

1 Michael F. Ram (SBN 104805)
 2 mram@rocklawcal.com
 3 Susan S. Brown (SBN 287986)
 4 sbrown@rocklawcal.com
 5 RAM, OLSON, CEREGHINO & KOPCZYNSKI LLP
 6 101 Montgomery Street, Suite 1800
 7 San Francisco, California 94104
 8 Telephone: (415) 433-4949
 9 Facsimile: (415) 433-7311

7 [Additional Counsel Appear on Signature Page]

8 Attorneys for Plaintiffs

9 **UNITED STATES DISTRICT COURT**
 10 **FOR THE NORTHERN DISTRICT OF CALIFORNIA**

11 NATHAN BURGOON and CALEB
 12 LANDERS, on behalf of themselves and all
 13 others similarly situated,
 14 **Plaintiffs,**

15 vs.

16 NARCONON OF NORTHERN CALIFORNIA
 17 d/b/a NARCONON REDWOOD CLIFFS,
 18 HALCYON HORIZONS, a California
 19 Corporation; NARCONON FRESH START
 20 d/b/a WARNER SPRINGS, a California
 21 Corporation; ASSOCIATION FOR BETTER
 22 LIVING AND EDUCATION
 23 INTERNATIONAL, a California Corporation;
 24 NARCONON WESTERN UNITED STATES,
 25 a California Corporation; NARCONON
 26 INTERNATIONAL, a California Corporation;
 27 and DOES 1-100, ROE Corporations I – X,
 inclusive,
Defendants.

Case No. 3:15-cv-01381-EMC

**STIPULATION AND [PROPOSED]
 ORDER (1) GRANTING LEAVE TO
 FILE SECOND AMENDED
 COMPLAINT AND (2)
 TRANSFERRING CASE TO THE
 CENTRAL DISTRICT OF
 CALIFORNIA PURSUANT TO 28
 U.S.C. § 1391**

Hon. Edward M. Chen

JURY TRIAL DEMANDED

Complaint Filed: March 25, 2015

1 **I. STIPULATION RE FILING OF SECOND AMENDED COMPLAINT**

2 Pursuant to the Court’s Civil Minutes of March 10, 2016 (Dkt. 16), the Parties, by and
3 through their counsel, hereby stipulate to the filing of the proposed Second Amended Complaint
4 attached hereto as **Exhibit A**. The proposed Second Amended Complaint dismisses Nathan
5 Burgoon’s claims and adds as proposed class representatives Connie Rana and Jamie Kerzner,
6 each of whom have claims against all defendants except Narconon of Northern California
7 (NNC). As a condition of the stipulation to the filing of the Second Amended Complaint, the
8 parties also stipulate as follows with respect to venue.

9 **II. STIPULATION RE VENUE**

10 **WHEREAS**, the claims of Nathan Burgoon, which concern events that took place in the
11 Northern District of California, have been settled, and

12 **WHEREAS** the remaining defendants are all located in the Central District of California,
13 and

14 **WHEREAS** the new proposed class representatives do not reside in the Northern District
15 of California and did not have dealings with Defendants in the Northern District of California,

16 **NOW THEREFORE, PLAINTIFFS AND DEFENDANTS STIPULATE** that venue
17 in the Central District of California is proper pursuant to **28 U.S.C. § 1391**, and hereby
18 respectfully request that the Court transfer this matter to the Central District of California
19 pursuant to 28 U.S.C. § 1404.
20

21 Dated: March 24, 2016

By: /s/ Michael F. Ram

22 Michael F. Ram (SBN 104805)

mram@rocklawcal.com

23 Susan S. Brown (SBN 287986)

sbrown@rocklawcal.com

24 RAM, OLSON, CEREGHINO & KOPCZYNSKI

101 Montgomery Street, Suite 1800

25 San Francisco, California 94104

26 Telephone: (415) 433-4949

27 Facsimile: (415) 433-7311

Beth E. Terrell, SBN #178181
Email: bterrell@tmdwlaw.com
Mary B. Reiten, SBN #203142
Email: mreiten@tmdwlaw.com
TERRELL MARSHALL LAW GROUP PLLC
936 North 34th Street, Suite 300
Seattle, Washington 98103-8869
Telephone: (206) 816-6603
Facsimile: (206) 350-3528

Syed Ali Saeed, Admitted Pro Hac Vice
Email: ali@slawfirm.com
David E. Miller, SBN #294095
Email: david@slawfirm.com
SAEED & LITTLE LLP
1433 North Meridian Street, Suite 202
Indianapolis, Indiana 46202
Telephone: (317) 721-9214
Facsimile: (888) 422-3151
Attorneys for Plaintiffs

Dated: March 24, 2016

By: /s/ William H. Forman
William H. Forman, SBN #150477
Email: wforman@scheperkim.com
Gregory Ellis, SBN # 204478
Email: gellis@scheperkim.com
SCHEPER KIM & HARRIS LLP
601 West 5th Street, 12th Floor
Los Angeles, California 90071
Telephone: (213) 613-4682
Facsimile: (213) 613-4656
Attorneys for Defendants Narconon Int'l, Narconon
Fresh Start d/b/a Warner Springs and Association
for Better Living and Education

1
2 **~~PROPOSED~~ ORDER**

3 Based on the foregoing stipulation of the parties and good cause appearing, therefore,

4 IT IS HEREBY ORDERED that:

- 5 1. Plaintiffs may file their proposed Second Amended Complaint attached hereto as Exhibit
6 A.
7
8 2. Upon filing of the Second Amended Complaint, pursuant to 28 U.S.C. §§ 1391 and 1404,
9 this matter shall be transferred to the Central District of California.

