allege as follows for their Complaint for
27 Violation of the Unfair Competition Law (“UCL”) and California False Claims Act (“CFCA”):

28 INTRODUCTION AND GENERAL BACKGROUND

1. This action arises from the practice of defendant country club owners and operators of withholding money due for return to their members. Over several decades, more than 9,000 Californians entered into membership contracts and paid membership initiation deposits with an agreement that the deposits would be returned after 30 years.

2. As of 2017, the sum of initiation deposits ripe for repayment to Californians totaled more than \$10 million. Instead of returning this money, and contrary to the requirements of their membership contracts, Defendants kept it and counted it as an asset.

1 10. Defendant CCA CLUB OPERATIONS HOLDING, LLC is a Delaware LLC with a
2 principal place of business in Texas. CCA CLUB OPERATIONS HOLDING, LLC conducts
3 business in California, including operation of the more than 20 affiliated clubs located in
4 California, which are also parties to this action.

5 11. Defendant CLUBCORP USA, INC. is a Delaware LLC with a principal place of
6 business in Texas. CLUBCORP USA, INC. conducts business in California, including operation
7 of the more than 20 affiliated clubs located in California, which are also parties to this action.

8 12. Defendant CLUBCORP ALISO VIEJO HOLDING CORP. is an affiliate, subsidiary,
9 or otherwise associated with defendants CLUBCORP HOLDINGS, INC., and/or CLUBCORP
10 CLUB OPERATIONS, INC., and/or CCA CLUB OPERATIONS HOLDING, LLC, and/or
11 CLUBCORP USA, INC. CLUBCORP ALISO VIEJO HOLDING CORP.'s principal place of
12 business is in Aliso Viejo, California.

13 13. Defendant BERNARDO HEIGHTS COUNTRY CLUB is an affiliate, subsidiary, or
14 otherwise associated with defendants CLUBCORP HOLDINGS, INC., and/or CLUBCORP
15 CLUB OPERATIONS, INC., and/or CCA CLUB OPERATIONS HOLDING, LLC, and/or
16 CLUBCORP USA, INC. BERNARDO HEIGHTS COUNTRY CLUB's principal place of
17 business is in San Diego, California.

18 14. Defendant CLUBCORP BRAEMAR COUNTRY CLUB, INC. is an affiliate,
19 subsidiary, or otherwise associated with defendants CLUBCORP HOLDINGS, INC., and/or
20 CLUBCORP CLUB OPERATIONS, INC., and/or CCA CLUB OPERATIONS HOLDING,
21 LLC, and/or CLUBCORP USA, INC. CLUBCORP BRAEMAR COUNTRY CLUB, INC.'s
22 principal place of business is in Tarzana, California.

23 15. Defendant CLUBCORP CREST COUNTRY CLUB, INC. is an affiliate, subsidiary,
24 or otherwise associated with defendants CLUBCORP HOLDINGS, INC., and/or CLUBCORP
25 CLUB OPERATIONS, INC., and/or CCA CLUB OPERATIONS HOLDING, LLC, and/or
26 CLUBCORP USA, INC. CLUBCORP CREST COUNTRY CLUB, INC.'s principal place of
27 business is in Riverside, California.

28

1 16. Defendant CLUBCORP CENTER CLUB, INC., is an affiliate, subsidiary, or
2 otherwise associated with defendants CLUBCORP HOLDINGS, INC., and/or CLUBCORP
3 CLUB OPERATIONS, INC., and/or CCA CLUB OPERATIONS HOLDING, LLC, and/or
4 CLUBCORP USA, INC. CLUBCORP CENTER CLUB, INC.'s principal place of business is in
5 Costa Mesa, California.

6 17. Defendant CLUBCORP COTO PROPERTY HOLDINGS, INC. is an affiliate,
7 subsidiary, or otherwise associated with defendants CLUBCORP HOLDINGS, INC., and/or
8 CLUBCORP CLUB OPERATIONS, INC., and/or CCA CLUB OPERATIONS HOLDING,
9 LLC, and/or Clubcorp USA, Inc. CLUBCORP COTO PROPERTY HOLDINGS, INC.'s
10 principal place of business is in Coto de Caza, California.

