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**County of Los Angeles**
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**By Y. Ayala, Deputy Clerk**

[EXEMPT FROM FILING FEES PURSUANT TO GOVERNMENT CODE SECTION 6103]

SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF LOS ANGELES

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

Plaintiff,

v.

**SEDERA, INC.; AND SEDERA MEDICAL COST SHARING COMMUNITY,**

Defendants.

**Case No.** 25STCV07315

**COMPLAINT**

1. Violation of California's False Advertising Law, Business & Professions Code § 17500 et seq.

2. Violation of California's Unfair Competition Law, Business & Professions Code § 17200 et seq.

Plaintiff, the People of the State of California ("Plaintiff" or the "People"), by and through Rob Bonta, Attorney General of the State of California, allege the following on information and belief:

## INTRODUCTION

1. Defendant Sedera, Inc. (Sedera) created, operated, marketed and sold unauthorized health service plans and insurance to thousands of Californians, in violation of California law. It falsely marketed its health plan and insurance products as unregulated medical sharing plans and did not comply with consumer protections that California law requires with the sale of insurance and health service plans.

2. In this action, the People seek an order permanently enjoining Defendants from engaging in these unlawful, unfair and fraudulent practices, as well as restitution for California consumers and other relief available under California law.

## PLAINTIFF

3. Plaintiff is the People of the State of California, who bring this action by and through Attorney General Rob Bonta. The Attorney General is authorized by Business and Professions Code sections 17203, 17204, and 17206 to bring actions to enforce the Unfair Competition Law (UCL) and by Business and Professions Code sections 17535 and 17536 to bring actions to enforce the False Advertising Law (FAL).

## DEFENDANTS

4. Defendant Sedera, Inc. ("Sedera") is a fon-profit corporation incorporated in Delaware in July of 2014 and with its principle place of business in Texas. It conducted and/or contracted business through its agents, employees and representatives in counties throughout the State of California, including Los Angeles County.

5. Defendant Sedera Medical Cost Sharing Community ("SMC") is and, at all times relevant, a corporation organized under the laws of Texas. It was incorporated in Texas in November of 2019. It purports to be a non-profit with IRS 501(c)(3) status yet there is no record of the IRS ever providing 501(c)(3) status to SMC. It conducted and/or contracted business through its agents, employees and representatives in counties throughout the State of California,

including Los Angeles County.

6. Neither defendant has held a certificate of authority or other license authorizing it to sell, market, or transact insurance in the State of California, at any time relevant to the Complaint. Similarly, none of the Defendants has been authorized to sell, market, or operate a managed care health plan in the State of California, at any time relevant to the Complaint.

7. At all relevant times, each defendant acted individually and jointly with every other named defendant in committing the acts alleged in this Complaint.

8. At all relevant times, each defendant acted: (a) as a principal; (b) under express or implied agency; and/or (c) with actual or ostensible authority to perform the acts alleged in this Complaint on behalf of every other named defendant.

9. At all relevant times, some or all defendants acted as the agent of the others, and all defendants acted within the scope of their agency if acting as an agent of another.

10. At all relevant times, each Defendant knew or realized, or should have known or realized that the other Defendants were engaging in or planned to engage in the violations of law alleged in this Complaint. Knowing or realizing that the other Defendants were engaging in such unlawful conduct, each Defendant nevertheless facilitated the commission of those unlawful acts. Each Defendant intended to and did encourage, facilitate, or assist in the commission of the unlawful acts, and thereby aided and abetted the other Defendants in the unlawful conduct.

11. Defendants have engaged in a conspiracy, common enterprise, and common course of conduct, the purpose of which is and was to engage in the violations of law alleged in this Complaint.

## JURISDICTION AND VENUE

12. This court has original jurisdiction over this action pursuant to California, Constitution article VI, section 10.

13. The violations of law alleged in this Complaint occurred in the County of Los Angeles and elsewhere throughout California.

14. Venue is proper in this court pursuant to Code of Civil Procedure section 395.5 because Defendants' marketing and sales activities included the Los Angeles region and therefore

Defendants' liability arises in the County of Los Angeles.

15. Venue is also proper in this Court pursuant to Code of Civil Procedure section 393. subdivision (a), because violations of law that occurred in the County of Los Angeles are a "part of the cause" upon which the Plaintiff seeks the recovery of penalties imposed by statute.

**DEFENDANTS' BUSINESS ACTS AND PRACTICES**

16. Defendant Sedera, Inc. ("Sedera") incorporated as a for-profit corporation in Deleware on or about July 10, 2014.

17. Sedera marketed itself as an entity that facilitates medical cost sharing between members that participate in a plan created and operated by Sedera. Despite these representations, the plans were in practice health care service plans and insurance policies.

18. On or about November 11, 2019, Sedera Medical Cost Sharing Community incorporated in Texas. SMC purports to be a non-profit yet there is no record of the IRS ever having provided it with 501(c)(3) status.

19. After its incorporation, Sedera transferred its plans and membership to SMC and the two entities entered into a vendor agreement. Through the agreement, SMC agreed to pay Sedera in exchange for various services that Sedera was already providing for its own plan, including program design and marketing, and securing contracts with other vendors necessary to operate the plans.

20. Shortly after, Defendants began selling and marketing Sedera branded health plans in California. Defendants were able to enroll thousands of California members. Defendants marketed these plans as both a novel "non-insurance" medical cost sharing products and as Health Care Sharing Ministry (HCSM) plans even though none of the Defendants met the definition of an HCSM. Instead, the plans met the qualifications of both health care service plans and insurance policies.