10
11 Dated: 3/28/2016

12 The Hon. Edward M. Chen

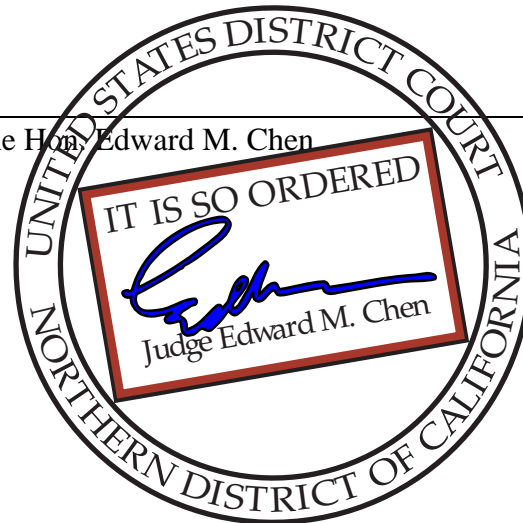


EXHIBIT A

1 Michael F. Ram (SBN 104805)
2 mram@rocklawcal.com
3 Susan S. Brown (SBN 287986)
4 sbrown@rocklawcal.com
5 RAM, OLSON, CEREGHINO & KOPCZYNSKI LLP
6 101 Montgomery Street, Suite 1800
7 San Francisco, California 94104
8 Telephone: (415) 433-4949
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11 Attorneys for Plaintiffs

12 **UNITED STATES DISTRICT COURT**
13 **FOR THE NORTHERN DISTRICT OF CALIFORNIA**

14 CONNIE L. RANA and JAMIE KERZNER, on
15 behalf of themselves and all others similarly
16 situated,

17 Plaintiffs,

18 vs.

19 NARCONON FRESH START d/b/a WARNER
20 SPRINGS, a California Corporation;
21 ASSOCIATION FOR BETTER LIVING AND
22 EDUCATION INTERNATIONAL, a California
23 Corporation; NARCONON WESTERN
24 UNITED STATES, a California Corporation;
25 NARCONON INTERNATIONAL, a California
26 Corporation; and DOES 1-100, ROE
27 Corporations I – X, inclusive,

Defendants.

Case No. 3:15-cv-01381-EMC

**SECOND AMENDED CLASS
ACTION COMPLAINT FOR
DAMAGES, RESTITUTION AND
INJUNCTIVE RELIEF FOR
VIOLATIONS OF:**

1. **Consumers Legal Remedies Act
Cal. Civ. Code § 1780**
2. **Unfair Competition Law, Cal.
Bus. & Prof. Code §§ 17200 et
seq.**
3. **False Advertising Law, Cal. Bus.
& Prof. Code §§ 17500 et seq.**
4. **Negligent Misrepresentation**

Hon. Edward M. Chen

JURY TRIAL DEMANDED

Plaintiffs Connie L. Rana and Jamie Kerzner, by and through their counsel, file their
Complaint for Class Action and Jury Demand on behalf of themselves and all others similarly
situated:

1 **I. PARTIES**

2 1. Plaintiffs received and/or paid for “drug treatment” services in treatment facilities
3 located in California.

4 2. Defendant Narconon Fresh Start owns and operates various Narconon “drug
5 rehabilitation” centers, including the facility located in Warner Springs, California and Caliente,
6 Nevada (the facilities will be collectively referred to as “NFS”). NFS is, and at all times relevant
7 to this Complaint was, a corporation incorporated under the laws of, and with its principal place
8 of business in, the State of California.

9 3. NFS has its principal place of business in California and may be served with
10 process through its registered agent, P. Mark Kirwin, 4480 Market Street, Suite 804, Ventura,
11 California, 93003.

12 4. Defendant Narconon International (“NI”) is a California corporation with its
13 headquarters in Los Angeles, California.

14 5. NI is the principal and licensor of various drug rehabilitation centers throughout
15 the United States (“Narconon Centers”), including Defendant NFS. All references to Narconon
16 Centers in this complaint include by reference those centers owned and/or operated by NFS. NI
17 exercises control over the time, manner, and method of operations of all Narconon Centers.

18 6. NI has its principal place of business in the State of California and may be served
19 with process through its registered agent, Timothy Bowles, 1 South Fair Oaks Avenue, Pasadena,
20 California, 91105.

21 7. All Narconon Centers and NI are subsidiaries of the Association for Better Living
22 and Education International (“ABLE”). ABLE oversees the drug rehabilitation, education, and
23 criminal justice activities of the Church of Scientology including, but not limited to, Narconon
24 Centers and NI. The Church of Scientology describes itself as “a religion that offers a precise
25 path leading to a complete and certain understanding of one’s true spiritual nature and one’s
26 relationship to self, family, groups, Mankind, all life forms, the material universe, the spiritual
27 universe and the Supreme Being.” (<http://www.scientology.org/what-is-scientology.html> (last

1 visited March 12, 2015)). It is recognized by the IRS as tax-exempt under section 501(c)(3) of
2 the Internal Revenue Code. ([http://www.scientology.org/faq/church-funding/significance-of-irs-
4 ruling.html](http://www.scientology.org/faq/church-funding/significance-of-irs-
3 ruling.html) (last visited March 12, 2015)).

5 8. Defendant ABLE is a corporation registered in the State of California and may be
6 served with process through its registered agent, Timothy Bowles, 1 South Fair Oaks Avenue,
7 Pasadena, California, 91105.

8 9. ABLE controls the time, manner, and method of NI's and all Narconon Centers'
9 businesses by, among other things, actively managing their daily operations, including
10 conducting inspections and creating, licensing, and approving their marketing materials.

11 10. Defendant Narconon Western United States ("Western") is a corporation
12 registered in the State of California with its headquarters in Los Angeles, California.

