

1 ROB BONTA
Attorney General of California
2 NELI PALMA
Senior Assistant Attorney General
3 JAMES HART
Supervising Deputy Attorney General
4 NORA FLUM, State Bar No. 278775
DAVID C. GOODWIN, State Bar No. 283322
5 Deputy Attorneys General
State Bar No. 278775
6 1515 Clay Street, 20th Floor
P.O. Box 70550
7 Oakland, CA 94612-0550
Telephone: (510) 879-1986
8 Fax: (510) 622-2270
E-mail: Nora.Flum@doj.ca.gov
9 *Attorneys for People of the State of California*

**NO FEE PURSUANT TO
GOVERNMENT CODE § 6103**

10 SUPERIOR COURT OF THE STATE OF CALIFORNIA
11 COUNTY OF LOS ANGELES

13
14 **THE PEOPLE OF THE STATE OF
CALIFORNIA**

15 Plaintiff,

16 v.

17
18 **FLUMGIO TECHNOLOGY INC.,
BERKELEY INT'L BUSINESS CREW
19 INC., ZAOYU ZHU, AND DOES 1-100,
INCLUSIVE,**

20 Defendants.

Case No.

**COMPLAINT FOR PERMANENT
INJUNCTION, CIVIL PENALTIES, AND
OTHER EQUITABLE RELIEF**

Date:

Time:

Dept:

Judge:

Trial Date:

Action Filed:

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

[VERIFIED ANSWER REQUIRED UNDER
CODE CIV. PROC., § 446]

1 The People of the State of California (“the People” or “Plaintiff”), by and through Rob
2 Bonta, Attorney General of the State of California, allege the following on information and belief:

3 **INTRODUCTION**

4 1. The People bring this action against Flumgio Technology Inc., Berkeley Int’l
5 Business Crew Inc., and Zaoyu Zhu (collectively “Defendants”) to enjoin and prevent the acts
6 and omissions of Defendants constituting violations of state law under Business & Professions
7 Code sections 17200 and 17500. Since at least April 2021, Defendants have unfairly marketed e-
8 cigarettes to California’s youth. Although California banned the retail sale of flavored tobacco
9 products in December 2022, Defendants engaged in unfair business practices by flagrantly
10 continuing to import, distribute, and sell flavored e-cigarettes into California that retail stores
11 were banned from selling to the public. (Health & Saf. Code, § 104559.5 [SB 793].) Since at least
12 December 2022, Defendants have engaged in unfair and deceptive advertising by misleading the
13 public into believing that their “Clear” flavored e-cigarettes were unflavored when they, in fact,
14 have a distinguishable taste. Lastly, since at least April 2021, Defendants have violated tobacco
15 licensing laws by improperly importing, distributing, and selling flavored disposable e-cigarettes.
16 The People respectfully request that this Court use its equitable and legal authority to enjoin these
17 unlawful and unfair acts and practices permanently and to impose civil penalties to punish
18 Defendants for their unlawful conduct.

19 **PLAINTIFF**

20 2. The People of the State of California are the Plaintiff in this case. The People bring
21 this action by and through Rob Bonta, Attorney General of the State of California. The Attorney
22 General is authorized by Business and Professions Code sections 17204, 17206, 17535, and
23 17536 to file litigation to enforce the Unfair Competition Law (Bus. & Prof. Code, § 17200 et
24 seq.) and the False Advertising Law (Bus. & Prof. Code, § 17500 et seq.).

25 **DEFENDANTS**

26 3. Defendant Flumgio Technology Inc. (“Flumgio”) is a California corporation (Entity
27 No. 4732661) with its principal place of business registered as 18351 Colima Road, Unit 481,
28 Rowland Heights, California 91748. Since its formation in 2021, acting alone or in concert with

1 others, Flumgio has marketed, promoted, imported, offered for sale, and sold FLUM brand
2 flavored e-cigarettes in California. According to the California Secretary of State’s official
3 corporate records, Yufan Li is the Chief Executive Officer, Chief Financial Officer, Secretary,
4 and sole Director of Flumgio, and has held those roles since April 2022.

5 4. Defendant Berkeley Int’l Business Crew (“Berkeley Int’l”) is a California corporation
6 (Entity No. 4722907) with its principal place of business registered as 17050 Evergreen Place,
7 City of Industry, California 91745. Since its formation in 2021, acting alone or in concert with
8 others, Berkeley Int’l has imported, distributed, offered for sale, and sold FLUM brand flavored
9 e-cigarettes in California.

10 5. According to the California Secretary of State’s official corporate records, for two
11 years, from April 2021 to April 2023, Defendants Flumgio and Berkeley Int’l occupied the same
12 principal place of business, a warehouse and loading dock at 14748 Nelson Avenue, Unit C, City
13 of Industry, California 91744.¹

14 6. Defendant Zaoyu Zhu (“Zhu”), an individual, resides in San Bernardino County and
15 is the founder of Defendants Flumgio and Berkeley Int’l, having registered both companies with
16 the California Secretary of State in April 2021. Defendant Zhu currently serves as the Chief
17 Executive Officer, Chief Financial Officer, Secretary, and General Manager of Defendant
18 Berkeley Int’l. On information and belief, Defendant Zhu directs Berkeley Int’l’s illegal business
19 activities as described below.

20 7. At all relevant times, each of the Defendants was acting as an agent, servant,
21 assignee, representative, partner, joint venture partner, co-conspirator, or employee of the other
22 Defendants, and, in doing the acts alleged herein, was acting within the course and scope of said
23 agency, service, assignment, representation, partnership, joint venture, conspiracy, or
24 employment. Due to the relationship between the Defendants, each of the Defendants has
25 knowledge or constructive notice of the acts of each of the other Defendants.

26
27
28 ¹ The same street is alternatively referred to in corporate filings as Nelson Avenue, E
Nelson Avenue, and Nelson Avenue E.

1 tobacco products to secure and maintain a license issued by the California Department of Tax and
2 Fee Administration (“CDTFA”). (Bus. & Prof. Code, §§ 22970-22991.) This licensing regime
3 was implemented to “help stem the tide of untaxed distributions and illegal sales of cigarettes and
4 tobacco products.” (Bus. & Prof. Code, § 22970.1, subd. (d).) In 2016, the licensing and taxation
5 requirements were extended to include e-cigarettes due to concerns about the rising popularity of
6 e-cigarette products among youth. (Healthcare Research and Prevention Tobacco Tax Act, 2016
7 Cal. Legis. Serv. Prop. 56 (Proposition 56), § 1.)