11 18. Defendant CLUBCORP CROW CANYON MANAGEMENT CORP. is an affiliate,
12 subsidiary, or otherwise associated with defendants CLUBCORP HOLDINGS, INC., and/or
13 CLUBCORP CLUB OPERATIONS, INC., and/or CCA CLUB OPERATIONS HOLDING,
14 LLC, and/or CLUBCORP USA, INC. CLUBCORP CROW CANYON MANAGEMENT
15 CORP.'s principal place of business is in Danville, California.

16 19. Defendant CLUBCORP DESERT FALLS COUNTRY CLUB, INC. is an affiliate,
17 subsidiary, or otherwise associated with defendants CLUBCORP HOLDINGS, INC., and/or
18 CLUBCORP CLUB OPERATIONS, INC., and/or CCA CLUB OPERATIONS HOLDING,
19 LLC, and/or CLUBCORP USA, INC. CLUBCORP DESERT FALLS COUNTRY CLUB,
20 INC.'s principal place of business is in Palm Desert, California.

21 20. Defendant GRANITE BAY GOLF CLUB, INC. a/k/a CLUBCORP GRANITE BAY
22 MANAGEMENT, INC. is an affiliate, subsidiary, or otherwise associated with defendants
23 CLUBCORP HOLDINGS, INC., and/or CLUBCORP CLUB OPERATIONS, INC., and/or CCA
24 CLUB OPERATIONS HOLDING, LLC, and/or CLUBCORP USA, INC. GRANITE BAY
25 GOLF CLUB, INC. a/k/a CLUBCORP GRANITE BAY MANAGEMENT, INC.'s principal
26 place of business is in Granite Bay, California.

27 21. Defendant CLUBCORP IW GOLF CLUB, INC. is an affiliate, subsidiary, or
28 otherwise associated with defendants CLUBCORP HOLDINGS, INC., and/or CLUBCORP

1 CLUB OPERATIONS, INC., and/or CCA CLUB OPERATIONS HOLDING, LLC, and/or
2 CLUBCORP USA, INC. CLUBCORP IW GOLF CLUB, INC.'s principal place of business is in
3 Indian Wells, California.

4 22. Defendant CLUBCORP MISSION HILLS COUNTRY CLUB, INC. is an affiliate,
5 subsidiary, or otherwise associated with defendants CLUBCORP HOLDINGS, INC., and/or
6 CLUBCORP CLUB OPERATIONS, INC., and/or CCA CLUB OPERATIONS HOLDING,
7 LLC, and/or CLUBCORP USA, INC. CLUBCORP MISSION HILLS COUNTRY CLUB,
8 INC.'s principal place of business is in Rancho Mirage, California.

9 23. Defendant CLUBCORP PORTER VALLEY COUNTRY CLUB, INC. is an affiliate,
10 subsidiary, or otherwise associated with defendants CLUBCORP HOLDINGS, INC., and/or
11 CLUBCORP CLUB OPERATIONS, INC., and/or CCA CLUB OPERATIONS HOLDING,
12 LLC, and/or CLUBCORP USA, INC. CLUBCORP PORTER VALLEY COUNTRY CLUB,
13 INC.'s principal place of business is in Northridge, California.

14 24. Defendant SANTA ROSA GOLF & COUNTRY CLUB is an affiliate, subsidiary, or
15 otherwise associated with defendants CLUBCORP HOLDINGS, INC., and/or CLUBCORP
16 CLUB OPERATIONS, INC., and/or CCA CLUB OPERATIONS HOLDING, LLC, and/or
17 CLUBCORP USA, INC. Defendant SANTA ROSA GOLF & COUNTRY CLUB's principal
18 place of business is in Santa Rosa, California.

19 25. Defendant CLUBCORP SPRING VALLEY LAKE COUNTRY CLUB, INC. is an
20 affiliate, subsidiary, or otherwise associated with defendants CLUBCORP HOLDINGS, INC.,
21 and/or CLUBCORP CLUB OPERATIONS, INC., and/or CCA CLUB OPERATIONS
22 HOLDING, LLC, and/or CLUBCORP USA, INC. CLUBCORP SPRING VALLEY LAKE
23 COUNTRY CLUB, INC.'s principal place of business is in Victorville, California.