13 11. Western controls the time, manner, and method of NFS's and other Narconon
14 Centers' businesses by, among other things, actively managing their daily operations and
15 creating, controlling, and approving their marketing materials.

16 12. Western transacts business in the State of California and may be served with
17 process through its registered agent, Luria K. Dion, 249 North. Brand Boulevard #384, Glendale,
18 California, 91203.

19 13. Defendants' decisions about advertising and marketing of the Narconon Program,
20 including their decisions to include misrepresentations in and to omit material facts from their
21 advertising and marketing campaign occurred in California and all misrepresentations and
22 material omissions emanated from California.

23 14. NFS, NI, Western, and ABLE are collectively referred to as "Defendants."

24 **II. JURISDICTION AND VENUE**

25 15. Subject Matter Jurisdiction. This Court has subject matter jurisdiction over
26 Plaintiffs' claims pursuant to 28 U.S.C. § 1332(d) because the combined claims of the proposed
27 class members exceed \$5,000,000 and because some members of the Class are citizens of states
other than California.

1 24. The Narconon Program consists of eight courses founded upon the works of L.
2 Ron Hubbard. These are based on Scientology scriptures called Hubbard Communications Office
3 Bulletins (“HCOBs”) and are substantially identical to the religious practices, doctrines, and
4 rituals of the Church of Scientology.

5 25. HCOBs or “Tech Bulletins” are a series of documents that define and describe
6 Scientology’s religious practices, including “auditing” – a method of verbal communication
7 between an “auditor” and a Scientology devotee allegedly intended to bring about psychological
8 or spiritual healing; the use of “e-meters” - a machine devised by L. Ron Hubbard that purports
9 to measure changes in the electrical resistance of the human body and thereby facilitate spiritual
10 growth or healing through the auditing process; and “thetans” – entities that the Church of
11 Scientology teaches are immortal, reincarnated spiritual beings of alien origin that comprise all
12 human life and from which the material world was willed into being.

13 26. NI provides manuals (the “Training Manuals”) to each Narconon Center through
14 which it directs the implementation and administration of the Narconon Program at all Narconon
15 Centers. Through these Training Manuals and through centralized control and oversight,
16 Defendants provide the same program at every Narconon Center.

17 27. Each Narconon Center licensed to use the Narconon Program must do so under
18 strict adherence to the guidelines set forth by NI.

19 28. The Training Manuals are and derived from Scientology scriptures. The Training
20 Manuals frequently reference foundational Scientology concepts, doctrines, and terminology
21 including but not limited to: the “Eight Dynamics of Existence;” the “Cycle of Communication;”
22 the “Conditions of Existence;” the “Suppressive Person Doctrine;” “Overts and Withholds;” and
23 “the A-R-C triangle.” Each of these terms and concepts are central to, and unique to, the
24 Scientology Religion.

25 29. The administrative structure of the Narconon Centers is modeled after
26 Scientology churches or “orgs” using Hubbard Communications Office Policy Letters (“Policy
27

1 Letters”). Policy Letters dictate internal policy on how the Church of Scientology, and the
2 Narconon Centers, operate.

3 **A. The Narconon “Drug Treatment” Program**

4 30. The Narconon Program consists of eight stages or “books,” each of which is
5 substantially identical to the path of induction into the Scientology Religion.

6 31. Book 1 is referred to as either “the Communications Course” or the “Therapeutic
7 Training Routines Course.” It was designed to teach practitioners of the Scientology Religion
8 communication techniques for the religious practice known as auditing. The Therapeutic
9 Training Routines are taken directly from Scientology scriptures.

10 32. Book 2 of the Training Manuals is called “the New Life Detoxification Program.”
11 This Program requires Patients at Narconon Centers to:

- 12 a. spend five to six hours per day in 140 – 180 degree dry saunas with
13 limited access to drinking water;
- 14 b. take up to 5,000 mg of Niacin per day; and
- 15 c. take five tablespoons of vegetable oils per day.

16 33. This protocol is identical to a Scientology religious practice called the
17 “Purification Rundown.” It originates from Scientology scriptures known as the “Purification
18 Series” and an L. Ron Hubbard Book called Clear Body, Clear Mind. Completion of the
19 Purification Rundown is a required ritual for practicing Scientologists in order to move up the
20 “Bridge To Total Freedom,” which is considered an essential practice in a Scientologist’s
21 spiritual journey.

22 34. Book 3 of the Training Manuals is called “the Learning Improvement Course.” It
23 instructs Patients that strict adherence to Narconon Program procedures will bring them success.
24 It too comes directly from Scientology scriptures.

25 35. Book 4 is called “the Communication and Perception Course.” It reiterates the
26 content of Book 1 and comes from the same Scientology scriptures.

1 36. Books 5 through 8 are referred to as the “Ethics Phase” of the program. Books 5
2 through 8 in the Narconon Program have the same titles and content as courses in the Church of
3 Scientology. They set forth Scientology religious doctrine and advocate Scientology religious
4 practices.

5 **B. Narconon is a Recruitment Program for the Church of Scientology**

6 37. Scientology publications show that the Narconon Program is part of Scientology’s
7 spiritual plan to “clear” the planet – i.e., for all humans to achieve enlightenment or a heightened
8 spiritual state according to Scientology principles. (To “go clear” is the ultimate spiritual goal
9 for a Scientologist, achieved after one goes up the “Bridge to Total Freedom.”)

10 38. The Narconon Program and Narconon Centers are used to recruit people into the
11 Church of Scientology and Patients who complete the Narconon Program are to be “route[d] to
12 the nearest Org for further services if the individual so desires.”