8 18. California has strict licensing requirements for all entities in the tobacco product
9 distribution chain. (Rev. & Tax. Code, § 30140 [distributors of tobacco products are required to
10 hold a distributor’s license]; Bus. & Prof. Code, § 22975, subd. (a) [licensing requirement for
11 distributors and wholesalers of tobacco products]; Bus. & Prof. Code, § 22979.21 [licensing
12 requirement for manufacturers and importers of tobacco products]; Bus. & Prof. Code, § 22972,
13 subd. (a) [licensing requirement for retailers of tobacco products].) Licenses are not assignable or
14 transferable, and a separate license must be maintained for each location where cigarettes or
15 tobacco products will be sold. (Bus. & Prof., § 22975, subd. (c); Bus. & Prof. Code, § 22977,
16 subd. (a)(2).) It is illegal for a person or entity to sell tobacco products in California without a
17 valid license. (Bus. & Prof. Code, § 22980.2, subd. (a) [unlicensed sale is a misdemeanor].)

18 19. This licensing regime allows California to track the movement of tobacco products
19 across the state. Tobacco manufacturers, importers, distributors, wholesalers, and retailers must
20 keep records of the purchase and sale of tobacco products at their licensed premises. (Bus. &
21 Prof. Code, § 22978.1 [purchase recordkeeping requirements for distributors and wholesalers];
22 Bus. & Prof. Code, § 22978.5, subd. (a) [sales recordkeeping requirements for distributors and
23 wholesalers]; Bus. & Prof. Code, § 22979.4 [purchase recordkeeping requirements for
24 manufacturers and importers]; Bus. & Prof. Code, § 22979.5 [sales recordkeeping requirements
25 for manufacturers and imports]; Bus. & Prof. Code, § 22974 [purchase recordkeeping
26 requirements for retailers].) CDTFA can examine these records under its broad authority to
27 inspect “any place at which cigarettes or tobacco products are sold, produced, or stored or at any
28 site where evidence of activities involving evasion of cigarette or tobacco products tax...may be

1 discovered.” (Bus. & Prof. Code, § 22980, subd. (a)(3).) Manufacturers and importers of tobacco
2 products are also subject to additional reporting requirements regarding the brands of tobacco
3 products they manufacture or import and the distributors to whom they are sold. (Bus. & Prof.
4 Code, § 22979.21 [reporting requirement regarding tobacco brands manufactured or importers];
5 Bus. & Prof. Code, § 22979.24 [monthly reporting requirement listing all distributors to which
6 the manufacturer or importer has shipped its tobacco products].)

7 20. Substantial research shows “flavored tobacco products attract underage users and
8 serve as starter products to regular tobacco use.”⁵ Youth and young adults who have ever used
9 tobacco products overwhelmingly report that their first tobacco product was flavored, and 80% of
10 current tobacco users aged 12 to 17 report that they use flavored products.⁶ The primary reason
11 reported by youth for using a given tobacco product is that it “comes in flavors that I like.”⁷
12 Motivated by concerns about youth tobacco use and initiation, in November 2022, California
13 voters overwhelmingly passed a proposition banning the retail sale of flavored tobacco products
14 in California. (Proposition 31, 2022 Cal. Legis. Serv. Prop. 31 (Proposition 31), § 1; *R.J.*
15 *Reynolds Tobacco Company v. Bonta* (S.D. Cal. 2023) 661 F.Supp.3d 1009, 1012, *affd.* (9th Cir.,
16 June 28, 2023, No. 23-55349) 2023 WL 4546550, cert. den. (2024) 144 S.Ct. 551 [“The original
17 motivation for California’s ban on flavored tobacco products was to prevent youth usage of
18 tobacco products.”].) This proposition, codified as Health and Safety Code section 104559.5,
19 states that a tobacco retailer “shall not sell, offer for sale, or possess with intent to sell or offer for
20 sale, a flavored tobacco product or a tobacco product flavor enhancer.”⁸ (Health & Saf. Code,
21 § 104559.5, subd. (b)(1).) Since the law went into effect in December 2022, tobacco products
22 with “a distinguishable taste or aroma, or both, other than the taste or aroma of tobacco” are
23 illegal for retail sale in California. (Health and Saf. Code, § 104559.5, subd. (a)(1).)

24 _____
25 ⁵ Villanti et al., *Flavored Tobacco Product Use in Youth and Adults: Findings From the*
First Wave of the PATH Study (2013–2014) (Mar. 16, 2017) 53 *American J. of Preventive*
26 *Medicine* 130, available at [https://www.ajpmonline.org/article/S0749-3797\(17\)30065-X/abstract](https://www.ajpmonline.org/article/S0749-3797(17)30065-X/abstract).

26 ⁶ *Id.*

27 ⁷ *Id.*

27 ⁸ This section, often referred to as SB 793, contains exceptions for flavored hookah,
28 premium cigars, and loose-leaf tobacco which are not relevant in this case. (Healthy & Saf. Code,
§ 104559.5, subd. (c).)

1 THE PROLIFERATION OF FLAVORED DISPOSABLE E-CIGARETTES

2 21. In April 2020, the FDA published a report setting forth the agency’s enforcement
3 priorities for e-cigarettes.⁹ One of the articulated priorities was “enforcement against” “[a]ny
4 flavored, cartridge-based ENDS [Electronic Nicotine Delivery Systems] product (other than a
5 tobacco- or menthol-flavored ENDS product)...”¹⁰ In response, the tobacco industry shifted
6 away from selling high-enforcement-priority flavored cartridge-based e-cigarettes to selling
7 lower-enforcement-priority “disposable” e-cigarettes. Unlike cartridge-based e-cigarettes, which
8 can be refilled by inserting new cartridges or pods of e-liquid, disposable e-cigarettes
9 (“disposables”) are prefilled with e-liquid and meant to be thrown away when the e-liquid is
10 depleted.¹¹ After the announcement of FDA’s enforcement priorities, the number of unique
11 disposable products on the US market exploded, increasing by 1500% from early 2020 to June
12 2023.¹² “Millions of products [mostly disposables] have entered the market without pre-market
13 authorization and remain on the market today, and new products continue to enter the market
14 without the required authorization.”¹³

15 22. California has not been immune from the influx of disposable e-cigarettes.
16 Although California saw a 67.7% decrease in sales of non-tobacco-flavored e-cigarettes after the
17 implementation of SB 793, disposable e-cigarettes continue to be sold in non-tobacco flavors.¹⁴

18 _____
19 ⁹ FDA, *Enforcement Priorities for Electronic Nicotine Delivery Systems (ENDS) and*
20 *Other Deemed Products on the Market Without Premarket Authorization (Revised)* (April 2020),
available at <https://www.fda.gov/media/133880/download>.