24 26. Defendant CLUBCORP TEAL BEND GOLF CLUB, INC. is an affiliate, subsidiary,
25 or otherwise associated with defendants CLUBCORP HOLDINGS, INC., and/or CLUBCORP
26 CLUB OPERATIONS, INC., and/or CCA CLUB OPERATIONS HOLDING, LLC, and/or
27 CLUBCORP USA, INC. CLUBCORP TEAL BEND GOLF CLUB, INC.'s principal place of
28 business is in Sacramento, California.

1 27. Defendant CLUBCORP TURKEY CREEK GOLF CLUB, INC. is an affiliate,
2 subsidiary, or otherwise associated with defendants CLUBCORP HOLDINGS, INC., and/or
3 CLUBCORP CLUB OPERATIONS, INC., and/or CCA CLUB OPERATIONS HOLDING,
4 LLC, and/or CLUBCORP USA, INC. CLUBCORP TURKEY CREEK GOLF CLUB, INC.'s
5 principal place of business is in Lincoln, California.

6 28. Defendant CLUBCORP SYMPHONY TOWERS CLUB, INC., is an affiliate,
7 subsidiary, or otherwise associated with defendants CLUBCORP HOLDINGS, INC., and/or
8 CLUBCORP CLUB OPERATIONS, INC., and/or CCA CLUB OPERATIONS HOLDING,
9 LLC, and/or CLUBCORP USA, INC. Defendant CLUBCORP SYMPHONY TOWERS CLUB,
10 INC.'s principal place of business is in San Diego, California.

11 29. On information and belief, defendant THE CITY CLUB OF LOS ANGELES, INC.
12 a/k/a CLUBCORP BUNKER HILL CLUB, INC. is an affiliate, subsidiary, or otherwise
13 associated with defendants CLUBCORP HOLDINGS, INC., and/or CLUBCORP CLUB
14 OPERATIONS, INC., and/or CCA CLUB OPERATIONS HOLDING, LLC, and/or CLUBCORP
15 USA, INC. Defendant THE CITY CLUB OF LOS ANGELES, INC., a/k/a CLUBCORP
16 BUNKER HILL CLUB, INC.'s principal place of business is located in Los Angeles, California.

17 30. Defendant SILICON VALLEY CAPITAL CLUB a/k/a CLUBCORP SAN JOSE
18 CLUB, INC. is an affiliate, subsidiary, or otherwise associated with defendants CLUBCORP
19 HOLDINGS, INC., and/or CLUBCORP CLUB OPERATIONS, INC., and/or CCA CLUB
20 OPERATIONS HOLDING, LLC, and/or CLUBCORP USA, INC. SILICON VALLEY
21 CAPITAL CLUB a/k/a CLUBCORP SAN JOSE CLUB, INC.'s principal place of business is in
22 San Jose, California.

23 31. Defendant MORGAN RUN CLUB & RESORT is an affiliate, subsidiary, or
24 otherwise associated with defendants CLUBCORP HOLDINGS, INC., and/or CLUBCORP
25 CLUB OPERATIONS, INC., and/or CCA CLUB OPERATIONS HOLDING, LLC, and/or
26 CLUBCORP USA, INC. MORGAN RUN CLUB & RESORT's principal place of business is in
27 Rancho Santa Fe, California.

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1 32. Defendant EMPIRE RANCH GOLF CLUB, LLC is an affiliate, subsidiary, or
2 otherwise associated with defendants CLUBCORP HOLDINGS, INC., and/or CLUBCORP
3 CLUB OPERATIONS, INC., and/or CCA CLUB OPERATIONS HOLDING, LLC, and/or
4 CLUBCORP USA, INC. EMPIRE RANCH GOLF CLUB, LLC's principal place of business is
5 in Folsom, California.

6 33. Defendant OLD RANCH COUNTRY CLUB, LLC is an affiliate, subsidiary, or
7 otherwise associated with defendants CLUBCORP HOLDINGS, INC., and/or CLUBCORP
8 CLUB OPERATIONS, INC., and/or CCA CLUB OPERATIONS HOLDING, LLC, and/or
9 CLUBCORP USA, INC. OLD RANCH COUNTRY CLUB, LLC's principal place of business is
10 in Seal Beach, California.

