

1 ROB BONTA  
Attorney General of California  
2 NICKLAS A. AKERS  
Senior Assistant Attorney General  
3 JON F. WORM, SBN 248260  
Supervising Deputy Attorney General  
4 DANIEL OSBORN, SBN 311037  
5 LAUREL M. CARNES, SBN 285690  
6 Deputy Attorney General  
1300 I Street  
7 Sacramento, CA 95814  
8 Telephone: (916) 210-7760  
E-mail: Daniel.Osborn@doj.ca.gov  
9

ELECTRONICALLY FILED  
Superior Court of California,  
County of San Diego

7/7/2025 11:12:52 AM

Clerk of the Superior Court  
By B. Montijo ,Deputy Clerk

10 SUMMER STEPHAN  
District Attorney, County of San Diego  
11 STEPHEN M. SPINELLA (SBN 144732)  
Deputy District Attorney  
12 Office of the District Attorney  
330 W. Broadway, Suite 750  
13 San Diego, CA 92101  
14 Telephone: (619) 515-8160  
E-mail: [Steve.Spinella@sdcdca.org](mailto:Steve.Spinella@sdcdca.org)  
15 *Attorneys for the People*  
16

NO FEE PURSUANT TO  
GOVERNMENT CODE § 6103

17 SUPERIOR COURT OF THE STATE OF CALIFORNIA

18 COUNTY OF SAN DIEGO  
19

20 THE PEOPLE OF THE STATE OF  
21 CALIFORNIA,

22 Plaintiff,

23 v.

24 A G JEWELER CORP.; HAMPTON RUIZ;  
25 HAKEEM MILBES,

26 Defendants.  
27  
28

Case No. 25CU035651C

COMPLAINT FOR INJUNCTIVE AND  
OTHER RELIEF

(Bus. & Prof. Code, §§ 17200 et seq.; 17500 et  
seq.)

1 **COMPLAINT FOR INJUNCTIVE AND OTHER RELIEF**

2 1. Plaintiff, the People of the State of California ("Plaintiff"), represented by Rob Bonta,  
3 Attorney General of the State of California, by Daniel Osborn and Laurel Carnes, Deputy Attorneys  
4 General, by Jon Worm, Supervising Deputy Attorney General, and by Summer Stephan, San Diego  
5 County District Attorney, by Stephen Spinella, Deputy District Attorney; brings this action against  
6 A G Jeweler Corp., Hampton Ruiz, and Hakeem Milbes ("Defendants"), for violating the California  
7 Unfair Competition Law (Bus. & Prof. Code, § 17200 et seq.) and the California False Advertising  
8 Law (Bus. & Prof. Code, § 17500 et seq.), and alleges the following on information and belief.

9 **JURISDICTION AND VENUE**

10 2. Pursuant to Business and Professions Code sections 17203, 17204, and 17206, the  
11 California Attorney General and any district attorney may bring a civil action in the name of the  
12 People of the State of California to enjoin any person who engages, has engaged, or proposes to  
13 engage in unfair competition, as defined in Business and Professions Code section 17200, and to  
14 obtain mandatory civil penalties for each act of unfair competition.

15 3. Pursuant to Business and Professions Code sections 17535 and 17536, the California  
16 Attorney General and any district attorney may bring a civil action in the name of the People of the  
17 State of California to enjoin any person who violates or proposes to violate Business and Professions  
18 Code section 17500 (false and misleading advertising), and to obtain mandatory civil penalties for  
19 each violation.

20 4. Defendants have transacted business within the State of California, including in the  
21 County of San Diego, at all times relevant to this Complaint. The violations of law described herein  
22 occurred in the County of San Diego and throughout the State of California and this Court is the  
23 proper venue for the trial of this action pursuant to section 393 of the Code of Civil Procedure.

24 **DEFENDANTS**

25 5. Defendant A G JEWELER CORP. ("AGJ") is, and at all times relevant herein was,  
26 a California corporation, authorized to do and doing business throughout the State of California,  
27 with its principal place of business in the City of Escondido, County of San Diego. AGJ

28 ///

1 has done business under the name ATTRACTIVE GEM JEWELERS during the timeframe relevant  
2 herein.

3 6. Defendant HAMPTON RUIZ is an individual, domiciled in the State of California,  
4 County of San Diego, and the Chief Executive Officer of AGJ at all times relevant herein and, as  
5 such, engaged in, controlled, directed, authorized and/or ratified the unlawful conduct as set forth in  
6 this Complaint.