13 39. The Church of Scientology and Narconon refer to the Narconon Program as the
14 “Bridge to the Bridge” - the initial step in recruiting vulnerable people with addictions to
15 Scientology and placing them on the “Bridge to Total Freedom,” the key spiritual journey that
16 practitioners of the Scientology religion undertake.

17 40. The Church of Scientology recognizes and rewards Narconon Centers for
18 indoctrinating Patients into Scientology through the Narconon Program. For example, NFS
19 displays a plaque from the Church of Scientology at its corporate headquarters that thanks its
20 Executive Director Larry Trahant and “The Narconon Fresh Start Team” for introducing Patients
21 to L. Ron Hubbard and “The Bridge.” The plaque states:

22 Larry and his dynamic team at Narconon Fresh Start are hereby
23 warmly thanked and highly commended for their dedication and
24 hard work. They give us tremendous back up in introducing LRH
25 to the world and are saving lives on a daily basis. There are
26 thousands of beings who have taken their first steps on The Bridge,
27 thanks to the compassion and efforts of this team.

1 41. All Narconon Centers use the Narconon Program to indoctrinate unwitting
2 Patients seeking drug rehabilitation into the Church of Scientology.

3 **C. Defendants' False Representations**

4 42. Patients or their family members paid, on average, over \$30,000 for drug
5 rehabilitation treatment at Narconon Centers.

6 43. Contrary to Defendant's representations, the materials in the Narconon Program
7 are not "a comprehensive drug and alcohol treatment program" but rather Scientology
8 propaganda.

9 44. Likewise, the materials in the Narconon Program are not "specific discoveries
10 involving problems of substance abuse and rehabilitation" that L. Ron Hubbard made, but rather
11 are substantially identical to the programs and literature provided to practitioners of the
12 Scientology religion.

13 45. The Narconon Program is not secular as claimed by Defendants but rather
14 consists entirely of Church of Scientology practices and requires that Patients study Scientology
15 doctrines.

16 46. Patients are forced to engage in Scientology rituals such as multiple, day-long, hot
17 sauna treatments combined with vitamin or mineral supplements, under the dangerous premise
18 that this Scientology ritual can treat substance abuse and addictions.

19 47. Defendants falsely advertise that the Narconon Program has a success rate
20 between seventy (70%) and ninety (90%) percent. Defendants make these false statements on
21 websites they own and maintain for the purposes of recruiting people with addictions to
22 participate in their program, in many phone conversations between Defendants or their
23 representatives and Plaintiffs and Class Members.

24 48. Defendants also make use of drug addiction interventionists – people who offer
25 paid services coordinating "interventions" on behalf of the family and friends of drug addicts.
26 Defendants' representatives refer families of drug addicts who are seeking intervention services
27 to particular interventionists. These referrals in turn create a financial incentive for

1 interventionists to conceal from patients or their families that Narconon Centers are part of the
2 Church of Scientology.

3 49. On information and belief, Defendants’ representatives also expressly warn
4 intervention specialists against telling families that the Narconon Centers are associated with
5 Scientology.

6 **IV. REPRESENTATIVE PLAINTIFFS’ ALLEGATIONS**

7 **Jamie Kerzner**

8 50. In approximately January, 2014, Plaintiff Jamie Kerzner (“Ms. Kerzner”) was
9 searching on the Internet to find a drug rehabilitation facility for her son, Jeremy Kerzner
10 (“Jeremy”). She came upon a website that claimed to be a resource for assisting people with
11 finding drug rehabilitation facilities. Ms. Kerzner called the telephone number, 866-684-6029,
12 listed on the website. She spoke with a representative named Josh who told her about the
13 Narconon program her and suggested she work with an intervention specialist. Josh arranged for
14 Frank Riedl of New Life Interventions to assist Ms. Kerzner in getting Jeremy to a NFS facility
15 located in Warner Springs, California. Ms. Kerzner paid for Jeremy to receive drug rehabilitation
16 treatment at NFS.

17 51. Josh repeatedly assured Ms. Kerzner that Narconon offers a secular program with
18 a 76% success rate. Based on these representations Ms. Kerzner paid Defendants \$33,000.00 to
19 provide drug treatment to Jeremy and an additional amount of \$2,500 for an interventionist fee,
20 travel costs and expenses.

21 52. Ms. Kerzner executed a contract that stated that “[t]he Narconon Program is
22 secular (NON-RELIGIOUS) in nature and does not include participation in any religious studies
23 of any kind” and “[t]he Narconon program was founded in 1966 by William Benitez, where it
24 was first used in the Arizona State Prison, after being inspired by the practical betterment
25 philosophy of author and humanitarian L. Ron Hubbard in the book, The Fundamentals of
26 Thought.”
27

1 **V. RELATIONSHIP BETWEEN DEFENDANTS**

2 61. Plaintiffs incorporate by reference all preceding paragraphs.

3 62. ABLE and NI govern and control nearly every aspect of all Narconon Centers’
4 business activities.

5 63. Western also exerts control over several Narconon Centers, including NFS, and,
6 together with ABLE and NI, governs and controls nearly every aspect of Narconon Centers’
7 business activities.

8 64. NI publishes the Narconon Program operations manuals and requires that
9 individual Narconon Centers such as those operated by NFS abide by these manuals in their
10 operations.

11 65. These manuals show that NI and ABLE have the ultimate authority over the
12 employees of all Narconon Centers.

13 66. These manuals also show that Western also shares the ultimate authority over the
14 employees of many Narconon Centers including but not limited to those owned by NFS.

15 67. For example, the manuals state that Narconon Centers cannot demote, transfer, or
16 dismiss a permanent staff member without approval from the Senior Director of Administration
17 at NI.

18 68. Similarly, NI, ABLE, and in some instances Western, have the ultimate authority
19 over the hiring of staff members at Narconon Centers.