11 34. Defendant SHADOWRIDGE GOLF CLUB, INC. is an affiliate, subsidiary, or
12 otherwise associated with defendants CLUBCORP HOLDINGS, INC., and/or CLUBCORP
13 CLUB OPERATIONS, INC., and/or CCA CLUB OPERATIONS HOLDING, LLC, and/or
14 CLUBCORP USA, INC. SHADOWRIDGE GOLF CLUB, INC.'s principal place of business is
15 in Vista, California.

16 35. Defendant ROYAL DRIVE COUNTRY CLUB, INC. was an affiliate, subsidiary, or
17 otherwise associated with defendants CLUBCORP HOLDINGS, INC., and/or CLUBCORP
18 CLUB OPERATIONS, INC., and/or CCA CLUB OPERATIONS HOLDING, LLC, and/or
19 CLUBCORP USA, INC., until January 1981. Defendant ROYAL DRIVE COUNTRY CLUB,
20 INC.'s principal place of business was in the State of California.

21 36. Defendant MCC MANAGEMENT CORPORATION was an affiliate, subsidiary, or
22 otherwise associated with defendants CLUBCORP HOLDINGS, INC., and/or CLUBCORP
23 CLUB OPERATIONS, INC., and/or CCA CLUB OPERATIONS HOLDING, LLC, and/or
24 CLUBCORP USA, INC., until January 1993. MCC MANAGEMENT CORPORATION's
25 principal place of business was in the State of California.

26 37. Defendant LAKEVIEW CITY CLUB, INC. was an affiliate, subsidiary, or otherwise
27 associated with defendants CLUBCORP HOLDINGS, INC., and/or CLUBCORP CLUB
28 OPERATIONS, INC., and/or CCA CLUB OPERATIONS HOLDING, LLC, and/or CLUBCORP

1 USA, INC., until December 1996. Defendant LAKEVIEW CITY CLUB, INC.'s principal place
2 of business was in the State of California.

3 38. Defendant SAN FRANCISCO TENNIS CLUB, INC. was an affiliate, subsidiary, or
4 otherwise associated with defendants CLUBCORP HOLDINGS, INC., and/or Clubcorp Club
5 Operations, Inc., and/or CCA CLUB OPERATIONS HOLDING, LLC, and/or CLUBCORP
6 USA, INC., until February 2009. SAN FRANCISCO TENNIS CLUB, INC.'s principal place of
7 business was located at 645 5th St., San Francisco, in the State of California.

8 39. Defendant LOS GATOS TENNIS CLUB, INC. was an affiliate, subsidiary, or
9 otherwise associated with defendants CLUBCORP HOLDINGS, INC., and/or CLUBCORP
10 CLUB OPERATIONS, INC., and/or CCA CLUB OPERATIONS HOLDING, LLC, and/or
11 CLUBCORP USA, INC., until April 1997. LOS GATOS TENNIS CLUB, INC.'s principal place
12 of business was in the State of California.

13 40. Defendant MARINA CLUB MANAGEMENT, INC. was an affiliate, subsidiary, or
14 otherwise associated with defendants CLUBCORP HOLDINGS, INC., and/or CLUBCORP
15 CLUB OPERATIONS, INC., and/or CCA CLUB OPERATIONS HOLDING, LLC, and/or
16 CLUBCORP USA, INC., until January 1988. MARINA CLUB MANAGEMENT, INC.'s
17 principal place of business was in the State of California.

18 41. Defendant CLUBCORP AIRWAYS GOLF CLUB, INC., is an affiliate, subsidiary,
19 or otherwise associated with defendants CLUBCORP HOLDINGS, INC., and/or CLUBCORP
20 CLUB OPERATIONS, INC., and/or CCA CLUB OPERATIONS HOLDING, LLC, and/or
21 CLUBCORP USA, INC., until September 2016. CLUBCORP AIRWAYS GOLF CLUB, INC.'s
22 principal place of business was in Fresno, California.

23 42. Collectively, the above-listed defendants are referred to as "ClubCorp" or
24 "Defendants."

