

Assigned for all purposes to: Spring Street Courthouse, Judicial Officer: Carolyn Kuhl

Electronically FILED by Superior Court of California, County of Los Angeles on 12/07/2022 11:58 AM Sherri R. Carter, Executive Officer/Clerk of Court, by G. Carini, Deputy Clerk

1 Christin Cho (Cal. Bar No. 238173)  
 christin@dovel.com  
 2 Simon Franzini (Cal. Bar No. 287631)  
 simon@dovel.com  
 3 DOVEL & LUNER, LLP  
 4 201 Santa Monica Blvd., Suite 600  
 Santa Monica, California 90401  
 5 Telephone: (310) 656-7066  
 Facsimile: (310) 656-7069  
 6

7 *Attorneys for Plaintiff*

8 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**  
 9 **COUNTY OF LOS ANGELES**

10 AARON ARGUETA, individually and on  
 behalf of all others similarly situated,

11 *Plaintiff,*

12 vs.

13 V O LEASING CORP.,

14 *Defendant.*

Case No. **22STCV38126**

**Class Action Complaint**

- 1. **Unfair Competition Law**
- 2. **False Advertising Law**
- 3. **Consumer Legal Remedies Act**
- 4. **Breach of Express Warranty**
- 5. **Negligent Misrepresentation**
- 6. **Intentional Misrepresentation**
- 7. **Unjust Enrichment**

Jury Trial Demanded

*General Jurisdiction – Civil*

20  
 21  
 22  
 23  
 24  
 25  
 26  
 27  
 28

**Table of Contents**

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

I. Introduction..... 3

II. Parties..... 4

III. Jurisdiction and Venue..... 5

IV. Facts..... 5

    A. Californians want high-THC cannabis products, and are willing to pay more for them..... 5

    B. Scientific research reveals serious problems with the accuracy of labeled THC content..... 7

    C. Defendant’s Presidential Products all include substantially similar representations about the THC content on their labels. .... 8

    D. Scientific testing reveals that Presidential prerolls are labeled with inflated THC content..... 11

    E. Defendant’s labeling violates DCC regulations and is false and misleading to reasonable consumers. .... 12

    F. Defendant overcharges millions of consumers. .... 14

    G. Plaintiff was misled and harmed by Defendant’s misleading labeling..... 15

V. Class Action Allegations..... 15

    A. The California Class. .... 15

VI. Claims. .... 17

    First Cause of Action: California’s Unfair Competition Law (UCL)..... 17

    Second Cause of Action: California’s False Advertising Law (FAL)..... 18

    Third Cause of Action: California’s Consumer Legal Remedies Act ..... 19

    Fourth Cause of Action: Breach of Express Warranty ..... 21

    Fifth Cause of Action: Negligent Misrepresentation ..... 21

    Sixth Cause of Action: Intentional Misrepresentation..... 22

    Seventh Cause of Action: Unjust Enrichment/Quasi-Contract..... 23

VII. Relief..... 23

1 **I. Introduction.**

2 1. The state of California has permitted the use of cannabis in some form since  
3 1996.<sup>1</sup> Today, there are an estimated 6.7 million cannabis consumers in California. About two  
4 million of them use cannabis medicinally, to treat conditions such as cancer, glaucoma, AIDS,  
5 and seizures.<sup>2,3</sup>

6 2. Like other consumer products, cannabis must be truthfully and accurately labeled.

7 3. The California Department of Cannabis Control (“DCC”) oversees the labeling of  
8 cannabis products. As the DCC explains, “Cannabis must be properly labeled to make sure  
9 consumers are informed about what they are buying.”<sup>4</sup>

10 4. Tetrahydrocannabinol (commonly known as “THC”) is the primary active  
11 ingredient in cannabis. THC “is the chemical responsible for most of marijuana’s psychological  
12 effects.”<sup>5</sup>

13 5. DCC regulations require that the label of cannabis products include a declaration  
14 of the product’s THC content.<sup>6</sup> Depending on the nature of the product, the THC content can be  
15 expressed as a percentage (for example, 30% THC) or in milligrams (for example, 550mg).<sup>7</sup>  
16 Further, the THC content on the label must be within 10% of what is actually in the package.<sup>8</sup>  
17 As an example, if the THC content is expressed as a percentage and is listed as 30%, the actual  
18 THC of the product must be between 27-33%.<sup>9</sup> As a second example, if the THC content of the

19  
20  
21 <sup>1</sup> [California’s cannabis laws - Department of Cannabis Control](#) (Californians passed Prop.  
22 215 in 1996, permitting medical cannabis use); [California Proposition 64, Marijuana  
23 Legalization \(2016\) - Ballotpedia](#) (Californians passed Prop. 64 in 2018, permitting the  
24 recreational use of marijuana for persons aged 21 or older under state law).

25 <sup>2</sup> [Number of cannabis consumers by state U.S. 2020 | Statista](#)

26 <sup>3</sup> [Medical Marijuana Patient Numbers \(mpp.org\)](#) (an estimated 1,920,294 people use  
27 cannabis medially in California); <https://cannabis.ca.gov/consumers/medicinal-cannabis/> (listing  
28 diseases that cannabis can help manage).