20 69. NI, ABLE, and Western have the ultimate authority over the hiring, termination,
21 and discipline of staff members at Centers owned or operated by NFS.

22 70. The operations manuals require staff members at Narconon Centers to report
23 misconduct or, in Scientology terms, “nonoptimum conduct” to a central Quality Control
24 Supervisor at NI.

25 71. NI investigates “misconduct” (conduct contrary to the principles, doctrines, and
26 administrative directives of Scientology) at Narconon Centers and may take disciplinary action
27 against the staff members of Narconon Centers. For some Narconon Centers such as those

1 operated by NFS, the investigation and disciplinary process is completed jointly by NI and
2 Western.

3 72. NI and Western receive a percentage of the weekly gross income earned by many
4 or all of the Narconon Centers including those operated by NFS.

5 73. NI requires Narconon Centers, including those owned or operated by NFS to send
6 their detailed weekly reports containing statistics of more than 40 different metrics.

7 74. NI, and in some cases Western, review these weekly reports and order changes
8 based on increases or decreases in the statistics in the reports. NI and Western both review the
9 weekly reports and order changes for Centers operated by NFS.

10 75. NI, ABLE, and in some instances Western, require that Narconon Centers receive
11 approval on all promotional materials before dissemination. NFS must obtain NI, ABLE, and
12 Western's approval of all promotional materials.

13 76. Narconon Centers must obtain prior approval of their Internet websites from NI,
14 ABLE, and in some instances, Western. Specifically, NFS is required to obtain approval of their
15 Internet websites from NI, ABLE, and Western before said websites are published to the
16 Internet.

17 77. NI, ABLE, and in some instances Western, also participate in creating advertising
18 materials for Narconon Centers and mandate approval of all advertising content. NI, ABLE, and
19 Western participate in creating advertising material and require approval of advertising content
20 for NFS.

21 78. NI requires Narconon Centers, including those operated by NFS, to maintain a
22 "building account fund" in which monies from the gross income fund are deposited weekly.
23 This money is used to purchase premises for new Narconon Centers and also serves as a cushion
24 to protect the organization in times of financial hardship.

25 79. The "building account fund" is under the control of NI.

26 80. NI, ABLE, and in some instances Western, conduct "tech inspections" at
27 Narconon Centers. NI, ABLE and Western conduct such "tech inspections" at NFS.

1 89. Plaintiffs and Class Members bring all claims as a class action pursuant to
2 23(b)(2) and 23(b)(3) of the Federal Rules of Civil Procedure. This action satisfies the
3 requirements set forth under Federal Rules of Civil Procedure 23(a), as well as the requirements
4 for certification under Rules 23(b)(2) and (b)(3).

5 90. Plaintiffs advance this action on behalf of the following Class:

6 **ABLE and NI National Class**

7 All individuals in the United States who paid for and/or
8 participated in drug rehabilitation services at a Narconon Center
9 and (1) who did not sign an admissions agreement, or (2) whose
10 admissions agreement does not contain a mandatory arbitration
11 clause, or (3) whose admissions agreement does contain a
mandatory arbitration clause but that clause does not specify that it
applies to related entities.

12 Excluded from the Class are Defendants, their legal
13 representatives, assigns, and successors and any entity in which
14 Defendants have a controlling interest. Also excluded is the judge
15 to whom this case is assigned and any member of the judge's
immediate family and judicial staff. Any claims for personal
injury are also excluded from the Class.

16 **Western National Class**

17 All individuals in the United States who paid for and/or received
18 drug rehabilitation services at a Narconon Center that is affiliated
19 with Western and (1) who did not sign an admissions agreement,
20 or (2) whose admissions agreement does not contain a mandatory
21 arbitration clause, or (3) whose admissions agreement does contain
a mandatory arbitration clause but that clause does not specify that
it applies to related entities.

22 Excluded from the Class are Defendants, their legal
23 representatives, assigns, and successors and any entity in which
24 Defendants have a controlling interest. Also excluded is the judge
25 to whom this case is assigned and any member of the judge's
immediate family and judicial staff.

1 **NFS National Class**

2 All individuals in the United States who paid for and/or
3 participated in drug rehabilitation services at Narconon Centers
4 owned or operated by NFS and (1) who did not sign an admissions
5 agreement, or (2) whose admissions agreement does not contain a
6 mandatory arbitration clause.

7 Excluded from the Class are Defendants, their legal
8 representatives, assigns, and successors and any entity in which
9 Defendants have a controlling interest. Also excluded is the judge
10 to whom this case is assigned and any member of the judge’s
11 immediate family and judicial staff.

12 91. Claims for personal injury are specifically excluded from the Class.

13 92. The “Class Period” means:

14 a. Three years prior to the filing of the Complaint in this action for Causes of
15 Action I, III and IV.

16 b. Four years prior to the filing of the Complaint in this action for Cause of
17 Action IV.

18 93. **Numerosity:** Although the actual size of the Class is uncertain, Plaintiffs are
19 informed and believe the Class is comprised of many hundreds of individuals who either paid for
20 or were treated at each of the many Narconon Centers throughout the United States, making
21 joinder impractical. The disposition of the claims of these Class Members in a single action will
22 provide substantial benefits to all parties and to the Court.