21. Defendants were able to sell their plans at lower prices than traditional insurers and health plan providers because Defendants did not comply with state laws and regulations governing the operation and sale of insurance and health plans.

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**FIRST CAUSE OF ACTION AGAINST ALL DEFENDANTS**

VIOLATIONS OF BUSINESS AND PROFESSIONS CODE SECTION 17500 ET SEQ.

(False or Misleading Statements)

22. The People reallege and incorporate by reference each of the paragraphs above as though fully set forth herein.

23. Defendants violated California Business and Professions Code section 17500, et seq. (California's False Advertising Law or FAL) by making or disseminating, or causing to be made or disseminated, before the public in this State, untrue or misleading statements in connection with the sale of goods or services, that Defendants knew or should have known were untrue or misleading, including but not limited to the following:

a. That the Sedera plans were, or practically equivalent to, ACA health insurance or service plans;

b. That the Sedera plans were not a type of insurance;

c. That the Sedera plans are non-profit plans; and

d. That SMC was an HCSM.

**SECOND CAUSE OF ACTION AGAINST ALL DEFENDANTS**

VIOLATIONS OF BUSINESS AND PROFESSIONS CODE SECTION 17200 ET SEQ.

(Unfair, Unlawful, and/or Fraudulent Business Practices)

24. The People reallege and incorporate by reference each of the paragraphs above as though fully set forth herein.

25. Defendants have engaged, and continue to engage, in acts or practices that are unlawful, unfair, or fraudulent, and which constitute unfair competition within the meaning of Section 17200 of the Business and Professions Code. These acts or practices include, but are not limited to, the following:

a. Defendants have violated Business and Professions Code section 17500 et seq. as alleged in the First Cause of Action;

b. Defendants have violated the California Insurance Code by:

i. Issuing, offering, transacting and operating insurance without a Certificate

of Authority by the California Department of Insurance;

ii. Issuing, offering, transacting and operating insurance without providing required documentation, training materials, or fees to the California Department of Insurance;

iii. Issuing, offering, transacting and operating insurance without satisfying capital and surplus, financial stability, competency/integrity of management, fairness and honesty in doing business, and prompt and fair claims adjustment policy requirements;

iv. Issuing, offering, transacting and operating individual and small group insurance without providing minimum essential coverage, including coverage for essential health benefits and pre-existing conditions;

v. Issuing, offering, transacting and operating insurance without sending premium rebates to members when the ratio of the amount of premium revenue expended on the costs for reimbursement of medical care to the total amount of premium revenue is less than 80% (the medical loss ratio rule); and

vi. Selling and offering to sell insurance policies without providing required documentation, training materials, or fees to the California Department of Insurance;

c. Defendants have violated the California Health & Safety Code by:

i. Issuing, offering, transacting and operating a health service plan without a license from the California Department of Managed Health Care;

ii. Issuing, offering, transacting and operating a health service plan without providing required documentation, training materials, or fees to the California Department of Managed Care;

iii. Issuing, offering, transacting and operating individual and small group health plans without providing minimum essential coverage, including coverage for essential health benefits and pre-existing conditions;

iv. Issuing, offering, transacting and operating insurance without satisfying capital and surplus, financial stability, competency/integrity of management, timely access, and utilization review policy requirements;

v. Issuing, offering, transacting and operating a health service plan without sending premium rebates to members when the ratio of the amount of premium revenue expended on the costs for reimbursement of medical care to the total amount of premium revenue is less than 80% (the medical loss ratio rule); and

vi. Selling and offering to sell health service plans without providing required documentation, training materials, or fees to the California Department of Managed Health Care;

**PRAYER FOR RELIEF**

WHEREFORE, Plaintiff prays for judgment as follows:

1. Pursuant to Business and Professions Code section 17535, that Defendants, along with Defendants' successors, agents, representatives, employees, and all persons who act in concert with Defendants, be permanently enjoined from making any false or misleading statements in violation of Business and Professions Code section 17500, as alleged in this Complaint;

2. Pursuant to Business and Professions Code section 17203, that the court enter all orders necessary to prevent Defendants, as well as Defendants' successors, agents, representatives, employees, and all persons who act in concert with Defendants from engaging in any act or practice that constitutes unfair competition in violation of Business and Professions Code section 17200;

3. Pursuant to Business and Professions Code section 17203, that the court enter all orders or judgments, including but not limited to restitution, as may be necessary to restore to any person in interest any money or other property that Defendants may have acquired by violations of Business and Professions Code section 17200, as proved at trial;

4. Pursuant to Business and Professions Code section 17535, that the court enter all

orders or judgments, including but not limited to restitution, as may be necessary to restore to any person in interest any money or other property that Defendants may have acquired by violations of Business and Professions Code section 17500, as proved at trial;

5. Pursuant to Business and Professions Code section 17536, that the court assess a civil penalty of two thousand five hundred dollars ($2,500) against each Defendant for each violation of Business and Professions Code section 17500, as proved at trial;

6. Pursuant to Business and Professions Code section 17206, that the court assess a civil penalty of two thousand five hundred dollars ($2,500) against each Defendant for each violation of Business and Professions Code section 17200, as proved at trial;

7. That Plaintiff recover its costs of suit; and

8. For such other and further relief that the court deems just and proper.

Dated: March 14, 2025

Respectfully Submitted,

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