<sup>4</sup> [https://cannabis.ca.gov/wp-content/uploads/sites/2/2021/12/Labeling-Checklist-  
Nonmanufactured-Goods\\_211022.pdf](https://cannabis.ca.gov/wp-content/uploads/sites/2/2021/12/Labeling-Checklist-Nonmanufactured-Goods_211022.pdf)

<sup>5</sup> [What is THC \(Tetrahydrocannabinol\)? | Live Science](#)

<sup>6</sup> Cal. Code Regs. Title 4, §§ 17407.

<sup>7</sup> Cal. Code Regs. Title 4, §§ 17407.

<sup>8</sup> Cal. Code Regs. Title 4, § 15307.1.

<sup>9</sup> Cal. Code Regs. Title 4, § 15307.1.

1 product is expressed in milligrams and is listed as 550mg, then the actual THC content of the  
2 product must be between 495mg and 605mg.

3 6. Defendant V O Leasing Corp makes, sells, distributes, and markets the  
4 “Presidential” brand, including “preroll” products. A “preroll” consists of cannabis that has been  
5 “rolled” in paper so that it can be smoked out of the box (as opposed to “loose” cannabis, such as  
6 flower, which a consumer must roll into a joint or consume in some other way).<sup>10</sup>

7 7. As required by DCC regulations, each of Defendant’s products include a label  
8 that purportedly identifies the THC content of the product. For Defendant’s products, the labels  
9 include the THC content expressed as a percentage.

10 8. The THC content declared on the label of Defendant’s cannabis products is  
11 typically very high (in excess of 40% for infused flower pre-rolls). Because cannabis consumers  
12 generally prefer and are willing to pay more for high-THC cannabis products, declaring that their  
13 products have a very high THC content allows Defendant to charge premium rates for their  
14 cannabis products.

15 9. The declarations of THC content on Defendant’s labels, however, are false.  
16 Testing by an independent lab reveals that the true THC content of Defendant’s products is  
17 materially less than the amount listed on the label. Moreover, the difference is far greater than  
18 the 10% margin of error that DCC regulations permit. Defendant is systematically overstating  
19 the THC content to deceive consumers into thinking that the effects of their prerolls are more  
20 potent than they truly are. This is false and misleading. And, it violates DCC regulations, and  
21 California law.

22 10. Plaintiff Aaron Argueta purchased Defendant’s mislabeled Products. Like other  
23 consumers of Defendant’s products, Plaintiff trusted the accuracy of Defendant’s labels. Like  
24 other consumers of Defendant’s products, Plaintiff was deceived by Defendant’s false and  
25 misleading labels.

26 **II. Parties.**

27 11. Plaintiff Aaron Argueta is domiciled in Santa Ana, California (Orange County).

28 \_\_\_\_\_  
<sup>10</sup> Cal. Code Regs. Title 4, § 1500(bbb).

1           12.     The proposed class includes citizens of California.

2           13.     Defendant V O Leasing Corp is a California corporation with a principal place of  
3 business in Los Angeles, California. V O Leasing makes, sells, distributes, and markets the  
4 Presidential brand of preroll products.

5 **III.    Jurisdiction and Venue.**

6           14.     The Court has personal jurisdiction over Defendant V O Leasing Corp because it  
7 resides in California and does business here.

8           15.     Venue is proper because Defendant does business in this county, Plaintiff resides  
9 in Orange County, and a substantial portion of the transactions occurred in this county.

10 **IV.    Facts.**

11           **A.     Californians want high-THC cannabis products, and are willing to pay more**  
12                   **for them.**

13           16.     For the past seventeen years, the state of California has permitted the use of  
14 cannabis in some form. In 1996, Californians passed Prop. 215, the Compassionate Use Act,  
15 permitting the possession and use of cannabis for medical purposes.<sup>11</sup> In 2018, Californians  
16 passed Prop. 64, which legalized the recreational use of marijuana for persons aged 21 or older  
17 under state law.<sup>12</sup>

18           17.     Today, an estimated 6.7 million Californians use cannabis.<sup>13</sup> Of those, about two  
19 million people, or about 5% of California’s population, use cannabis medically to treat  
20 conditions such as cancer, glaucoma, AIDS, and seizures.<sup>14,15</sup>

21           18.     The California Department of Cannabis Control (“DCC”) is responsible for  
22 issuing regulations regarding the labeling of cannabis products.<sup>16</sup> The DCC’s regulations require  
23

---

24           <sup>11</sup> [California’s cannabis laws - Department of Cannabis Control](#).

25           <sup>12</sup> [California Proposition 64, Marijuana Legalization \(2016\) - Ballotpedia](#)

26           <sup>13</sup> [Number of cannabis consumers by state U.S. 2020 | Statista](#)

27           <sup>14</sup> [Medical Marijuana Patient Numbers \(mpp.org\)](#) (an estimated 1,920,294 people use  
28 cannabis medially in California).

29           <sup>15</sup> <https://cannabis.ca.gov/consumers/medicinal-cannabis/> (listing of diseases that  
30 cannabis can help manage).