23 94. **Commonality:** There are questions of law and fact common to Plaintiffs and the
24 Class, including the following:

- 25 • Whether the Narconon Program is secular;
- 26 • Whether Defendants represented the Narconon Program as secular;
- 27 • Whether Defendants falsely represented the success rate of the Narconon
Program;
- Whether the Narconon Program consists of the tenets of the Scientology
religion;

- 1 • Whether the Narconon Program requires participants to study the beliefs of and
2 engage in practices of the Scientology religion;
- 3 • Whether Defendants knew or should have known about the falsity of their
4 claims;
- 5 • Whether Defendants failed to disclose the falsity of their claims to Plaintiffs
6 and the Class;
- 7 • Whether Defendants engaged in misrepresentations and failures to disclose
8 material facts that violated California Business and Professions Code Section
9 17200;
- 10 • Whether Defendants' actions, including their misrepresentations, were in
11 violation of California Civil Code section 1770(a)(5);
- 12 • Whether Defendants' advertising is false, untrue, or misleading within the
13 meaning of California Business and Professions Code Section 17500;
- 14 • Whether Defendants acted intentionally in making the misrepresentations
15 alleged in this Complaint;
- 16 • Whether Defendants, through their conduct, received money that, in equity and
17 good conscience, belongs to Plaintiffs and Class Members; and
- 18 • Whether Plaintiffs and Class Members are entitled to damages, equitable relief,
19 and injunctive relief.

20 95. **Typicality:** Plaintiffs' claims are typical of the claims of the Class Members, in
21 that Defendants made the same misrepresentations and material omissions to the Plaintiffs, the
22 Class, and the public through substantially identical websites and marketing materials. Plaintiffs,
23 like all Class Members, paid for treatment or attended a Narconon Center for treatment under the
24 Narconon Program. Plaintiffs, like all Class Members, suffered a common injury. None of them
25 received the secular drug rehabilitation and therapy services with a high success rate for which
26 they paid. Consequently, both Plaintiffs and Class Members incurred monetary damages
27

1 including but not limited to the cost of treatment. The factual basis of Defendants' misconduct is
2 common to all Class Members.

3 96. **Adequacy:** Plaintiffs will fairly and adequately represent and protect the interests
4 of the Class. Plaintiffs have retained counsel with several decades of experience in prosecuting
5 consumer class actions, including actions involving defective rehabilitation programs,
6 misrepresentations and failures to disclose material information regarding products and services,
7 and violation of consumer protection statutes. Plaintiffs and their counsel are committed to
8 vigorously prosecuting this action on behalf of the Class and have the financial resources to do
9 so. Neither Plaintiffs nor their counsel have any interests adverse to those of the Class.

10 97. **Predominance of Common Questions:** Common questions of law and fact
11 predominate over any questions involving individualized analysis. Fundamentally there are no
12 material questions of fact or law that are not common to the Class. All members of the class
13 sought treatment in the same program, developed and controlled by the same Defendants. All
14 were exposed to the same misrepresentations.

15 98. **Superiority:** Plaintiffs and the Class Members have all suffered and will
16 continue to suffer harm and damages as a result of Defendants' unlawful and wrongful conduct.
17 A class action is superior to other available methods for the fair and efficient adjudication of the
18 subject controversy. Because of the relatively small size of the individual Class Members'
19 claims, and because of the health and lifestyle challenges many addicts face, most Class
20 Members likely would find the burden and cost of litigating their individual claims to be
21 prohibitive, and will therefore have no effective remedy at law. Thus, absent a class action,
22 Class Members will continue to incur damages and Defendants' misconduct will proceed without
23 remedy. The class treatment of common questions of law and fact is also superior to multiple
24 individual actions or piecemeal litigation in that it conserves the resources of the courts and the
25 litigants, and promotes consistency and efficiency of adjudication.

1 **VII. FIRST CAUSE OF ACTION**

2 **(Violation of California’s Consumers Legal Remedies Act (“CLRA”))**

3 **(Brought on Behalf of the Entire Class)**

4 99. Plaintiffs incorporate by reference all preceding paragraphs.

5 100. Defendants are persons as defined by California Civil Code §1761(c).

6 101. Defendants violated California Civil Code §1770(a)(5) and (a)(7) when:

7 a. Defendants represented, through their advertising and other express
8 representations, that the drug rehabilitation services they offered were “secular”
9 and not associated with any religion when, in fact, their treatment program
10 required Patients to study Scientology and engage in Scientology religious rituals
11 as “treatment.”

12 b. Defendants falsely represented that the Narconon Program/Narconon Centers
13 had a success rate of seventy (70%) percent or higher.

14 102. Defendants’ deceptive practices, including the use of deceptive marketing
15 practices, were specifically designed to induce Plaintiffs and members of the Class to pay money
16 to Defendants for drug treatment at a Narconon Center.

17 103. To this day, Defendants continue to engage in unlawful practices in violation of
18 the California Consumers Legal Remedies Act.

19 104. Defendants’ deceptive trade practices are likely to continue without court
20 intervention.

21 105. Plaintiffs therefore seek injunctive relief pursuant to Cal. Civ. Code § 1782(d).

22 106. Plaintiffs sent a notice to Defendants as required by Cal. Civ. Code § 1782(a).
23 Defendants did not respond.

24 107. Plaintiffs are entitled to all available relief under Cal. Civ. Code § 1780, including
25 Plaintiffs’ attorney’s fees, costs of this action, and an injunction restraining Defendants from
26 further engaging in the deceptive trade practices complained of herein.

1 **VIII. SECOND CAUSE OF ACTION**

2 **(Violation of California’s Unfair Competition Law)**

3 **(Brought on Behalf of the Entire Class)**

4 108. Plaintiffs incorporate by reference all preceding paragraphs.

5 109. California Business and Professions Code § 17200 et seq. (the “UCL”) prohibits
6 acts of unfair competition, which includes unlawful business practices.

7 110. Defendants have engaged in and continue to engage in unlawful business
8 practices by representing, through their advertising, warranties, and other express representations
9 that the Narconon Program had characteristics it did not actually have.

