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10	The People of the State of California	
11	SUPERIOR COURT OF THE STATE OF CALIFORNIA	
12	FOR THE COUNTY OF SANTA CLARA	
13		
14	a.	
15	THE PEOPLE OF THE STATE OF	Case No. 5 C V 28 5 4 0 6
16	CALIFORNIA,	COMPLAINT FOR INJUNCTIVE AND
17	Plaintiff,	OTHER RELIEF
18	VS.	(BUS. & PROF. CODE, § 17200 et seq.)
19	HOUZZ INC.,	
20	Defendant.	
21		
22	Plaintiff, the People of the State of California, by and through Kamala D. Harris, Attorney	
23	General of the State of California, alleges the following on information and belief:	
24	DEFENDANT AND VENUE	
25	1. Defendant Houzz Inc. ("Houzz") is a Delaware corporation with its headquarters and	
26	principal place of business at 310 University Avenue, Second Floor, Palo Alto, CA 94301.	
27	2. Houzz also maintains an office in Irvine, California ("Orange County office.").	
28	Houzz's sales staff is located in its Orange County office.	
	1	
		Complaint for Injunctive and Other Relief

- 3. Houzz is engaged in the business of facilitating home remodeling and design though Houzz's website and mobile applications. Houzz has users throughout the United States, including the State of California.
- 4. Houzz at all times mentioned herein has transacted business in the County of Santa Clara and elsewhere within the State of California. The violations of law described herein occurred in the County of Santa Clara and elsewhere in the State of California.

DEFENDANTS' BUSINESS ACTS AND PRACTICES

- 5. Houzz offers an online platform for home remodeling and design through its website, www.houzz.com, and mobile applications.
- 6. Houzz maintains a directory of registered home professionals ("Houzz Professionals") who use the Houzz website and Houzz mobile applications to connect with potential customers interested in designing, building, and/or remodeling a home.
- 7. When a Houzz Professional registers on the Houzz website, a Houzz sales representative contacts him/her via telephone to discuss Houzz's Houzz Pro+ Local Marketing program, which promotes Houzz Professionals and connects them with homeowners in their area.
- 8. According to Houzz, on or about March 29, 2013, Houzz's sales staff in its Orange County office began a practice of recording all outgoing calls—calls originating from the Orange County office—for quality assurance and training purposes. However, recipients of the calls were not notified that the calls were being recorded.
- 9. According to Houzz, on or about July 1, 2013, Houzz's sales staff in its Orange County office began a practice of recording both incoming and outgoing calls for quality assurance and training purposes. However, non-Houzz callers were not notified that the calls were being recorded.
- 10. According to Houzz, on or about September 11, 2013, Houzz ceased all recording of calls.
- 11. Houzz states that it has never shared any recordings with any third parties, that only a small number of Houzz employees were allowed access to the recordings, and that only a few recordings were actually reviewed by Houzz employees.

- 12. Under California Penal Code section 632, subdivision (a), a person cannot intentionally and without the consent of all parties to a confidential communication, by means of any recording device, record the confidential communication. California Penal Code section 632, subdivision (c), defines "confidential communication" to include "any communication carried on in circumstances as may reasonably indicate that any party to the communication desires it to be confined to the parties thereto, but excludes a communication made in a public gathering or in any legislative, judicial, executive or administrative proceeding open to the public, or in any other circumstance in which the parties to the communication may reasonably expect that the communication may be overheard or recorded."
- 13. Under California Penal Code section 632.7, subdivision (a), a person cannot, without the content of all parties to a communication, receive and intentionally record a communication between a cellular radio telephone and a landline telephone and/or between a cordless telephone and a landline telephone.

FIRST CAUSE OF ACTION

VIOLATION OF BUSINESS AND PROFESSIONS CODE SECTION 17200 (UNFAIR COMPETITION)

- 14. Plaintiff realleges all paragraphs set forth above and incorporates them by reference as though they were fully set forth in this cause of action.
- 15. Between March 29, 2013 and September 11, 2013, Houzz engaged in unlawful, unfair, or fraudulent business acts or practices within the meaning of Business and Professions Code section 17200 *et seq.*, including, but not limited to, the following:
- (a) Houzz violated California Penal Code section 632, subdivision (a), when Houzz, intentionally and without consent of all parties to a confidential communication, used a recording device to record the confidential communication.
- (b) Houzz violated California Penal Code section 632.7, subdivision (a), when Houzz, without the consent of all parties to a communication, received and intentionally recorded a communication transmitted between a cellular radio telephone and a landline telephone and/or between a cordless telephone and a landline telephone.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff prays for judgment as follows:

- 1. That under California Business and Professions Code section 17203, Houzz, its successors, agents, representatives, employees, and all persons who act in concert with Houzz be permanently enjoined from committing any acts of unfair competition, including the violations alleged in the First Cause of Action.
- 2. That under California Business and Professions Code section 17206, Houzz be ordered to pay Two Thousand Five Hundred Dollars (\$2,500) for each violation of California Business and Professions Code section 17200 by Houzz, as proved at trial.
 - 3. That Plaintiff recovers its cost of suit herein, including costs of investigation.
 - 4. For such other and further relief as the Court may deem just and proper.

Dated: October 2, 2015

Respectfully Submitted,

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