31           <sup>16</sup> [https://cannabis.ca.gov/wp-content/uploads/sites/2/2021/12/Labeling-Checklist-  
32 Nonmanufactured-Goods\\_211022.pdf](https://cannabis.ca.gov/wp-content/uploads/sites/2/2021/12/Labeling-Checklist-Nonmanufactured-Goods_211022.pdf)

1 labeling of the THC content in cannabis products. THC “is the chemical responsible for most of  
2 marijuana’s psychological effects.”<sup>17</sup> For preroll products such as the ones sold by Defendant,  
3 California regulations require that the label includes the THC content of the cannabis product  
4 (which may be expressed in percentages such as THC: 10%, THC: 20%, etc.).<sup>18</sup>

5 19. California regulations further require that the THC content listed on the label to  
6 be within a particular margin of error of what is actually in the product. (That is, the THC  
7 content listed on the label must match the true THC content of the product, with some allowance  
8 for error.) Specifically, the THC “claimed to be present on a label,” must be within “plus or  
9 minus 10.0%” of the true THC content of product.<sup>19</sup> As an example, if the label states that a  
10 product is 30% THC, the product must be between 27%-33% THC. Thus, if the actual product  
11 contained only 25% THC but the THC content was listed at 30%, the label would violate  
12 California regulations and be inaccurate and mislabeled.

13 20. The THC content of cannabis products is important to consumers, and drives  
14 consumer purchasing decisions. Because THC is responsible for most of the psychological  
15 effects that cannabis produces, many consumers prefer and seek out cannabis with a higher THC  
16 content. The THC content of cannabis products largely drives the demand for those products.

17 21. Because of this, cannabis products with higher THC content sell for substantially  
18 higher prices. As industry publications confirm, “potency, defined strictly in terms of the THC  
19 levels...dictates both how quickly products sell and the price per gram.”<sup>20</sup> Simply put, “Higher  
20 numbers = higher prices.”<sup>21</sup>

---

21  
22  
23  
24  
25 <sup>17</sup> [What is THC \(Tetrahydrocannabinol\)? | Live Science](#)

26 <sup>18</sup> [https://cannabis.ca.gov/wp-content/uploads/sites/2/2021/12/Labeling-Checklist-Nonmanufactured-Goods\\_211022.pdf](https://cannabis.ca.gov/wp-content/uploads/sites/2/2021/12/Labeling-Checklist-Nonmanufactured-Goods_211022.pdf)

27 <sup>19</sup> Cal. Code Regs. Title 4, § 15307.1.

28 <sup>20</sup> <https://www.leafly.com/news/science-tech/marijuana-thc-inflation-is-getting-out-of-hand>

<sup>21</sup> [https://cannabisindustryjournal.com/feature\\_article/the-inflated-thc-crisis-plaguing-california-cannabis/](https://cannabisindustryjournal.com/feature_article/the-inflated-thc-crisis-plaguing-california-cannabis/)

1           22.     Consumers “use THC percentages like nutritional labels, purchasing products  
2 based on their THC content.”<sup>22</sup> In 2020, cannabis that was 7-14% THC content retailed for  
3 \$5.31 a gram, whereas cannabis with over 28% THC retailed for more than twice that—\$12.89.<sup>23</sup>

4           23.     Cannabis with low THC content, in contrast, is difficult to sell. As Julia Jacobson,  
5 CEO of a California farm, puts it, “The pressure is real. Full stop. We have some retailers who  
6 love us, who sell out of our products, and they will only put our product on their shelves when it  
7 tests over 20 percent...The buyers are always caveating, saying, ‘We know there’s so much more  
8 to cannabis and its effects [than just THC], but our consumers are still THC hunting.’”<sup>24</sup>

9           24.     In short, high-THC cannabis products are in higher demand and sell for more.  
10 Companies that sell and market cannabis have a strong economic incentive to declare a high  
11 THC content on the label of their products.

12           **B.     Scientific research reveals serious problems with the accuracy of labeled**  
13           **THC content.**

14           25.     The demand for high-THC products has, unfortunately, led to “THC inflation”—  
15 the practice of intentionally listing false, high THC content on labels.<sup>25</sup> According to Dan Land,  
16 a professor of chemistry and forensics at UC Davis, “THC inflation is pernicious, it’s easy to  
17 accomplish, and there are strong financial incentives to do it.”<sup>26</sup> There is “enormous pressure” on  
18 “manufacturers to push their [THC] numbers up.”<sup>27</sup> So, companies “proceed to ‘lab shop’:  
19 giving their business to whichever lab provides them the highest potency.”<sup>28</sup> “[M]any labs have  
20 sacrificed their scientific integrity to chase what the clients want: higher THC potency...The  
21 practice has become so prevalent that labs openly advertise their higher potency values to gain  
22  
23

---

24           <sup>22</sup> <https://fivethirtyeight.com/features/americas-pot-labs-have-a-thc-problem/>

25           <sup>23</sup> [Cannabis retail price by potency US 2020 | Statista](#) ; [Recreational cannabis in the U.S. - Statistics & Facts | Statista](#)

26           <sup>24</sup> [America’s Pot Labs Have A THC Problem | FiveThirtyEight](#)

27           <sup>25</sup> [America’s Pot Labs Have A THC Problem | FiveThirtyEight](#)

27           <sup>26</sup> [America’s Pot Labs Have A THC Problem | FiveThirtyEight](#)

28           <sup>27</sup> [https://cannabisindustryjournal.com/feature\\_article/the-inflated-thc-crisis-plaguing-california-cannabis/](https://cannabisindustryjournal.com/feature_article/the-inflated-thc-crisis-plaguing-california-cannabis/)