10 111. Defendants violated the UCL by falsely representing that the Narconon Program
11 is of a particular standard or quality, including representations that the Narconon Program is
12 “secular,” “not associated with any religion,” and has a success rate of seventy (70%) percent or
13 higher.

14 112. Defendants’ deceptive practices constitute an unlawful business practice in that
15 they violate California’s Consumers Legal Remedies Act and California’s False Advertising Law
16 (“FAL”).

17 113. Defendants’ deceptive practices constitute a fraudulent business practice under
18 the UCL in that Defendants made and continue to make false representations about the quality,
19 nature, and success rate of the Narconon Program in order to induce vulnerable individuals
20 suffering from serious addictions (a) to pay money, sometimes tens of thousands of dollars, to
21 participate in the Program and (b) to join the Scientology religion.

22 114. Defendants’ deceptive practices constitute an unfair business practice under the
23 UCL in that they violate established public policy, including the CLRA and the FAL, and the
24 gravity of Defendants’ conduct and the harm to Plaintiffs and the Class outweighs any utility or
25 benefit.

1 115. To this day, Defendants have engaged and continue to engage in unlawful
2 business practices by continually misrepresenting facts about the Narconon Program regarding
3 its characteristics, nature, association with Scientology, and success rates.

4 116. As a direct and proximate cause of Defendants' unfair and unlawful methods of
5 competition and unfair, deceptive, or unlawful acts or practices, Plaintiffs and the Class
6 Members have lost money they have paid to receive treatment for their addictions.

7 117. As a direct result of their unlawful, unfair, or fraudulent practices, Defendants
8 have been unjustly enriched and should be required to make restitution to Plaintiffs and the Class
9 Members pursuant to §17203 of the California Business & Professions Code.

10 118. Plaintiffs and all respective Class Members are entitled to all available relief
11 under the California Unfair Competition Law, Bus. & Prof. Code § 17200 et seq., including,
12 without limitation, restitution and injunctive relief.

13 **IX. THIRD CAUSE OF ACTION**

14 **(Violation of California's False Advertising Law)**

15 **(Brought on Behalf of the Entire Class)**

16 119. Plaintiffs incorporate by reference all preceding paragraphs.

17 120. Plaintiffs and Defendants are both "person[s]" as defined by California Business
18 & Professions Code §17506. California Business & Professions Code §17535 authorizes a
19 private right of action on both an individual and representative basis.

20 121. The misrepresentations, acts, and non-disclosures by Defendants of the material
21 facts detailed in this Complaint constitute false and misleading advertising and therefore violate
22 Business & Professions Code §§ 17500 et seq.

23 122. At all times relevant, Defendants' advertising and promotion regarding its drug
24 rehabilitation program, the Narconon Program, were untrue, misleading, and likely to deceive the
25 reasonable consumer and the public.

1 123. In fact, Defendants deceived Plaintiffs and Class Members similarly situated by
2 representing that the Narconon Program was “secular,” “not associated with any religion,” and
3 had a success rate of seventy (70%) percent or higher.

4 124. Defendants knew or had reason to know, and failed to disclose that, their
5 Narconon Program was not secular, was associated with and consisted of the teachings of the
6 Church of Scientology, and had a success rate much lower than what was stated.

7 125. Defendants engaged in the false and/or misleading advertising and marketing as
8 alleged herein with the intent to directly or indirectly induce the Plaintiffs and Class Members
9 into entering or paying for treatment at their facilities when Defendants knew, or had reason to
10 know, that their representations were in fact false.

11 126. Defendants knew or should have known that the statements and/or omissions
12 were untrue or misleading, and acted in violation of California Business & Professions Code
13 §§ 17500 et seq.

14 127. Plaintiffs and Class Members have suffered injury in fact and have lost money
15 and/or property as a result of Defendants’ false advertising.

16 128. Plaintiffs and Class Members were deceived by and consequently injured because
17 Defendants falsely advertised the Narconon Program as a secular treatment program with a 70
18 percent success rate or higher. Plaintiffs and Class Members would have chosen a different drug
19 rehabilitation facility if: (1) Class Members and Plaintiffs had knowledge about Narconon
20 Program’s and/or Narconon Center’s ties to Scientology; or (2) Defendants had not falsely
21 represented a high success rate for the Narconon Program.

22 129. This false and misleading advertising presents a continuing threat to consumers,
23 particularly vulnerable consumers suffering from drug addictions and the family members who
24 seek drug rehabilitation help for them.

25 130. Defendants’ misrepresentations already have and are likely to deceive Class
26 Members.

1 131. As a direct and proximate result of the aforementioned acts and representations of
2 Defendants, Defendants received and continue to hold monies rightfully belonging to Plaintiffs
3 and the Class Members, all of whom who were induced into entering the Defendants' facilities to
4 receive treatment during the Class period or paying for others to enter the facilities during the
5 Class Period.

6 132. Plaintiffs and all respective Class Members are entitled to all available relief
7 under the California Bus. & Prof. Code § 17535, including, without limitation, restitution and
8 injunctive relief.

9
10 **X. FOURTH CAUSE OF ACTION**

11 **(Negligent Misrepresentation)**

12 **(Brought on Behalf of the Entire Class)**

13 133. Plaintiffs incorporate by reference all preceding paragraphs.

14 134. Defendants negligently misrepresented to the public, including Plaintiffs and
15 Class Members, that the Narconon Program was “secular,” “not associated with any religion,”
16 and had a success rate of seventy (70%) percent or higher.

17 135. Defendants made the misrepresentation with the intention to induce Plaintiffs and
18 Class Members to pay for and enroll in Narconon Centers and participate in the Narconon
19 Program.

