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UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

KRISTAL REGUEIRO, on behalf of
herself and others similarly situated,

Plaintiff,

vs.

FCA US, LLC,

Defendant.

Case No.

CLASS ACTION

COMPLAINT FOR:

**VIOLATIONS OF BUSINESS AND
PROFESSIONS CODE
SECTION 17200, *et seq.***

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Kristal Regueiro and others similarly situated

1 Plaintiff Kristal Regueiro (“Plaintiff” or “Regueiro”), individually and on
2 behalf of all other California citizens similarly situated, brings this action against
3 Defendant FCA US, LLC (“Defendant” or “FCA”), upon information and belief,
4 except as to her own actions, the investigation of her counsel, and the facts that are
5 a matter of public record, and alleges as follows:

6 INTRODUCTION

7 1. This matter arises from Defendant FCA’s unlawful failure to tender a
8 statutorily compliant California Emissions Warranty for the vehicles that FCA
9 distributes in the state of California.

10 2. In 1990, the California Air Resource Board (“CARB”) submitted, and
11 the Legislature adopted, California Code of Regulation §§ 2035, *et seq.*, which,
12 requires all vehicle manufacturers to ensure that any new motor vehicle sold in
13 California is accompanied by a “statutorily compliant” general emissions
14 warranty. (“California Emissions Warranty”)

15 3. In order to be “statutorily compliant,” the emissions warranty must
16 provide coverage for defects “which cause the failure of a warranted part [or]
17 which would cause the vehicle’s on-board diagnostic malfunction indicator light
18 to illuminate, for a period of three years or 50,000 miles, whichever occurs
19 first[.]” [13 CCR § 2037(b)(2)].

20 4. A “warranted part” is defined as any part installed by a manufacturer
21 “which affects any regulated emission from a motor vehicle or engine[.]” [13 CCR
22 § 2035(c)(2)(B)].

23 5. When the part is considered to be a “high-priced” warranted part, the
24 manufacturer must extend the emissions warranty from three years/50,000-miles,
25 to 7-years or 70,000-miles. [13 CCR § 2037(b)(3)].

26 6. In an effort by FCA to minimize its warranty exposure, FCA
27 unilaterally and unlawfully limited the parts that are covered under FCA’s
28 application of the California Emissions Warranty, and when these parts are

1 defective, instead of covering the parts and related repairs under the California
2 Emissions Warranty, FCA refuses to cover the parts under the California
3 Emissions Warranty, harming its customers.

4 7. Relevant to this case is the valve train system, which includes, but is
5 not limited to, intake valves, exhaust valves, valve guides, valves springs, valve
6 seats, and camshafts (“Valve Train System”) on vehicles distributed by FCA in
7 California under the FCA brand name (“Class Vehicles”). As set forth herein, the
8 Valve Train Systems in Class Vehicles are high-priced, emissions related parts
9 which should have been covered for 7-years or 70,000-miles pursuant to the
10 California Emissions Warranty requirements.

11 8. As will be detailed further below, the California Air Resources Board
12 determined that defects which cause illumination of the MIL are covered under the
13 7-years or 70,000-miles California Emissions Warranty for high-priced emissions
14 related parts. This is because, pursuant to Title 13, Section 1968.2, the MIL is not
15 supposed to illuminate unless the vehicle’s onboard diagnostic system (“OBDII”
16 or “OBD2”) has detected a defect which increased regulated emissions.

17 9. Furthermore, defects which cause illumination of the MIL would
18 result in the vehicle failing a California smog check. Thus, defects which cause a
19 vehicle to fail a California smog check also increase regulated emissions.

20 10. Valve Train System defects in Class Vehicles increase regulated
21 emissions, cause the MIL to illuminate, and cause the vehicle to fail a California
22 smog check.

23 11. Thus, Valve Train Systems in Class Vehicles are “warranted parts”.

24 12. As alleged in greater detail below, not only are the Valve Train
25 Systems in Class Vehicles “warranted parts,” but they are “high-priced” warranted
26 parts whose repair or replacement is covered under the California Emissions
27 Warranty for 7-years or 70,000-miles.

28 13. Yet, in an effort to minimize its warranty costs, FCA has unilaterally,

1 wrongfully, and unlawfully excluded many parts, including but not limited to the
2 Valve Train System, from being covered under FCA’s emissions warranty as
3 “emissions-related” parts, “warranted parts”, and “high-priced” warranted parts.
4 On information and belief, FCA has never treated the Valve Train System as
5 “emissions-related” parts, has never treated the Valve Train System as “warranted
6 parts”, and has never treated the Valve Train System as “high-priced” warranted
7 parts. As a result, Class Members, including Plaintiff, have wrongfully been
8 denied warranty coverage.