28           <sup>28</sup> *Id.*

1 customers without fear of recourse.”<sup>29</sup> The inflated THC numbers printed on labels today are  
2 “largely due to fraud rather than mere incompetence.”<sup>30</sup>

3 26. THC-content fraud is rampant in California. Recently, a few independent labs  
4 tested the THC content of cannabis products off of dispensary shelves and compared them to the  
5 THC content listed on the labels. “The results were staggering. Eighty-seven percent of the  
6 samples failed their label claims (i.e. were >10% deviant of their labeled values), with over half  
7 of the samples >20% deviant of their labeled THC values.”<sup>31</sup>

8 **C. Defendant’s Presidential Products all include substantially similar**  
9 **representations about the THC content on their labels.**

10 27. Defendant makes, sells, distributes, and markets the Presidential brand of preroll  
11 and blunt products (the “Presidential Products” or “Products”). Presidential is the fourth top-  
12 selling pre-roll brand and top-selling blunt brand in California.<sup>32</sup> Presidential “self-distributes,  
13 and it currently has products in approximately 430 stores.”<sup>33</sup> Defendant’s Presidential Products  
14 include the following:

- 15 • Presidential Moon Rock Mini Prerolls (including but not limited to Classic,  
16 Grape, Peach Mango, Strawberry and Watermelon);
- 17 • Presidential Moon Rock Blunts (including but not limited to Blue Raspberry,  
18 Classic, Grape, Peach Mango, Pineapple, Strawberry, Tropical, and Watermelon);
- 19 • Presidential Moon Rock Prerolls (including but not limited to Blue Raspberry,  
20 Classic, Grape, Peach Mango, Pineapple, Strawberry, Tropical and Watermelon);
- 21 • Presidential x THC Design Moon Rock Prerolls (including but not limited to XJ-  
22 13, 24k, and Gorilla Goo).

---

24 <sup>29</sup> *Id.*

25 <sup>30</sup> <https://www.leafly.com/news/science-tech/marijuana-thc-inflation-is-getting-out-of-hand>

26 <sup>31</sup> [https://cannabisindustryjournal.com/feature\\_article/the-inflated-thc-crisis-plaguing-california-cannabis/](https://cannabisindustryjournal.com/feature_article/the-inflated-thc-crisis-plaguing-california-cannabis/)

27 <sup>32</sup> <https://www.newcannabisventures.com/this-california-cannabis-brand-is-headed-to-three-new-markets/>

28 <sup>33</sup> <https://www.newcannabisventures.com/this-california-cannabis-brand-is-headed-to-three-new-markets/>



28. Example products are shown below:



1  
2 29. As required by DCC regulations, all of the Presidential Products claim to have a  
3 specific, high THC content.<sup>34</sup> This representation is in the same format and in the same place  
4 across all of the Presidential Products. A representative example is shown below:



13  
14  
15  
16  
17  
18  
19  
20 30. All of the Presidential Products claim to have a very high-THC content, as  
21 Defendant uses “Moon Rocks” in the manufacturing of its Products.<sup>35</sup> “Moon Rocks” refers to  
22 “cannabis buds dipped in hash oil, then rolled in kief.” According to Leafly, “though the  
23 potency of each batch of moon rocks varies and depends on how it’s made and who produces it,  
24 the general consensus is that they hover around 50% THC.”<sup>36</sup> Because Moon Rocks are known

34 4 CA Code of Regs 17407.

35 <https://www.presidentialmoonrocks.com/about>

36 <https://www.leafly.com/learn/consume/smoke/moon-rocks>

1 to have a high level of THC potency, Defendant claims to have a very high-THC content on its  
2 Moon Rock Products, sometimes in excess of 50%.

3 31. Defendant also prominently advertises the high THC content of their products.  
4 For example, the Presidential Moon Rocks website states that it Presidential is home of the  
5 “World’s Strongest Cannabis Products” and that Presidential is “renowned” for “The World’s  
6 Strongest Prerolls”:

7  
8 **Welcome to Presidential, Home of the World's Strongest Cannabis Products.**

9 **we are renowned for your Infused Moon Rock Prerolls which are known for being “The World’s Strongest Prerolls”,**  
10

11 **D. Scientific testing reveals that Presidential prerolls are labeled with inflated**  
12 **THC content.**

13 32. Independent laboratory testing of Presidential Products reveals that the actual  
14 THC content of the products is materially less (well below the allowable 10% margin of error)  
15 than what was declared on the label.

16 33. A variety of Presidential Products were tested, including Moon Rock Prerolls,  
17 Moon Rock Infused Blunts, and Moon Rock Mini Prerolls.

18 34. For example, the Presidential Moon Rock Grape Mini Prerolls were listed as  
19 having 44.1% THC on the label. The lab testing showed, however, that the actual THC content  
20 of the product was substantially lower, between 26-28% THC. Thus, the THC content was  
21 overstated by 36-39%—substantially more than the 10% margin of error allowed under the  
22 California regulations.

23 35. As a second example, the Presidential Moon Rock Tropical Preroll was listed as  
24 having 53.3% THC on the label. The lab testing showed, however, that the actual THC content  
25 of the product was substantially lower (between 23% and 24%). Thus, the THC content was  
26 overstated by 53-55%—again, far more than the margin of error allowed under the California  
27 regulations.