21 ¹⁰ *Id.* at p. 3.

22 ¹¹ Williams, *The rise of disposable JUUL-type e-cigarette devices* (Dec. 5, 2019) 29
Tobacco Control e134-e135, available at <https://tobaccocontrol.bmj.com/content/29/e1/e134>;
Delnevo et al., *Rapid proliferation of illegal pod-mod disposable e-cigarettes* (Jan. 30, 2020) 29
Tobacco Control e150-e151, available at <https://tobaccocontrol.bmj.com/content/29/e1/e150>;
Stanford Medicine REACH Lab, *Generations of E-Cigarettes & Vape Pens*, available at
23 <https://med.stanford.edu/halpern-felsher-reach-lab/resources.html> (last visited Nov. 25, 2024).

24 ¹² Perrone, *Thousands of unauthorized vapes are pouring into the US despite the FDA*
crackdown on fruity flavors (June 26, 2023) Associated Press, available at
25 <https://apnews.com/article/fda-vapes-vaping-elf-bar-juul-80b2680a874d89b8d651c5e909e39e8f>.

26 ¹³ Silvis et. al., *Operational Evaluation of Certain Components of FDA's Tobacco*
Program: A Report of the Tobacco Independent Expert Panel (Dec. 2022) p. 22, available at
<https://reaganudall.org/sites/default/files/2022-12/Tobacco%20report%20210pm.pdf>.

27 ¹⁴ CDC Foundation and Truth Initiative, *Monitoring E-Cigarette Trends in the United*
States: Urgent Action Needed to Protect Kids from Flavored E-Cigarettes (Nov. 21, 2024) p. 33,
28 available at <https://tobacomonitoring.org/wp-content/uploads/2024/11/2024MonitoringE-CigaretteTrendsUS-1.pdf>.

1 Of the flavored e-cigarettes sold in California as of December 31, 2023, 93.3% were
2 disposables.¹⁵

3 23. Disposable e-cigarettes, often sold in cooling and fruity flavors, are generally
4 bigger, stronger, and cheaper than cartridge-based, rechargeable e-cigarettes. Between January
5 2017 and December 2022, the average e-liquid capacity of disposable e-cigarettes increased by a
6 staggering 518% and the average nicotine strength increased by 294%.¹⁶ During the same period,
7 the average sales price per 1 mL of e-liquid fell by approximately 70%.¹⁷ Researchers have
8 cautioned that these “cheap, high-capacity disposable e-cigarettes may be an appealing entry
9 point for non-tobacco users, experimenters and light users...”¹⁸

10 24. A recent study found that California adolescents (ages 14-17) and young adults
11 (ages 21-24) significantly preferred disposable e-cigarettes to rechargeable devices, with 69.0%
12 of users reporting that they used disposables in the past 30 days, while only 31.0% used
13 rechargeable devices.¹⁹ Researchers found that youth who used disposable e-cigarettes at baseline
14 were more likely to continue using e-cigarettes than youth who used non-disposable e-cigarettes
15 at baseline.²⁰ Disposable use was also associated with increased frequency of use compared to use
16 of non-disposable devices.²¹ Researchers have cautioned that this high frequency and intensity of
17 e-cigarette use by youth might increase the odds of nicotine addiction, combustible tobacco
18 smoking, respiratory symptoms, and mental health problems.²²

20 ¹⁵ *Id.* at p. 34.

21 ¹⁶ Diaz et al., *Bigger, stronger and cheaper: growth in e-cigarette market driven by*
22 *disposable devices with more e-liquid, higher nicotine concentration and declining prices*
(August 3, 2023) Tobacco Control, available at <https://tobaccocontrol.bmj.com/content/early/2023/08/02/tc-2023-058033>.

23 ¹⁷ *Ibid.*

24 ¹⁸ *Ibid.*; see also Wang et al., *Trends in Nicotine Strength in Electronic Cigarettes Sold in*
25 *the United States by Flavor, Product Type, and Manufacturer, 2017–2022* (July 7, 2023) 25
26 *Nicotine & Tobacco Research* 1355, 1355-56, available at <https://academic.oup.com/ntr/article/25/7/1355/7078957> [“High nicotine strength in flavored e-cigarette products may pose an
27 increased risk for youth initiation and subsequent nicotine addiction.”].

28 ¹⁹ Han et al., *Disposable E-Cigarette Use and Subsequent Use Patterns in Adolescents*
29 *and Young Adults* (March 11, 2024) 153 *Pediatrics* 4, available at <https://publications.aap.org/pediatrics/article/153/4/e2023063430/196862/Disposable-E-Cigarette-Use-and-Subsequent-Use>.

²⁰ *Ibid.*

²¹ *Ibid.*

²² *Ibid.*

FLUM BRAND DISPOSABLE E-CIGARETTES

25. FLUM brand e-cigarettes are among the top-selling disposable e-cigarettes in California. There are four product lines under the FLUM brand name: FLUM Float; FLUM Gio; FLUM Pebble; and the newly released FLUM Mello.²³ None of the FLUM products have received FDA PMTA approval and none are legal for retail sale in California.