20 136. Plaintiffs and Class Members reasonably relied upon Defendants' advertising
21 representations and, in reliance on them, paid for and/or sought treatment in Narconon Centers
22 and participated in the Narconon Program.

23 137. Defendants made the misrepresentations alleged herein when they knew or should
24 have known these representations to be untrue. Defendants had no reasonable basis for believing
25 the representations to be true.
26
27

1 138. As a proximate result of Defendants’ negligent misrepresentations, Plaintiffs and
2 Class Members incurred damages including but not limited to out-of-pocket costs for treatment
3 at the Narconon Centers.

4 139. Plaintiffs request this court award actual and punitive damages and all other relief
5 just and proper for Defendants’ tortious conduct.

6 **XII. PRAYER FOR RELIEF**

7 Plaintiffs, on behalf of themselves and all others similarly situated, request the Court
8 enter judgment against Defendants, as follows:

9 A. An order certifying the proposed Plaintiff Class, designating Plaintiffs as named
10 representatives of the Class and designating the undersigned as Class Counsel;

11 B. A declaration that Defendants are financially responsible for notifying all Class
12 Members of its wrongdoing;

13 C. An order enjoining Defendants from further deceptive advertising, marketing, and
14 sales practices with respect to its “drug treatment programs;”

15 D. An order enjoining Defendants from continuing to offer its deceptive “drug
16 treatment programs;”

17 D. An award to Plaintiffs and the Class of compensatory, exemplary and statutory
18 damages, including interest, in an amount to be proven at trial;

19 E. A declaration that Defendants must disgorge, for the benefit of the Class, all or
20 part of the ill-gotten profits they received from the operation of their drug treatment centers, or to
21 make full restitution to Plaintiffs and the Members of the Class;

22 F. An award of attorneys’ fees and costs, as allowed by law;

23 G. An award of pre-judgment and post-judgment interest, as provided by law;

24 H. Leave to amend the Complaint to conform to the evidence produced at trial; and

25 I. Such other or further relief as may be appropriate under the circumstances.

26 **XI. DEMAND FOR JURY TRIAL**

1 Pursuant to Fed. R. Civ. P. 38(b), Plaintiffs demand a trial by jury of any and all issues in
2 this action so triable of right.

3
4 Dated: March 24, 2016.

5 RESPECTFULLY SUBMITTED AND DATED this 24th day of March, 2016.

6 TERRELL MARSHALL LAW GROUP PLLC

7
8 By: /s/ Beth E. Terrell, SBN #178181

9 Beth E. Terrell, SBN #178181
10 Email: bterrell@terrellmarshall.com
11 Mary B. Reiten, SBN #203142
12 Email: mreiten@terrellmarshall.com
13 936 North 34th Street, Suite 300
14 Seattle, Washington 98103-8869
15 Telephone: (206) 816-6603
16 Facsimile: (206) 350-3528

17 Michael F. Ram, SBN #104805
18 Email: mram@rocklawcal.com
19 Susan S. Brown, SBN #287986
20 Email: sbrown@rocklawcal.com
21 RAM, OLSON, CEREGHINO & KOPCZYNSKI
22 101 Montgomery Street, Suite 1800
23 San Francisco, California 94104
24 Telephone: (415) 433-4949
25 Facsimile: (415) 433-7311

26 David E. Miller, SBN #294095
27 Email: david@sllawfirm.com
28 Syed Ali Saeed, Admitted Pro Hac Vice
29 Email: ali@sllawfirm.com
30 SAEED & LITTLE LLP
31 1433 North Meridian Street, Suite 202
32 Indianapolis, Indiana 46202
33 Telephone: (317) 721-9214
34 Facsimile: (888) 422-3151

35 Attorneys for Plaintiffs

1 CERTIFICATE OF SERVICE

2 I, Beth E. Terrell, hereby certify that on _____ March 24, 2016, I electronically
3 filed the foregoing with the Clerk of the Court using the CM/ECF system which will send
4 notification of such filing to the following:

5 William H. Forman, SBN #150477
6 Email: wforman@scheperkim.com
7 SCHEPER KIM & HARRIS LLP
8 601 West 5th Street, 12th Floor
9 Los Angeles, California 90071
Telephone: (213) 613-4682
Facsimile: (213) 613-4656

10 Attorneys for Defendants Narconon Int'l, Narconon Fresh Start d/b/a
11 WarnerSprings and Association for Better Living and Education

12 Dennis P. Howell, SBN #78806
13 Email: dphowell@grunskylaw.com
14 Rosemary Rovick
15 Email: rrovick@grunskylaw.com
16 GRUNSKY, EBAY, FARRAR & HOWELL
17 240 Westgate Drive
Watsonville, California 95076
Telephone: (831) 722-2444
Facsimile: (831) 722-6153
Email: dphowell@grunskylaw.com

18 Thomas G. Beatty, SBN #75794
19 Email: thomas.beatty@mcnamara.com
20 McNAMARA, NEY, BEATTY, SLATTERY, BORGES AND ARNBACHER
21 1211 Newell Avenue
22 Walnut Creek, California 94596
23 Telephone: (925) 939-5330
24 Facsimile: (925) 939-0203

25 Attorneys for Defendants Halcyon Horizons, Inc. dba Narconon of Northern
26 California and dba Narconon Redwood Cliffs
27

1 DATED this 24th day of March, 2016.

2 TERRELL MARSHALL LAW GROUP

3
4 By: /s/ Beth E. Terrell, SBN #178181

5 Beth E. Terrell, SBN #178181

6 Email: bterrell@tmdwlaw.com

7 936 North 34th Street, Suite 300

8 Seattle, Washington 98103-8869

9 Telephone: (206) 816-6603

10 Facsimile: (206) 350-3528

11 Attorneys for Plaintiffs