28

1           36.     As a third example, the Presidential Moon Rock Blue Raspberry Infused Blunt  
2 was listed as having 51.5% THC on the label. The lab testing showed that the actual THC  
3 content of the product was substantially lower (between 19% and 21%). Thus, the actual THC  
4 content was overstated by 58-63%--demonstrating results far below the allowable margin of  
5 error.

6           37.     As a final example, the Presidential Moon Rock Watermelon Preroll was listed as  
7 having 51.5% THC on the label. The lab testing showed that the actual THC content of the  
8 product was substantially lower, between 25-27% THC. Thus, the THC content was overstated  
9 by 47-50%—again, far more than the margin of error allowed under the California regulations.

10          38.     As the results show, the actual THC content is substantially lower than the labeled  
11 content. Defendant's THC content labeling is systematically wrong and overstated.

12           **E.     Defendant's labeling violates DCC regulations and is false and misleading to**  
13           **reasonable consumers.**

14          39.     As described above, DCC regulations require an accurate statement of the THC  
15 content of cannabis products on the label, and state a permissible margin of error: 10%.  
16 Defendant's labels include a statement of the THC content of their cannabis products that far  
17 exceed the true THC content of Defendant's products. Moreover, the excess is far greater than  
18 the excess allowable under the applicable DCC regulations. Accordingly, Defendant's labels  
19 violate DCC regulations.

20          40.     In addition, Defendant's labels are false and misleading to reasonable consumers.  
21 Reasonable consumers expect that the required THC content declaration on the label of cannabis  
22 products is reasonably accurate. In other words, reasonable consumers expect that the declared  
23 THC content is substantially the same as the true THC content. Reasonable consumers also  
24 expect that the labels of cannabis products comply with DCC regulations, and so reasonably  
25 expect that the declared THC content is no more than 10% greater than the true THC content.  
26 No reasonable consumer expects that the THC content declaration on the label of the product is  
27 wildly inaccurate, and that the true THC content is far less than the declared content. In short,  
28

1 reasonable consumers reasonably believe that they are receiving a product that has the THC  
2 content that is listed on the label, when in fact they are receiving much less.

3 41. The inaccurate labeling of Defendant’s Products is highly material to reasonable  
4 consumers. THC is one of the active ingredients in cannabis products, and the one that causes  
5 the vast majority of the product’s psychological and medicinal effects. Consumers care about  
6 the THC content of cannabis products and decide which cannabis product to buy in large part  
7 based on the declared THC content.

8 42. In addition, as detailed above, consumers are willing to pay more for cannabis  
9 products with higher THC content, and expect to pay less for cannabis products with lower THC  
10 content. This makes sense, since the primary reason that consumers purchase cannabis is for its  
11 psychological and medicinal effects, and those psychological and medicinal effects are largely  
12 driven by the THC content of the product.

13 43. Defendant knows, or reasonably should know, that they are misleading  
14 consumers. Defendant knows that THC content is highly material to consumers, and has a direct  
15 financial incentive to overstate the THC content of their products. Moreover, as one of the  
16 largest players in California’s cannabis industry, Defendant is aware of industry trends, aware of  
17 the rampant testing fraud in the cannabis market, and know which labs participate in the fraud.  
18 Accordingly, Defendant is intentionally and knowingly causing the THC content declared on the  
19 label of their products to be substantially, and systematically, overstated, either by misstating the  
20 results themselves or by intentionally and knowingly causing testing labs, which are their agents,  
21 to report fraudulently high THC content results.

22 44. In the alternative, Defendant is willfully blind (and at a minimum negligent with  
23 respect to) to the fact that the THC content declared on their products is substantially and  
24 systematically overstated. Given the rampant testing fraud in the cannabis industry, any  
25 reasonable cannabis distributor in Defendant’s position would have tested their products  
26 independently. This is especially true because, as described above, the declared THC content for  
27 Defendant’s products is very high—in excess of 50%. But as industry publications warn (and as  
28 Defendant is well aware), there is an “upper limit” on cannabis potency. “The biological limits

1 on THC production mean that ~35% total THC by dry weight is a rough upper limit for strains.  
2 On average, high-THC strains contain ~18-20% total THC, while the more potent strains will  
3 contain ~25-30% total THC. You should almost never see a strain with more than 35% total  
4 THC by dry weight. Be skeptical if you do.”<sup>37</sup>

5 **F. Defendant overcharges millions of consumers.**

6 45. Defendant’s false and misleading labeling allows Defendant to charge higher  
7 prices for their products. As explained above, the THC content drives the sales of cannabis  
8 products—including the price at which the products sell for, how quickly they sell, and whether  
9 they sell at all.<sup>38</sup>

10 46. If Defendant told the truth— that is, that its products’ THC content is  
11 substantially lower than represented on the label— the price of its Products would fall  
12 dramatically. If consumers knew the truth—that the Products contain substantially less THC  
13 than the label says—Defendant could not sell their Products for its current prices. Indeed, as  
14 explained above, cannabis products with lower declared amounts of THC content sell for  
15 substantially less than ones with higher declared amounts of THC content. Accordingly, if  
16 Defendant told the truth about the THC content of their products, they would have had to lower  
17 the price, and Plaintiff and class members would have paid less. Similarly, if Plaintiff and class  
18 members had known that Defendant systematically overstates the THC content of its products,  
19 they would not have purchased the products, or would have paid less for them.