26. The brightly colored FLUM Float contains approximately 400 mg of nicotine, the equivalent of approximately 18 packs of cigarettes.²⁴ This amount of nicotine, orally ingested, is more than enough to kill an adult.²⁵ FLUM Float comes in a variety of youth-appealing flavors like Strawberry Ice Cream, Gummy Drop, Rainbow Skittle, and Fruity Hawaii.²⁶ The silicone-covered FLUM Gio device likewise contains e-liquid with approximately 400 mg of nicotine and comes in flavors like Strawberry Pom, Power Bull, and Tropical Punch.²⁷



²³ <https://flumgio.com/> (last visited Nov. 25, 2024).

²⁴ An average user smoking one pack of cigarettes inhales between 22 to 36 mg of nicotine. (Essenmacher, *Nicotine Content in Tobacco Products* (Nov. 9, 2012), available at https://sntc.medicine.ufl.edu/Content/Webinars/SupportingDocs/3031-Essenmacher_-_Handout_1.pdf.) According to online retailers, FLUM Float contains 8 mL of e-liquid with 50 mg/mL nicotine. (E.g., <https://vapordna.com/collections/flum-float/products/flum-float-disposable-vape-device> (last visited Nov. 25, 2024).)

²⁵ The CDC estimates that the oral lethal dose of nicotine for an adult human is 60 mg. (The National Institute for Occupational Safety and Health, *Nicotine* (last updated Dec. 4, 2014), available at <https://www.cdc.gov/niosh/idlh/54115.html>.) A single FLUM Float contains over six times that amount.

²⁶ <https://flumgio.com/float/> (last visited Nov. 25, 2024).

²⁷ <https://flumgio.com/gio/> (last visited Nov. 25, 2024).

1 27. The FLUM Pebble has a larger e-liquid capacity, containing approximately 700 mg of
2 nicotine, the equivalent of about 32 packs of cigarettes.²⁸ FLUM Pebble comes in 48 different
3 flavors, including Luscious Watermelon, Vanilla Ice Cream, Blue Energy, and White Gummy, as
4 well as limited-edition varieties like “Christmas Editions” in Hot Fudge and Sour X’Max and the
5 “Ice Crystal Editions” in Strawberry Tonic and Green Apple Watermelon.²⁹ Unlike the FLUM
6 Float and FLUM Gio, the FLUM Pebble can be recharged via a USB-C charging port. There is
7 also the FLUM Pebble X, a non-rechargeable version of the FLUM Pebble with a 2000 mAh
8 battery.³⁰



²⁸ Flumgio advertises the FLUM Pebble as containing 10 mL of 50 mg/mL nicotine e-liquid. However, older versions of the Pebble contained 14 mL of e-liquid instead. (<https://www.huffandpuffers.com/products/flum-pebble-disposable-vape> (last visited Nov. 25, 2024).)

²⁹ <https://flumgio.com/pebble/> (last visited Nov. 25, 2024).

³⁰ <https://flumgio.com/pebble-x-series/> (last visited Nov. 25, 2024).

1 28. The newest FLUM product is the biggest one yet. The FLUM Mello has an e-liquid
2 capacity of 15 mL, containing 750 mg of nicotine, approximately the equivalent of 34 packs of
3 cigarettes.³¹ FLUM Mello features a “mega HD animated screen[]” that displays battery charge
4 and the amount of e-liquid remaining.³² FLUM Mello advertises that it will last for 20,000 puffs
5 and comes in flavors like Sunshine Cherry, Strawberry Blast, and Blue Razz Icy.



14 29. These combinations of fruit and dessert flavors, large volume, and high nicotine
15 content makes FLUM e-cigarettes particularly appealing to youth. According to the 2023
16 National Youth Tobacco Survey (“NYTS”), flavored disposable e-cigarettes are currently the
17 most popular tobacco products among middle school and high school students.³³ Of students
18 reporting current e-cigarette use, 60.7% reported use of disposable devices and 89.4% reported
19 use of a flavored product.³⁴ The most popular flavor categories were fruit, candy, mint, and
20 menthol, in that order.³⁵ In contrast, adults age 30 or older are less likely than youth and younger
21 adults (aged 18-29) to prefer sweet or fruit flavored e-cigarettes.³⁶

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23
24 ³¹ <https://flumgio.com/mello/> (last visited Nov. 25, 2024).

25 ³² *Ibid.*

26 ³³ Jan Birdsey et al., *Tobacco Product Use Among U.S. Middle and High School Students*
27 — *National Youth Tobacco Survey, 2023* (Nov. 3, 2023) 72 *Morbidity and Mortality Weekly*
28 *Report* 1173, 1175, available at <https://www.cdc.gov/mmwr/volumes/72/wr/mm7244a1.htm>.

³⁴ *Ibid.*

³⁵ *Ibid.*

³⁶ Harrell et al., *Flavored e-cigarette use: Characterizing youth, young adult, and adult*
users (2017) 5 *Preventive Medicine Reports* 33, 38, available at <https://www.sciencedirect.com/science/article/pii/S2211335516301346>.

ALLEGATIONS

I. DEFENDANTS ENGAGE IN UNFAIR BUSINESS ACTS AND PRACTICES

A. Defendants Unfairly Introduce Illegal Flavored E-Cigarettes into the California Market

30. Defendants Flumgio, Berkeley Int'l, and Zhu marketed, imported, distributed, and sold flavored FLUM e-cigarettes that they knew were unlawful for retail sale in California since at least April 2021.

31. From July 2021 to March 2023, Flumgio owned the trademark associated with the FLUM brand e-cigarette products.³⁷ In repeated actions to enforce this trademark, Flumgio has submitted multiple filings in California federal court, stating that it promotes and manages the FLUM brand and that it “imports, offers for sale, and sells its FLUM® branded products in the United States.” For example, Flumgio CEO, CFO, and director Yufan Li filed a declaration swearing that “Flumgio built a multi-million dollar company based on it’s [sic] vaping products. It’s [sic] largest sales come from its FLUM branded products.” (Supplemental Declaration of Yufan Li in Support of Plaintiff Flumigo [sic] Technology, Inc.’s Application for Default Judgment, *Flumgio Technology, Inc. v. La Carbonella Wholesale, et al.* (C.D.Cal. Sept. 6, 2023) No. 8:22-cv-01469-JWH-ADS at Document 27-2, 3:1-2.) The FLUM products that are imported and distributed by Flumgio are sold by California retailers in violation of SB 793.