25 43. Defendants DOES 1 through 100, inclusive, are sued herein under fictitious names.
26 Their true names and capacities are unknown to the Plaintiff. When their true names and
27 capacities are ascertained, Plaintiff will amend this complaint by inserting their true names and
28 capacities herein. Plaintiff is informed and believes and thereon alleges that each of the

1 fictitiously named defendants is responsible in some manner for the occurrences herein alleged
2 and that Plaintiff's damages and injuries as herein alleged were proximately caused by such
3 defendants.

4 44. Each defendant named herein, including all fictitiously named defendants, is and at
5 all times mentioned was, the agent or employee of the remaining defendants, and in doing or
6 failing to do the things hereafter alleged, was acting in the course and scope of that agency or
7 employment with the full consent, either express or implied, of each of the remaining defendants.

8 JURISDICTION

9 45. This Court has jurisdiction to hear the claims alleged in this Complaint and is a court
10 of competent jurisdiction to grant the relief requested.

11 VENUE

12 46. At all relevant times alleged in this Complaint, Defendants did business in the City
13 and County of San Francisco.

14 47. Violations of law alleged in this Complaint occurred in the City and County of
15 San Francisco.

16 FACTUAL ALLEGATIONS

17 48. Founded in 1957, ClubCorp describes itself as "a membership-based leisure business
18 and a leading owner-operator of private golf and country clubs and business, sports and alumni
19 clubs in North America."

20 49. Since ClubCorp was founded, new members have been expected to pay an initiation
21 deposit upon their acceptance. All membership agreements are—and have always been—drafted
22 by Defendants. While the specific wording of the agreements varies somewhat, they all provide
23 that the deposit will be unconditionally refunded to the member after thirty years. For example,
24 the agreement used by CLUBCORP PORTER VALLEY COUNTRY CLUB, INC. provides as
25 follows:

26 It is further agreed and understood that thirty (30) years from the date of payment of
27 each installment of the initiation deposit the Club will unconditionally repay Applicant one
28 hundred percent (100%) of that installment of the initiation deposit made by Applicant to
the Club.

1 The deposit amounts varied by club and by year from \$300 to \$7,500 or more.

2 50. Despite this contractual repayment term, for decades ClubCorp has retained initiation
3 deposits long past the dates they come due for repayment. Keeping members' deposit money
4 instead of returning it as required by contract is ClubCorp's business practice not just in
5 California but nationwide.

6 51. Over the sixty years of its existence, ClubCorp has collected over \$717,100,000 in
7 initiation deposits. As of June 13, 2017, the total amount of initiation deposits currently due for
8 return to all of ClubCorp's current and former members had grown to \$178,086,000.

9 52. ClubCorp's records show that it retained initiation deposits due for refund to
10 Californians totaling more than \$10 million. These initiation deposits are owed to approximately
11 9,000 California members and former members.

12 53. Since its inception, ClubCorp has relied on membership initiation deposits to help
13 fund club development and acquisitions. As ClubCorp founder Robert H. Dedman, Sr., explained
14 in his autobiography, "To be a good entrepreneur, you have to know how to intelligently use what
15 we call OPM, 'Other People's Money. . . .' If we didn't sell memberships, we couldn't meet our
16 construction payments on the subsequent phases."

17 54. In his autobiography, Mr. Dedman set forth what he called the "developer's creed":
18 "A dollar borrowed is a dollar earned. A dollar refinanced is a dollar saved. And a dollar paid
19 back is a dollar lost forever."

20 55. Mr. Dedman also spelled out the "CEO's creed"—"Debt that does not become due
21 before I retire or sell my stock is equity."

22 56. ClubCorp targets new member prospects who are around age forty. Thus, when the
23 average 30-year deposit contract has run, members are in their seventies. Given the considerable
24 length of time between signing the membership agreement and making the initiation deposit and
25 the date on which ClubCorp is obligated to return the deposit, many members likely forget that
26 their deposit is due for refund. Further, members also may die before the deposit is due for
27 refund, and their executors and heirs likely will not know about the deposits.

28

1 57. Defendants are holding property, monetary deposits, that indisputably belongs to
2 others.

3 58. Defendants have filed annual unclaimed property filings, called “holder reports,” with
4 the SCO. The UPL requires businesses and other holders of unclaimed property to file reports
5 with the SCO after a statutory period if the property cannot be returned to its rightful owner.
6 These “holder reports” list all the unclaimed property in the holder’s possession, which the holder
7 then escheats to the State.