20 47. Thus, Plaintiff and each class member paid a substantial price premium because  
21 of Defendant’s false and misleading labeling. Said differently, Plaintiff paid more for a superior  
22 product worth more, and received an inferior product worth less. Plaintiff and the class therefore  
23 sustained an economic injury and paid a price premium as a result of Defendant’s false and  
24 misleading labels.

25  
26 \_\_\_\_\_  
27 <sup>37</sup> <https://www.leafly.com/news/science-tech/peak-thc-cbd-levels-for-cannabis-strains>  
28 <sup>38</sup> [https://www.leafly.com/news/science-tech/marijuana-thc-inflation-is-getting-out-of-hand](https://www.leafly.com/news/science-tech/marijuana-thc-inflation-is-getting-out-of-hand;); <https://fivethirtyeight.com/features/americas-pot-labs-have-a-thc-problem/>; [Cannabis retail price by potency US 2020 | Statista](#)

1           **G. Plaintiff was misled and harmed by Defendant’s misleading labeling.**

2           48. Like millions of other consumers, Plaintiff bought the Presidential Products and  
3 relied on the accuracy of the THC content on the label. Like millions of other consumers,  
4 Plaintiff paid a price premium for Defendant’s products as a result of Defendant’s false and  
5 misleading labels. Like millions of other consumers, Plaintiff was overcharged.

6           49. On April 17, 2022, Aaron Argueta also purchased the Presidential Peach Mango  
7 Blunt from the Haven dispensary in Los Alamitos, California. On April 21, 2022, Mr. Argueta  
8 purchased the Presidential Blue Raspberry, Peach Mango, and Moxie Xxx Blunts from Haven  
9 dispensary. On April 30, 2022, Aaron Argueta purchased the Presidential Moon Rock B  
10 Raspberry and Peach Mango Prerolls and the Presidential Moon Rock Infused Blunt Strawberry  
11 from the Butter dispensary in Santa Ana, California. Additionally, on April 30, 2022, Mr.  
12 Argueta bought the Presidential Watermelon, Tropical and Strawberry Blunts from Haven  
13 dispensary. He read and relied on the accuracy of the THC content of each of these products. If  
14 he had known the truth, he would not have purchased the products, or would have paid less for  
15 them.

16           50. Plaintiff wants Defendant to fix its testing and labeling practices and sell its  
17 Products with accurate THC content labeling. This will allow Plaintiff, and other class members,  
18 to make informed choices about the cannabis products they are purchasing and using.

19           **V. Class Action Allegations.**

20           **A. The California Class.**

21           51. Plaintiff brings his claims for the following class: all persons who, while in the  
22 state of California and within the applicable statute of limitations period, purchased one or more  
23 Presidential Products.

24           52. The following people are excluded from the Class: (1) any Judge or Magistrate  
25 Judge presiding over this action and the members of their family; (2) Defendant, Defendant’s  
26 subsidiaries, parents, successors, predecessors, and any entity in which the Defendant or its  
27 parents have a controlling interest and their current employees, officers, and directors; (3)  
28 persons who properly execute and file a timely request for exclusion from the Class; (4) persons

1 whose claims in this matter have been finally adjudicated on the merits or otherwise released; (5)  
2 Plaintiff's counsel and Defendant's counsel, and their experts and consultants; and (6) the legal  
3 representatives, successors, and assigns of any such excluded persons.

4 ***Numerosity & Ascertainability***

5 53. The proposed class contains members so numerous that separate joinder of each  
6 member of the class is impractical. There are millions of class members.

7 54. Class members can be identified through public notice.

8 ***Predominance of Common Questions***

9 55. There are questions of law and fact common to the proposed class. Common  
10 questions of law and fact include, without limitation:

- 11 (1) whether Defendant made false or misleading statements of fact in its advertising  
12 and labeling;  
13 (2) whether Defendant violated California's consumer protection statutes;  
14 (3) whether Defendant committed a breach of contract;  
15 (4) whether Defendant committed a breach of an express warranty;  
16 (5) damages needed to reasonably compensate Plaintiff and the proposed class.

17 ***Typicality & Adequacy***

18 56. Plaintiff's claims are typical of the proposed class. Like the proposed class,  
19 Plaintiff purchased the Products and relied on the THC content listed on the labels. There are no  
20 conflicts of interest between Plaintiff and the class.

21 ***Superiority***

22 57. A class action is superior to all other available methods for the fair and efficient  
23 adjudication of this litigation because individual litigation of each claim is impractical. It would  
24 be unduly burdensome to have individual litigation of millions of individual claims in separate  
25 lawsuits, every one of which would present the issues presented in this lawsuit.

26  
27  
28



1 **VI. Claims.**

2 **First Cause of Action: California's Unfair Competition Law (UCL)**

3 **(on behalf of Plaintiff and the class)**

4 58. Plaintiff incorporates each and every factual allegation set forth above.

5 59. Plaintiff brings this cause of action individually and on behalf of the class.

6 60. Defendant has violated California's Unfair Competition Law (UCL) by engaging  
7 in unlawful, fraudulent, and unfair conduct (i.e., violating each of the three prongs of the UCL).