32. On information and belief, Flumgio is also responsible for marketing FLUM products through the FLUM brand website (flumgio.com), social media, and in person at tradeshow, such as the Total Product Expo³⁸ and CHAMPS Trade Show.³⁹ Flumgio uses the “Flum Official”

³⁷ The “FLUM” trademark was first registered by Worldless Global Inc. on April 20, 2021. (FLUM, Registration No. 6692431, available at <https://tsdr.uspto.gov/documentviewer?caseId=sn90657988&docId=FTK20210423103532&linkId=12#docIndex=11&page=1>.) On July 27, 2021, Worldless Global Inc. assigned the “FLUM” trademark to Flumgio Technology Inc. (FLUM, Registration No. 6692431, available at <https://assignments.uspto.gov/assignments/assignment-tm-7366-0067.pdf>.) Then on March 14, 2023, Flumgio Technology Inc. assigned the “FLUM” trademark to Huaf Technology Limited, Room 1201, 12/F, Tai Sang Bank Building, 130-132 Des Voeux Road, Central Hong Kong, 999077 for \$10 in consideration. (FLUM, Registration No. 6692431, available at <https://assignments.uspto.gov/assignments/assignment-tm-8002-0070.pdf>.)

³⁸ <https://tpe2024.smallworldlabs.com/exhibitors/exhibitor/182> (last visited Nov. 25, 2024).

³⁹ <https://lasvegas24.smallworldlabs.com/co/flum> (last visited Nov. 25, 2024).

1 Instagram account @flumgio⁴⁰ to promote FLUM brand products,⁴¹ advertise FLUM’s presence
2 at tobacco expositions,⁴² and warn against “counterfeit” FLUM products.⁴³ Flumgio also
3 repeatedly uses the @flumgio account to engage with posts from California retailers advertising
4 the sale of FLUM brand products by responding to retailer photos with heart and fire emojis.⁴⁴

5 33. Defendant Berkeley Int’l is a California-licensed tobacco distributor operating out of
6 the City of Industry. On information and belief, Berkeley Int’l has entered into agreements with
7 foreign corporation Hong Kong Senran Technology Co., Limited (“Senran”) authorizing it to sell
8 FLUM products in California. Berkeley Int’l buys FLUM brand e-cigarettes directly from Senran
9 and imports them into California before selling the imported FLUM products almost exclusively
10 to tobacco wholesalers and distributors located in California. These wholesalers and distributors
11 then sell the FLUM products to retailers, who in turn sell to California consumers in violation of
12 SB 793.

13 34. Defendant Zhu founded both Flumgio and Berkeley Int’l for the purpose of importing
14 and distributing FLUM brand products into California. When Defendant Zhu first registered for
15 Berkeley Int’l’s tobacco distributor’s license in 2021, he indicated that the products that would
16 “be sold during the course of business” were “ECIG-FLOAT.”⁴⁵ In a second registration filed in
17 2023, Defendant Zhu certified that Berkeley Int’l would be purchasing “flum, hyppe”⁴⁶ tobacco
18 products. This was confirmed by CDTFA agents, who observed that the inventory in Berkeley
19 Intl’s warehouse consisted of “Flum Pebble – Up to 6000 puffs” in a “variety of flavors.”

21 ⁴⁰ <https://www.instagram.com/flumgio/> (last visited Nov. 25, 2024).

22 ⁴¹ <https://www.instagram.com/p/CzZKA2zBW64/> (last visited Nov. 25, 2024).

23 ⁴² <https://www.instagram.com/p/C1ulnocPTOU/> (last visited Nov. 25, 2024).

24 ⁴³ <https://www.instagram.com/p/C8xLP7wPHa5/> (last visited Nov. 25, 2024).

25 ⁴⁴ <https://www.instagram.com/p/C-fux4HJZKU/?hl=en> (last visited all in Nov. 25, 2024)

26 [responding to post from Vapor Squad Smoke Shop in Redlands, CA];

27 <https://www.instagram.com>

28 [/p/CgQJcOSBEXV/](https://www.instagram.com/p/CgQJcOSBEXV/) (last visited all in Nov. 25, 2024) [responding to post from VaporDNA in

Torrance and Anaheim, CA]; <https://www.instagram.com/p/CzwTVaWp07h/?hl=en> (last visited

all in Nov. 25, 2024) [responding to post from Lincoln Tobacco in Venice, CA];

<https://www.instagram.com/p/CzxlllyAuoos/?hl=en> (last visited all in Nov. 25, 2024) [liking post

from Pop’s Smoke Shop in Tarzana, CA].

⁴⁵ In other words, the FLUM Float.

⁴⁶ Likely a reference to Hyppe brand e-cigarettes. (<https://www.hyppebrand.com/#> (last visited Nov. 25, 2024).)

1 35. As Chief Executive Officer, Chief Financial Officer, Secretary, and General Manager
2 of Berkeley Int'l, Defendant Zhu is deeply familiar with the company's business operations and
3 the dissemination of FLUM products in the California market. On information and belief,
4 Defendant Zhu monitors California tobacco retailers to identify "counterfeit" FLUM products.
5 According to Defendant Zhu, Flumgio and Berkeley Int'l work in tandem to promote and sell
6 FLUM brand products, with Flumgio serving as "a holding company for Flum brand's intellectual
7 property" and Berkeley Int'l acting as the importer and distributor of FLUM e-cigarettes.

8 36. Defendants engage in the marketing, importation, and distribution of FLUM products
9 with full knowledge that those products will be sold at retail in violation of California's flavored
10 tobacco ban. At the February 2023 Total Products Expo in Las Vegas, FLUM sales representative
11 Tom Guan told a private investigator that FLUM was "the most popular brand in California and
12 the West Coast" and "even after the flavor ban, they keep selling like crazy because we have a
13 master distributor in California." According to Mr. Guan, 70% of FLUM sales are flavored
14 disposables in California.

15 37. The following year at the February 2024 Total Products Expo, FLUM representatives
16 were equally dismissive of California law. The representative at the FLUM booth admitted that he
17 does not care about California's flavored tobacco products ban and that he keeps selling flavored
18 tobacco products because business is doing so well. At the same exhibition, a FLUM
19 representative told private investigators that the FLUM brand was "the leading seller on the West
20 Coast and potentially hold[s] the top or second position on the East Coast, effectively making it a
21 dominant player in the market."