8 59. Uniformly, Defendants’ holder reports do not list the membership initiation deposits
9 due for return.

10 60. The UPL mandates that “all intangible property... that is held or owing in the
11 ordinary course of the holder’s business and has remained unclaimed by the owner for more than
12 three years after it became payable or distributable escheats to this state.” CCP §1520(a). That
13 includes obligations to pay money.

14 61. The membership deposits at issue are subject to escheat under the UPL. ClubCorp’s
15 membership contracts uniformly required that members pay an initiation deposit, which
16 ClubCorp must return after 30 years. Once that time runs, ClubCorp has a liquidated and certain
17 obligation to repay the money. If ClubCorp is unable to do so, it must escheat the money once
18 the three-year dormancy period has expired. CCP §1520(a).

19 62. ClubCorp’s failure to refund initiation deposits harms its members by depriving them
20 of their money and any use to which they would put it.

21 63. ClubCorp’s failure to escheat initiation deposits for which the members could not be
22 located has harmed the State of California by depriving it of the use of the funds that should have
23 been escheated.

24 64. ClubCorp’s long-standing practice of retaining initiation deposits due for refund has
25 benefitted ClubCorp by providing them an asset, millions of dollars, that they can put to business
26 uses. They have even described the deposits due for return as “non-interest bearing” loans or
27 “forgivable loans.”

28 65. ClubCorp’s practices violate California law.

1 **FIRST CAUSE OF ACTION**
2 **Unfair Competition Law — Business and Professions Code § 17200, et seq.**

3 66. The People incorporate herein by reference the allegations in paragraphs 1 – 65 of
4 this Complaint.

5 67. Defendants have engaged in, and continue to engage in, unlawful, fraudulent, or
6 unfair acts or practices in the conduct of a business, which acts or practices constitute unfair
7 competition, as that term is defined in Business and Professions Code section 17200.

8 Defendants' acts or practices include, but are not limited to, the following:

- 9 a. Knowingly retaining membership initiation deposits due for return despite contract
10 language requiring their return to members;
- 11 b. Knowingly filing unclaimed property reports with the SCO that understate the amount of
12 unclaimed property held by Defendants, thereby violating the UPL;
- 13 c. Failing to return or escheat membership initiation deposits due for return; and
- 14 d. Violating Government Code section 12651 et seq., as described in the Second Cause of
15 Action, herein.

16 **SECOND CAUSE OF ACTION**
17 **False Claims Act—Government Code § 12651, subd. (a)(7)**

18 68. The People incorporate herein by reference the allegations in paragraphs 1 – 67 of
19 this Complaint.

20 69. The terms “knowing” and “knowingly,” as set forth in the CFCA, mean that a person,
21 with respect to information, has actual knowledge of the information, acts in deliberate ignorance
22 of the truth or falsity of the information, or acts in reckless disregard of the truth or falsity of the
23 information. Proof of specific intent to defraud is not required.

24 70. Defendants knowingly submitted, or caused to be submitted to the SCO unclaimed
25 property holder reports that uniformly omit initiation deposits due for return.

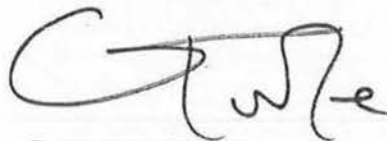
26 71. Initiation deposits that cannot be returned when due must escheat to the SCO per the
27 UPL.

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Dated: June 11, 2019

Respectfully Submitted,

XAVIER BECERRA
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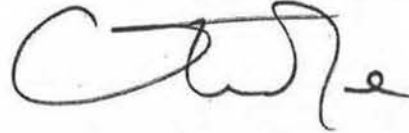
1 DEMAND FOR JURY TRIAL

2 Plaintiff respectfully demands a jury trial for the alleged claims.

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4 Dated: June 11, 2019

Respectfully Submitted,

5 XAVIER BECERRA
6 Attorney General of California
7 MARTIN GOYETTE
8 Senior Assistant Attorney General
9 FREDERICK W. ACKER
10 Supervising Deputy Attorney General



11 COURTNEY TOWLE
12 Deputy Attorney General
13 *Attorneys for the People of the State of*
14 *California*