8 ***The Unlawful Prong***

9 61. Defendant engaged in unlawful conduct by violating the FAL, the CLRA, and the  
10 California regulations regarding labeling of cannabis products,<sup>39</sup> as alleged throughout and  
11 incorporated here.

12 ***The Fraudulent Prong***

13 62. As alleged in detail above, Defendant's labeling is false and misleading. Their  
14 labeling is likely to deceive, and did deceive, Plaintiff and other reasonable consumers.

15 ***The Unfair Prong***

16 63. Defendant's conduct caused substantial injury to Plaintiff and class members.  
17 The harm to Plaintiff and the class greatly outweighs the public utility of Defendant's conduct  
18 (which is none). Inaccurately labeled THC content has no public utility. This injury was not  
19 outweighed by any countervailing benefits to consumers or competition. Misleading labels only  
20 injure healthy competition and harm consumers.

21 64. Plaintiff and the class could not have reasonably avoided this injury. As alleged  
22 above, Defendant's misrepresentations and omissions were deceiving to reasonable consumers.

23 65. Defendant's conduct, as alleged above, was immoral, unethical, oppressive,  
24 unscrupulous, and substantially injurious to consumers.

25 66. Defendant's conduct violated the public policy against false and misleading  
26 advertising, which is tethered to the CLRA and FAL. Defendant's conduct also violated  
27 California's public policy in favor of consumer and patient choice when it comes to cannabis

28 \_\_\_\_\_  
<sup>39</sup> Cal. Code Regs. Title 4, §§ 17407, 15307.1.

1 products, and THC content labeling in particular, which is tethered to the DCC regulations  
2 governing the labeling of cannabis products.

3 \* \* \*

4 67. For all prongs, Plaintiff saw, read and reasonably relied on Defendant's  
5 misrepresentations and omissions when purchasing Defendant's Products. Classwide reliance  
6 can be inferred because Defendant's misrepresentations were material, i.e., a reasonable  
7 consumer would consider them important in deciding whether to buy Defendant's Products.

8 68. Defendant's misrepresentations were a substantial factor in Plaintiff's purchase  
9 decision and the purchase decisions of class members.

10 69. Plaintiff and class members were injured as a direct and proximate result of  
11 Defendant's conduct because: (a) they would not have purchased Defendant's Products if they  
12 had known that the THC content listed on the product was inflated and (b) they overpaid for the  
13 products because the products are sold at a price premium due to Defendant's misleading  
14 labeling.

15 **Second Cause of Action: California's False Advertising Law (FAL)**

16 **(on behalf of Plaintiff and the class)**

17 70. Plaintiff incorporates each and every factual allegation set forth above.

18 71. Plaintiff brings this cause of action individually and on behalf of the class.

19 72. As alleged in detail above, Defendant falsely advertised its products by falsely  
20 representing that Defendant's Products contained the THC content listed on the labels.

21 73. Defendant's misrepresentations were likely to deceive, and did deceive, Plaintiff  
22 and other reasonable consumers. Defendant knew, or should have known through the exercise of  
23 reasonable care, that these statements were false and misleading.

24 74. Defendant's misrepresentations were intended to induce reliance, and Plaintiff  
25 saw, read, and reasonably relied on them when purchasing Defendant's Products. Classwide  
26 reliance can be inferred because Defendant's misrepresentations and omissions were material,  
27 i.e., a reasonable consumer would consider them important in deciding whether to buy the  
28 products.

1           75. Defendant’s misrepresentations were a substantial factor in Plaintiff’s purchase  
2 decision and the purchase decisions of class members.

3           76. Plaintiff and class members were injured as a direct and proximate result of  
4 Defendant’s conduct because: (a) they would not have purchased Defendant’s Products if they  
5 had known that the THC content listed on the product was inflated; and (b) they overpaid for the  
6 products because the products are sold at a price premium due to Defendant’s misleading  
7 labeling.

8                           **Third Cause of Action: California’s Consumer Legal Remedies Act**  
9   **(on behalf of Plaintiff and the class)**

10           77. Plaintiff incorporates each and every factual allegation set forth above.

11           78. Plaintiff brings this cause of action individually and on behalf of the class.

12           79. Plaintiff and the class are “consumers,” as the term is defined by California Civil  
13 Code § 1761(d).

14           80. Plaintiff and the class have engaged in “transactions” with Defendant as that term  
15 is defined by California Civil Code § 1761(e).

16           81. The conduct alleged in this Complaint constitutes unfair methods of competition  
17 and unfair and deceptive acts and practices for the purpose of the CLRA, and the conduct was  
18 undertaken by Defendant in transactions intended to result in, and which did result in, the sale of  
19 goods to consumers.

20           82. As alleged more fully above, Defendant made and disseminated untrue and  
21 misleading statements of facts in its advertisements and labels to class members. Defendant did  
22 this by advertising products have a specific THC content, when in fact the products did not have  
23 the listed THC content.

24           83. Defendant violated, and continues to violate, Section 1770(a)(5) of the California  
25 Civil Code by representing that goods have “characteristics, ingredients, uses, benefits, or  
26 quantities which they do not have.”

27           84. Defendant violated, and continues to violate, Section 1770(a)(9) of the California  
28 Civil Code by advertising “goods...with intent not to sell them as advertised.”