22 **B. Defendants Unfairly Engage in Youth Targeting**

23 38. Defendants market FLUM products to target youth in violation of California law. The
24 Flumgio website emphasizes the bright colors and fruity flavors of FLUM e-cigarettes using
25 strategies that are calculated to appeal to underage consumers. For example, FLUM products
26 come in fruit and dessert flavors that are particularly appealing to youth with names such as
27 Gummy Drop, Rainbow Skittle, and Hot Fudge. Candy-inspired flavors are paired with products
28

1 designed in “vibrant color palettes and playful silhouettes”⁴⁷ favored by youth. Special edition
2 FLUM Pebbles also feature trendy colors that coordinate with youth fashions, including ombre
3 glitter, pearlescent finishes, and even a cartoon sunrise on a tropical beach.⁴⁸



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12 These product designs with “candy shades and egg shapes” are “neatly in line with the
13 maximalist aesthetic preferences of Gen Z.”⁴⁹ The New York Times recently interviewed young
14 adults about what attracted them to disposable e-cigarettes. One nineteen-year-old admitted to
15 posting pictures of herself on social media holding e-cigarettes in candy-colors that coordinated
16 with her outfits. She explained that she had begun using e-cigarettes because “[t]hey looked really
17 pretty, honestly....I just never had an interest in vaping until the pretty ones started being sold.”⁵⁰
18 Other youth aged 11 to 16 likewise described disposable e-cigarettes as “cool,” “fashionable,”
19 and a “modern lifestyle ‘accessory.’”⁵¹ By designing their products in “candy colors and egg
20 shapes,” Defendants unfairly targeted underage consumers.

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25 ⁴⁷ Holtermann, *Vapes Get a Gen Z Makeover* (Nov. 6, 2023) The New York Times,
available at <https://www.nytimes.com/2023/11/06/style/vape-elf-bar-juul.html>.

26 ⁴⁸ <https://flumgio.com/pebble/> (last visited Nov. 25, 2024).

27 ⁴⁹ Holtermann, *supra*.

28 ⁵⁰ *Ibid*.

⁵¹ Smith et al., *Youth’s engagement and perceptions of disposable e-cigarettes: a UK focus group study* (Mar. 22, 2023) 13 *BMJ Open*, available at <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC10040067/>.

1 **II. FALSE AND DECEPTIVE REPRESENTATIONS**

2 **A. Defendants Falsely Represent that “Clear” FLUM Products Have No Flavor**

3 39. In contrast to the brightly colored flavored vapes discussed above, Defendants also
4 promote and sell “Clear” flavored FLUM Pebble and FLUM Float e-cigarettes. Two typical
5 advertisements from the Flumgio website and the Flumgio Instagram account are reproduced
6 below.⁵² The first shows a FLUM Pebble device, colored a somber gray, surrounded by what
7 appears to be splashes of water. The second image likewise features a gray FLUM device
8 surrounded by ripples of water and emitting a cloud of gray vapor. The caption reads, “As pure as
9 the nature intended [sic], Pebble clear will be your perfect companion for the coming Spring,
10 enjoy the ultimate refreshment.” The combination of the “Clear” name, water imagery, absence of
11 color, and descriptors like “pure” and “nature” work together to imply that “Clear” products have
12 no distinguishable flavor.



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28 ⁵² The first image is from <https://flumgio.com/pebble/> (last visited Nov. 25, 2024). The second image is from <https://www.instagram.com/p/Co5LsMbvQgT> (last visited Nov. 25, 2024).



40. Despite the name and advertising imagery, “Clear” FLUM e-cigarettes are not unflavored. On information and belief, the products falsely advertised as “Clear” in fact have a distinguishable minty, cooling flavor. Chemical testing revealed that both the FLUM Pebble “Clear” and the FLUM Float “Clear” contain menthol flavoring.⁵³ Furthermore, retailers and consumers alike have repeatedly described the flavor of “Clear” FLUM products as mint or menthol.⁵⁴ Several consumers have taken to online forums to complain about being misled. One wrote that after trying a FLUM Pebble “Clear,” “it was clear [sic] that the CLEAR [flavor] was anything but: it has a super potent menthol [taste] while the flavored Pebble had none. I found this highly disturbing since it markets itself as a pure nicotine experience.”⁵⁵ Another wrote, “this does NOT taste CLEAR – meaning ABSENT of flavor I assumed on purchasing. This has an absolute flavor. You wanna know the closest resemblance I picked up? Go to the grocery store.

⁵³ Minetti et al., *Acute Hemodynamic Effects and Synthetic Cooling Agents in “Clear” E-cigarettes Marketed in Massachusetts After the Tobacco Product Flavoring Ban* (Nov. 11, 2024) 150 *Circulation Suppl. 1*, available at <https://www.ahajournals.org/doi/10.1161/circ.150.suppl.1.4141285#:~:text=Acute%20use%20of%20'clear'%20e.needed%20to%20protect%20young%20adults.>

⁵⁴ <https://mipod.com/products/clear-flum-pebble> (last visited Nov. 25, 2024) [online retailer describing “Clear” FLUM Pebble as providing “a smooth flavor that has a light icy taste with refreshing undertones”]; https://www.reddit.com/r/Vaping/comments/poq0u6/has_anyone_tried_the_clear_flum_i_cant_find_a/ (last visited Nov. 25, 2024) [Reddit users describing a “Clear” FLUM Float as “essentially just mint,” “icy sweetness,” and “an old school early take on menthol vape.”].

⁵⁵ https://www.reddit.com/r/Vaping/comments/poq0u6/has_anyone_tried_the_clear_flum_i_cant_find_a/ (last visited Nov. 25, 2024).