7 7. Defendant HAKEEM MILBES is an individual, domiciled in the State of California,  
8 County of Riverside, and the Secretary and Chief Financial Officer of AGJ at all times relevant  
9 herein and, as such, engaged in, controlled, directed, authorized and/or ratified the unlawful conduct  
10 as set forth in this Complaint.

11 8. Whenever reference is made in this Complaint to any act or omission of a corporate  
12 or other entity defendant, such allegations shall be deemed to mean that a said corporate or other  
13 entity defendant, and its officers, directors, managers, agents and employees, did or authorized such  
14 act while actively engaged in the management, direction, or control of the officers of said a corporate  
15 or other entity defendant, and each of them, while acting within the scope of their employment.

16 9. Whenever reference is made in this Complaint to any act of Defendants, such  
17 allegations shall be deemed to mean the act of each Defendant acting individually, jointly and  
18 severally.

19 10. At all relevant times, each Defendant has acted as a principal, agent, employee,  
20 owner, operator, contractor, or representative of each of the other defendants and has acted within  
21 the course and scope of said agency or representation with respect to the acts herein alleged.

22 11. At all relevant times, each Defendant knew or realized that the other Defendants were  
23 engaging in or planned to engage in the violations of law alleged in this Complaint. Knowing or  
24 realizing that other Defendants were engaged or planning to engage in such unlawful conduct, each  
25 Defendant nevertheless facilitated or aided and abetted the commission of those unlawful acts. Each  
26 Defendant intended to and did encourage, facilitate, aid and abet, or assist in the commission of the  
27 unlawful acts, and thereby aided and abetted the other defendants in the unlawful conduct.

28 ///

## 1

2

3

4

5

6

7

8

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

4                           **AGJ'S UNLAWFUL ACTS AND PRACTICES**

5           **A. AGJ's \$10,000 Open-Ended Line of Credit**

6           20. Plaintiff is informed and believes, and thereon alleges, that commencing in or about  
7 October 2020 and continuing until at least December 2021, AGJ marketed, advertised, supplied,  
8 offered for sale, and/or sold to California consumers a \$10,000 open-ended line of credit ("LOC")  
9 for in-store jewelry purchases at AGJ's retail establishments.

10          21. Consumers interested in opening the LOC did not have to meet any minimum credit  
11 requirements or otherwise prove their creditworthiness in any fashion; any adult United States  
12 citizen with a social security number applying for the LOC was guaranteed acceptance upon payment  
13 of a onetime \$149.00 "membership fee." Further, no jewelry purchase at any time was required of  
14 any consumer who opened the LOC.

15          22. AGJ advertised the LOC as a credit repair or credit building vehicle and not as a  
16 credit product for the purchase of jewelry. In fact, of the more than 18,600 consumers who opened  
17 the LOC with AGJ, only 56 of them used the LOC in order to purchase jewelry.

18          23. AGJ advertised the LOC primarily online via its own website as well as on other sites  
19 such as YouTube where AGJ contracted with influencers to advertise its LOC for compensation. In  
20 its advertisements for the LOC, AGJ stated that each LOC account would be reported by Defendants  
21 to the three major credit bureaus on a monthly basis; that it would take between 15 and 45 days for  
22 the LOC to appear on the consumer's credit reports; and that most LOC account holders would see  
23 a 30 to 50 point jump in their credit score.

24          24. Accordingly, AGJ acted as a Credit Services Organization, as defined at Civil Code,  
25 section 1789.12, subdivision (d), with respect to its LOC, in that it advertised that "in return for the  
26 payment of money [it can or will] improv[e] a consumer's credit record, history, or rating."  
27 However, AGJ, while acting as a Credit Repair Services Organization, extended credit to consumers

28       ///

1 via its LOC in violation of the Credit Services Act, Civil Code, section 1789.13, subdivision (p),  
2 which states that a credit sales organization may not “directly or indirectly extend credit to a  
3 consumer.”

4 25. Further, in or about January 2021, AGJ learned from the credit bureaus to which it  
5 reported the LOCs it concluded with consumers that the credit bureaus would no longer report AGJ’s  
6 LOCs. Nevertheless, AGJ continued to advertise and sell its LOC as a credit repair or credit building  
7 vehicle and continued to expressly and impliedly represent that its LOC would be reported to the  
8 three major credit bureaus through at least December 2021.