1           85. Defendant's representations were likely to deceive, and did deceive, Plaintiff and  
2 reasonable consumers. Defendant knew, or should have known through the exercise of  
3 reasonable care, that these statements were inaccurate and misleading.

4           86. Defendant's misrepresentations were intended to induce reliance, and Plaintiff  
5 saw, read, and reasonably relied on them when purchasing the Products. Defendant's  
6 misrepresentations were a substantial factor in Plaintiff's purchase decision.

7           87. In addition, classwide reliance can be inferred because Defendant's  
8 misrepresentations were material, i.e., a reasonable consumer would consider them important in  
9 deciding whether to buy the Products.

10          88. Defendant's misrepresentations were a substantial factor and proximate cause in  
11 causing damages and losses to Plaintiff and the class.

12          89. Plaintiff and the class were injured as a direct and proximate result of Defendant's  
13 conduct because: (a) they would not have purchased Defendant's Products if they had known  
14 that the THC content listed on the product was inflated; (b) they overpaid for the products  
15 because the products are sold at a price premium due to Defendant's misleading labeling; or (c)  
16 they received products that were, in truth, worthless.

17          90. Accordingly, pursuant to California Civil Code § 1780(a)(2), Plaintiff,  
18 individually and on behalf of all other members of the class, seeks injunctive relief.

19          91. CLRA § 1782 NOTICE. On November 28, 2022, a CLRA demand letter was  
20 sent to Defendant's headquarters via certified mail (return receipt requested), that provided  
21 notice of Defendant's violations of the CLRA and demanded that Defendant corrects the  
22 unlawful, unfair, false and/or deceptive practices alleged here. If Defendant does not fully  
23 correct the problem for Plaintiff and for each member of the class within 30 days of receipt,  
24 Plaintiff and the class will seek all monetary relief allowed under the CLRA.

25          92. A CLRA venue declaration is attached.  
26  
27  
28





1           117. Plaintiff and class members were injured as a direct and proximate result of  
2 Defendant's conduct because: (a) they would not have purchased Defendant's Products if they  
3 had known that the THC content listed on the product was inflated; (b) they overpaid for the  
4 products because the products are sold at a price premium due to Defendant's misleading  
5 labeling.

6                           **Seventh Cause of Action: Unjust Enrichment/Quasi-Contract**

7   **(on behalf of Plaintiff and the class)**

8           118. Plaintiff incorporates by reference the facts alleged above.

9           119. As alleged in detail above, Defendant's false and misleading labeling caused  
10 Plaintiff and the class to purchase Defendant's Products and overpay for the Products.

11           120. In this way, Defendant received a direct and unjust benefit, at the expense of  
12 Plaintiff and the class.

13           121. Plaintiff and the class seek the equitable return of this unjust benefit.

14 **VII. Relief.**


15           122. Plaintiff seeks the following relief individually and for the proposed class and  
16 classes:

- 17           • An order certifying the asserted claims, or issues raised, as a class action;
- 18           • A judgment in favor of Plaintiff and the proposed class;
- 19           • Damages;
- 20           • Restitution, disgorgement, and other just equitable relief;
- 21           • Punitive damages, as available by law;
- 22           • Attorney's fees, as available by law;
- 23           • An injunction;
- 24           • Pre- and post-judgment interest;
- 25           • Any additional relief that the Court deems reasonable and just.

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

Dated: December 7, 2022

Respectfully submitted,

By:   
\_\_\_\_\_

Christin Cho (Cal. Bar No. 238173)  
christin@dovel.com  
Simon Franzini (Cal. Bar No. 287631)  
simon@dovel.com  
DOVEL & LUNER, LLP  
201 Santa Monica Blvd., Suite 600  
Santa Monica, California 90401  
Telephone: (310) 656-7066  
Facsimile: (310) 656-7069

*Attorneys for Plaintiff*



1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

**Demand for Jury Trial**

Plaintiff demands the right to a jury trial on all claims so triable.

Dated: December 7, 2022

By: 

Christin Cho (Cal. Bar No. 238173)  
christin@dovel.com  
Simon Franzini (Cal. Bar No. 287631)  
simon@dovel.com  
DOVEL & LUNER, LLP  
201 Santa Monica Blvd., Suite 600  
Santa Monica, California 90401  
Telephone: (310) 656-7066  
Facsimile: (310) 656-7069

*Attorneys for Plaintiff*

1 **California Civil Code Section 1780(d) CLRA Venue Declaration**

2 I, Christin Cho, declare:

3 1. I am a partner in Dovel & Luner, LLP and an attorney licensed to practice in the  
4 State of California. I am counsel of record for Plaintiff in this action.

5 2. This action was commenced in a county described in California Civil Code  
6 Section 1780(d) as a proper place for the trial of the action.

7 3. Plaintiff Aaron Argueta resides in Orange County and purchased Defendant's  
8 products from a business in Orange County.

9 4. Defendant is doing business in Los Angeles County.

10 I declare under penalty of perjury under the laws of the State of California and of the  
11 United States of America that the foregoing is true and correct to the best of my knowledge and  
12 that this declaration was signed on December 7, 2022 in Santa Monica, California.  
13  
14

15 

16 Christin Cho

17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28