1 Find the cheapest bottle of vodka you can find. Take a swig. You now know the essence of
2 this...vape.”⁵⁶

3 41. Defendants purposefully misrepresent “Clear” FLUM e-cigarettes as unflavored in
4 order to evade California’s retail flavor ban. Prior to the flavor ban, there was no consumer
5 demand for unflavored e-cigarettes because one of the primary appeals of e-cigarettes is the
6 flavor. However, after the flavor ban went into effect in December 2022, sales of e-cigarettes
7 branded as clear, clear ice, and unflavored increased dramatically in California.⁵⁷ By promoting
8 and advertising certain FLUM e-cigarettes as “Clear,” Defendants intended to mislead consumers,
9 law enforcement, and public health officials into believing that these products have no flavor and
10 are therefore legal for sale despite the retail flavor ban. Defendant Zhu even described this
11 scheme to CDTFAs agents, although he ascribed it to rival e-cigarette brands. He went out of his
12 way to inform the agents that certain of his competitors were trying to evade SB 793 by selling
13 “clear” flavored e-cigarettes, which were not, in fact, unflavored. What Defendant Zhu neglected
14 to tell the agents was that FLUM Pebble “Clear” and FLUM Float “Clear” were not only the most
15 popular FLUM products, they were the top-selling clear-flavored e-cigarettes in California in
16 2023 and 2024.

17 **III. DEFENDANTS ENGAGE IN UNLAWFUL BUSINESS ACTS AND PRACTICES**

18 42. In addition to introducing unlawful products into the California market, targeting
19 youth, and misrepresenting the flavor of “Clear” FLUM products, Defendants have engaged in
20 numerous violations of California’s tobacco licensing laws.

21 **A. Defendant Flumgio’s Licensing Violations**

22 43. From at least April 2021 continuing through the present, Defendant Flumgio
23 imported, offered for sale, and sold FLUM brand e-cigarettes in California. However, Flumgio
24 does not hold, and has never held, any California tobacco licenses. This is a violation of Business
25 and Professions Code sections 22975, subdivision (a) and 22979.21.

27 ⁵⁶ *Ibid.*

28 ⁵⁷ Between December 2022 and December 2023, sales of “clear and other cooling” e-
cigarettes increased 782.1%. (*Monitoring E-Cigarette Trends, supra*, at p. 33.)

1 **B. Defendant Berkeley Int'l's Licensing Violations**

2 44. From at least April 2021 continuing through the present, Defendant Berkeley Int'l
3 imported, offered for sale, and sold FLUM brand e-cigarettes in California. Shortly after
4 incorporation, Berkeley Int'l registered for a tobacco distributor's license for 14748 Nelson Ave,
5 Unit C, City of Industry. On information and belief, between April 2021 and April 2023,
6 Berkeley Int'l stored or sold tobacco products at that address.

7 45. In April 2023, Berkeley Int'l registered for an updated tobacco distributor's license
8 for 17890 Castleton St, 103, City of Industry. However, Berkeley Int'l never stored or sold
9 tobacco products at 17890 Castleton Street. This location is a suite in an office park and is not
10 capable of being used to store pallets or large amounts of tobacco products. Instead, starting
11 around April 2023, Berkeley Int'l operated out of a warehouse at 17050 Evergreen Place, City of
12 Industry. From April 2023 to March 2024, Berkeley Int'l stored and sold tobacco products out of
13 Evergreen Place without having obtained a license for that location. This is a violation of
14 California law, which requires that a distributor hold a separate license for each location at which
15 tobacco products are stored or sold. (Bus. & Prof. Code, § 22977, subd. (a)(2).)

16 46. In March 2024, CDTFA agents inspected 17050 Evergreen Place and confirmed that
17 Berkeley Int'l was storing and selling tobacco products at that address. Shortly after the
18 inspection, Berkeley Int'l filed a new registration to update the location of its tobacco
19 distributor's license to Evergreen Place.

20 47. From at least April 2021 to the present, Berkeley Int'l has imported tobacco products
21 without a California tobacco importer's license. At a March 2024 meeting with Defendant Zhu,
22 CDTFA agents informed Defendant Zhu that Berkeley Int'l was required to register as a tobacco
23 importer and obtain a tobacco importer's license. In the months since that meeting, Berkeley Int'l
24 has neither registered as a tobacco importer nor obtained a tobacco importer's license, despite the
25 fact that it continues to import FLUM e-cigarettes into California. This constitutes a violation of
26 Business & Professions Code section 22979.21.

1 **C. Defendant Zaoyu Zhu’s Licensing Violations**

2 48. It is a misdemeanor to knowingly submit false information in a CDTFA license
3 application. (Bus. & Prof. Code, § 22977, subd. (a)(5).) On the CDTFA license registration form,
4 it states that “any person who makes this certification and asserts the truth of any material matter
5 that he or she knows to be false is guilty of a misdemeanor....” The registration form also
6 includes a Declaration of Intent that requires the applicant to “declare that all the information I
7 provide for this electronic application has been examined by me and to the best of my knowledge
8 and belief is a true, correct and complete application.”

9 49. According to CDTFA records, Defendant Zhu completed Berkeley Int’l’s 2021
10 registration⁵⁸ and he completed and certified Berkeley Int’l’s 2023 registration. Both applications
11 contained false information that Defendant Zhu knew to be incorrect. Defendant Zhu twice
12 submitted false information about where Berkeley Int’l obtained FLUM brand e-cigarettes. In the
13 2021 CDTFA license registration, Defendant Zhu certified that Berkeley Int’l’s only supplier was
14 the licensed California distributor CACUQ USA. In 2023, Defendant Zhu submitted a second
15 CDTFA registration in which he certified that Berkeley Int’l’s sole supplier was the licensed
16 California distributor Performance Plus Marketing, Inc. d/b/a cheapvapes.com. However, in
17 March 2024, Defendant Zhu told a CDTFA agent that Berkeley Int’l did not receive tobacco
18 products through a distributor, but instead imported them directly from Hong Kong Senran
19 Technology Co., Limited.

20 50. Other false statements on the CDTFA registration include Defendant Zhu’s 2021
21 certification that Berkeley Int’l would not be “importing and/or manufacturing tobacco products
22 (other than cigarettes)” when Berkeley Int’l was, in fact, engaging in the importation business. In
23 addition, Defendant Zhu’s 2023 certification stated that Berkeley Int’l distributed tobacco
24 products from 17890 Castleton Street, Suite 103, City of Industry when he knew that no tobacco
25 products were stored or sold at that address and that the tobacco products were actually
26 warehoused at 17050 Evergreen Place, City of Industry.