9 **B. AGJ’s CLOSED-END CREDIT CONTRACTS**

10 26. Plaintiff is informed and believes, and thereon alleges, that within the last four years,  
11 as extended for statute of limitations purposes by one or more tolling agreements executed by the  
12 parties, AGJ marketed, advertised, supplied, and entered into closed-end credit contracts, termed  
13 Retail Installment Contract/Credit Sale Contracts (“RIC”), with California consumers, particularly  
14 military servicemembers, in order to finance the purchase of jewelry by California consumers at  
15 AGJ retail locations.

16 27. Up until an unknown point in 2020, AGJ’s RICs contained mandatory arbitration  
17 clauses requiring the resolution of any disputes thereunder to be resolved via binding arbitration.  
18 The Military Lending Act, 10 United States Code, section 987, subdivision (e)(3), makes it unlawful  
19 for any creditor to extend credit to military servicemembers via any contract that requires the  
20 servicemember to submit to binding arbitration.

21 28. AGJ’s RICs also contain Truth-in-Lending disclosures which delineate the annual  
22 percentage rate charged under the RIC; the total finance charge expressed in dollars; the amount of  
23 credit extended; the total amount that will be paid by the consumer under the RIC once all scheduled  
24 payments have been made; and the total cost of the consumer’s credit purchase, inter alia. However,  
25 many of AGJ’s RICs miscalculated the annual percentage rate by more than the 1/8 of 1 percentage  
26 point margin of error allowed under Regulation Z of the Truth in Lending Act, found at 12 Code of  
27 Federal Regulations, section 1026.22, subdivision (a)(2).

28 29. The sales invoices accompanying AGJ’s RICs itemized the specific jewelry  
purchased via the RIC and frequently contained price comparisons by which the price charged by

1  
2 AGJ for a listed item of jewelry was compared to an alleged former price charged for the same item  
3 of jewelry, often the manufacturer's suggested retail price for the item of jewelry. On information  
4 and belief, sales invoices containing price comparisons of this nature were advertised to AGJ's  
5 customers prior to concluding a jewelry sale and/or reflect oral price comparison advertisements  
6 made to AGJ's customers prior to the consummation of any jewelry sale.

7 30. Business and Professions Code, section 17501, prohibits advertising a former price  
8 "unless the former price was the prevailing market price . . . within [the last] three months." Civil  
9 Code, section 1770, subdivision (a)(3), prohibits "false or misleading statements of fact concerning  
10 the reasons for, existence of, or amounts of price reductions." 16 Code of Federal Regulations,  
11 section 233.3 states that "[t]o the extent that list or suggested retail prices do not in fact correspond  
12 to prices at which a substantial number of sales of the article in question are made, the advertisement  
13 of a reduction may mislead the consumer."

14 31. On information and belief, the price comparisons advertised by AGJ, including, but  
15 not limited to, as advertised on the sales invoices accompanying its RICs, do not reflect the  
16 prevailing market price for which the item of jewelry sold within the last three months, nor do they  
17 correspond to a substantial number of sales of the item of jewelry in question where the advertised  
18 price comparison is with reference to the suggested retail price for the item of jewelry.

19 **FIRST CAUSE OF ACTION**

20 **BUS. & PROF. CODE § 17500**

21 **(False Advertising)**

22 32. Plaintiff realleges and incorporates herein by reference paragraphs 1 through 31 of  
23 the within Complaint as though set forth fully at length herein.

24 33. Beginning at an exact date which is unknown to Plaintiff, but no later than three years  
25 from the present, as extended for statute of limitations purposes by one or more tolling agreements  
26 executed by the parties, Defendants, with the intent, directly or indirectly, to induce members of the  
27 public to purchase Defendants' good and services, made and caused to be made statements to the  
28 public in California that were untrue or misleading in violation of Business and Professions Code  
section 17500. These untrue or misleading statements made, and/or inadequate disclosures

1 provided, by Defendants include, but are not limited to, the advertising claims and/or omissions set  
2 forth above in this Complaint.

3 34. Defendants knew, or by the exercise of reasonable care should have known, that the  
4 statements set forth above were untrue or misleading when made.

5 35. Unless enjoined by the Court, Defendants may continue to make such untrue or  
6 misleading statements as alleged above.

7 **SECOND CAUSE OF ACTION**

8 **BUS. & PROF. CODE § 17200**

9 **(Unfair Competition)**

10 36. Plaintiff realleges and incorporates herein by reference paragraphs 1 through 31 of  
11 the within Complaint as though set forth fully at length herein

12 37. Beginning at an exact date which is unknown to the People, but no later than four  
13 years from the present, as extended for statute of limitations purposes by one or more tolling  
14 agreements executed by the parties, Defendants engaged in unfair competition in violation of  
15 Business and Professions Code section 17200, including but not limited to the unlawful, unfair, or  
16 fraudulent business practices set forth above in this Complaint.

17 38. Defendants further engaged in acts of unfair competition by:

- 18 a. violating Business and Professions Code section 17500, as more particularly  
19 described in the First Cause of Action of this Complaint;
- 20 b. violating the Credit Services Act, Civil Code section 1789.13, subd. (p), as  
21 more particularly described in paragraphs 20 through 25;
- 22 c. violating the Military Lending Act, 10 U.S.C. section 987, subd. (e)(3), as  
23 more particularly described in paragraphs 26 & 27;
- 24 d. violating Regulation Z of the Truth in Lending Act, 12 C.F.R. section  
25 1026.22, subd. (a)(2), as more particularly described in paragraph 28;
- 26 e. violating Business and Professions Code, section 17501, Civil Code section  
27 1770, subd. (a)(3), and 16 C.F.R. section 233.3, as more particularly described  
28 in paragraphs 29 through 31.

1           39. Unless enjoined by the Court, Defendants may continue to engage in unfair  
2 competition, as alleged above.

3  
4                                   **PRAYER FOR RELIEF**

5           WHEREFORE, Plaintiff, the People of the State of California, respectfully request that this  
6 honorable Court enter an order:

7           1. Issuing an injunction prohibiting Defendants from engaging in activity that violates  
8 the provisions of the Business and Professions Code; violates any other statutes, rules or regulations  
9 as alleged in this Complaint; and engaging in any other business acts or practices which constitute  
10 unfair competition within the meaning of Business and Professions Code section 17200;

11          2. Issuing a preliminary and permanent injunction, issued pursuant to Business and  
12 Professions Code section 17535, prohibiting Defendants from engaging in practices that violate  
13 Business and Professions Code section 17500;

14          3. Assessing a civil penalty of up to two thousand and five hundred dollars (\$2,500)  
15 against each Defendant for each untrue or misleading statement made by them to each potential or  
16 actual consumer, pursuant to Business and Professions Code section 17536;

17          4. Assessing a civil penalty of up to two thousand and five hundred dollars (\$2,500)  
18 against each Defendant for each violation of Business and Professions Code section 17200, pursuant  
19 to Business and Professions Code section 17206;

20          5. Assessing a civil penalty of up to two thousand and five hundred dollars (\$2,500)  
21 against each Defendant for each violation of Business and Professions Code section 17200  
22 perpetrated against one or more service members or veterans, pursuant to Business and Professions  
23 Code section 17206.2.

24          6. Ordering Defendants to restore to any person an interest any money which may have  
25 been acquired by means of Defendants' violations of Business and Professions Code sections 17200  
26 or 17500, pursuant to Business and Professions Code sections 17203 and 17535.


27          7. Ordering Defendants to pay disgorgement for violations of Business and Professions  
28 Code section 17200 et seq. and Business and Professions Code section 17500 et seq., pursuant to  
Government Code section 12527.6.

1           8.       Ordering Defendants to pay Plaintiff's costs of suits, including costs of investigation  
2 and prosecution; and

3           9.       Granting such other and further relief as the Court deems just and proper.  
4

5       Dated: July 6, 2025  
6

ROB BONTA  
Attorney General of California

7  
8       By:   
9       NICKLAS A. AKERS  
10      Senior Assistant Attorney General  
11      JON F. WORM  
12      Supervising Deputy Attorney General  
13      DANIEL OSBORN  
14      LAUREL M. CARNES  
15      Deputy Attorneys General

16       Dated: July 7, 2025  
17

SUMMER STEPHAN  
District Attorney of San Diego County

18       By:   
19       STEPHEN SPINELLA  
20       Deputy District Attorney

21       *Attorneys for the Plaintiff, People of the State*  
22       *of California*  
23  
24  
25  
26  
27  
28