27 _____
28 ⁵⁸ The 2021 registration was certified by an officer named Christina. No surname was provided.

1 **CAUSES OF ACTION**

2 **FIRST CAUSE OF ACTION AGAINST ALL DEFENDANTS**

3 BUS. & PROF. CODE, § 17500 ET SEQ.

4 (False Advertising Law)

5 51. The People reallege and incorporate by reference each of the paragraphs above as
6 though fully set forth in this cause of action.

7 52. From at least December 2022 and continuing to the present, Defendants have
8 engaged, and continue to engage in, aided and abetted and continue to aid and abet, and conspired
9 and continue to conspire to, acts or practices that constitute violations of California Business and
10 Professions Code section 17500 et seq., by making or causing to be made false or misleading
11 statements with the intent to induce members of the public to purchase FLUM brand e-cigarettes,
12 as described in the allegations above.

13 53. Defendants’ acts or practices include, but are not limited to the following:

14 a. Defendants’ marketing and advertising misleadingly promotes FLUM Pebble
15 “Clear” as having no flavor.

16 b. Defendants’ marketing and advertising misleadingly promotes FLUM Float
17 “Clear” as having no flavor.

18 54. At the time the representations set forth in Paragraphs 39 to 41 were made,
19 Defendants knew or by the exercise of reasonable care should have known that the
20 representations were untrue or misleading.

21 **SECOND CAUSE OF ACTION AGAINST ALL DEFENDANTS**

22 BUS. & PROF. CODE, § 17200 ET SEQ.

23 (Unfair Competition Law)

24 55. The People reallege and incorporate by reference each of the paragraphs above as
25 though fully set forth in this cause of action.

26 56. From at least April 2021 and continuing to the present, Defendants have engaged, and
27 continue to engage in, aided and abetted and continue to aid and abet, and conspired and continue
28 to conspire to, unlawful, unfair, or fraudulent acts or practices that constitute unfair competition

1 within the meaning of California Business and Professions Code section 17200, as described in
2 the allegations above.

3 57. Defendants' acts or practices include, but are not limited to the following:

4 As to all Defendants:

- 5 a. Introducing flavored tobacco products into the California market that cannot be
6 legally sold at retail pursuant to Health and Safety Code section 104559.5;
- 7 b. Encouraging and enabling California retailers in selling flavored FLUM e-
8 cigarettes in violation of Health and Safety Code section 104559.5;
- 9 c. Importing and distributing "clear" flavored e-cigarettes into California for the
10 purposes of assisting retailers to evade Health and Safety Code section 104559.5;
- 11 d. Unfairly targeting underage consumers by marketing FLUM e-cigarettes in colors,
12 designs, and flavors that appeal to youth.
- 13 e. Violating Business and Professions Code section 17500 et seq., as alleged in the
14 Paragraphs 51 to 54.

15 As to Defendant Flumgio:

- 16 a. Violating Business & Professions Code section 22975, subdivision (a) by
17 distributing tobacco products without holding a tobacco distributor's license;
- 18 b. Violating Business & Professions Code section 22979.21 by importing tobacco
19 products without holding a tobacco importer's license.

20 As to Defendant Berkeley Int'l:

- 21 a. Violating Business & Professions Code section 22979.21 by importing tobacco
22 products without holding a tobacco importer's license;
- 23 b. Violating Business & Professions Code section 22977, subdivision (a)(2) for failing
24 to hold a separate tobacco distributor's license for each location at which tobacco
25 products are stored or sold.

26 As to Defendant Zaoyu Zhu:

- 27 a. Violating Business & Professions Code section 22977, subdivision (a)(5) by
28 knowingly making false statements on tobacco licensing applications.

1 **PRAYER FOR RELIEF**

2 58. WHEREFORE, the People respectfully request that the Court enter judgment in favor
3 of the People and against Defendants, jointly and severally, as follows:

4 59. That under Business and Professions Code section 17535, Defendants, their
5 successors, agents, representatives, employees, assignees, and all persons who act in concert with
6 them be permanently enjoined from making any untrue or misleading statements in violation of
7 Business and Professions Code section 17500, including but not limited to the untrue or
8 misleading statements alleged in this Complaint;

9 60. That under Business and Professions Code section 17203, Defendants, their
10 successors, agents, representatives, employees, assignees, and all persons who act in concert with
11 them be permanently enjoined from committing any acts of unfair competition in violation of
12 Business and Professions Code section 17200, including but not limited to the acts and practices
13 alleged in this Complaint;

14 61. That the Court make such orders or Judgments as may be necessary, including for
15 preliminary injunctive and ancillary relief, to prevent the use or employment by any Defendant of
16 any practice which violated Business and Professions Code section 17500, or which may be
17 necessary to restore to any person in interest any money or property, real or personal, which may
18 have been acquired by means of such practice, plus interest from the date of acquisition, under the
19 authority of Business and Professions Code section 17535;

20 62. That the Court make such orders or Judgments as may be necessary, including for
21 preliminary injunctive and ancillary relief, to prevent the use or employment by any Defendant of
22 any practice which constitutes unfair competition, or which may be necessary to restore to any
23 person in interest any money or property, real or personal, which may have been acquired by
24 means of such unfair competition, plus interest from the date of acquisition, under the authority of
25 Business and Professions Code section 17203;

26 63. That the Court assess a civil penalty of \$2,500 against each Defendant for each
27 violation of Business and Professions Code section 17500 in an amount according to proof, under
28 the authority of Business and Professions Code section 17536;

1 64. That the Court assess a civil penalty of \$2,500 against each Defendant for each
2 violation of Business and Professions Code section 17200 in an amount according to proof, under
3 the authority of Business and Professions Code section 17206;

4 65. That the People recover their costs of suit, including costs of investigation, and for
5 such other and further relief that the Court deems just and proper.

6 Dated: January 15, 2025

Respectfully submitted,

7 ROB BONTA
8 Attorney General of California
9 JAMES HART
 Supervising Deputy Attorney General

10 */s/ Nora Flum*
11 NORA FLUM
12 DAVID C. GOODWIN
13 Deputy Attorneys General
 Attorneys for Plaintiff
 The People of the State of California

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16 EQUITABLE RELIEF.docx

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