9 14. As a result of FCA’s systematic refusal to provide the proper
10 emissions warranty coverage, FCA wrongfully required Plaintiff, and other Class
11 Members, to pay out-of-pocket for repairs which should have been conducted free
12 of charge under the 7-years or 70,000-miles emissions warranty.

13 15. Further, as alleged below, by failing to cover the Valve Train System
14 under the California Emissions Warranty, FCA also failed to provide a fully
15 compliant California Emissions Warranty for all Class Vehicles at the time of sale,
16 resulting in Class members overpaying for their vehicles.

17 16. Plaintiff, on behalf of herself and all others similarly situated, seeks
18 redress for FCA’s violations of California law based on the causes of action set
19 forth below. In addition, Plaintiff seeks an order, enjoining FCA’s conduct;
20 declaring that FCA’s current and past practices as alleged herein do not comply
21 with the CCRs and with the California Emissions Warranty laws; directing it to
22 inform Class Members that repair and/or replacement of the Valve Train System is
23 covered under the 7-year or 70,000-miles emissions warranty; directing FCA to
24 provide warranty coverage for the repair and replacement of defective Class
25 Vehicle Valve Train Systems during the first 7-years or 70,000 miles of vehicle
26 service; and for restitution relating to FCA’s failure to provide a compliant
27 California Emissions Warranty.

28 ///

BACKGROUND

1
2 17. In order to understand the widespread effect of FCA’s unlawful
3 conduct, it is important to identify the statutory provisions at issue.

4 18. In September 1990, and pursuant to its broad authority to regulate
5 and reduce vehicle emissions under Health and Safety Code §§ 43013(a) and
6 43205, CARB submitted, and the Legislature adopted, California Code of
7 Regulations (“CCR”) §§ 2035, *et seq.*, otherwise known as the “Emission Control
8 System Warranty Requirements for 1990 and Subsequent Model Year Passenger
9 Cars, Light-Trucks, and Medium-Duty Vehicles.”

10 19. The Regulations require manufacturers to provide warranty coverage
11 for defects relating to “warranted parts.” As defined by the Regulations, a
12 “warranted part” includes any part whose malfunction is required to, or can, cause
13 the vehicle’s Malfunction Indicator Light (“MIL”) to illuminate—even though the
14 primary function of the defective component is not directly related to emissions
15 control. 13 CCR § 2035(c)(2)(B).

16 20. The MIL is a light located on the driver’s side instrument panel that,
17 when illuminated, is amber in color and displays either a “Check
18 Engine/Powertrain” message; a “Service Engine/Powertrain Soon” message; or
19 the International Standards Organization’s “engine symbol.”

20 21. The MIL illuminates to notify the driver of detected malfunctions in
21 the vehicle’s on-board diagnostic emission systems. In layman’s terms, this means
22 that when the MIL is illuminated, an emissions-related defect has been detected in
23 the vehicle.

24 22. One type of “warranted part” is an emissions-related part. An
25 “emissions-related part” is defined in 13 CCR § 1900(b)(3) as any automotive part
26 which affects any regulated emission from a motor vehicle which is subject to
27 California or federal emission standards. This includes, at a minimum, those parts
28 identified in the “Emissions-Related Parts List,” adopted by CARB on November

1 4, 1977, as last amended June 1, 1990.

2 23. Any defect which “cause[s] the failure of a warranted part [or] which
3 would cause the vehicle’s on-board diagnostic malfunction indicator light to
4 illuminate” is entitled, by statute, to warranty coverage “for a period of 3-years or
5 50,000 miles, whichever occurs first[.]” 13 CCR § 2037(b)(2).

6 24. As will be further detailed below, the Valve Train Systems in Class
7 Vehicles are “warranted parts” and “emissions-related parts” because its failure
8 causes the MIL to illuminate, and its failure increases regulated emissions.

9 25. As set forth above, repair or replacement of any emissions-related
10 components are generally covered by a California statutory 3-years or 50,000-
11 miles emission warranty. However, if these emissions-related parts are determined
12 to be “high-priced,” then 13 CCR § 2037(c)(3) requires that the warranty coverage
13 be extended from 3-years or 50,000 miles, to 7-years or 70,000 miles.

14 26. A “high-priced warranted part” is defined as a warranted part whose
15 individual replacement cost at the time of certification exceeds the cost limit
16 established by the annual average nationwide urban Consumer Price Index
17 (“CPI”) for the calendar year two years prior to the model-year for which the cost
18 limit is being calculated. [13 CCR § 2037(c)(3)]. Thus, to determine the cost limit
19 for a high-priced warranted part in 2018, the calculation would need to utilize the
20 annual average nationwide urban CPI for 2016.

21 27. In calculating whether a particular part’s individual replacement cost
22 at the time of certification exceeds the cost limit, “the replacement cost shall be
23 the retail cost to a vehicle owner and include the cost of the part, labor, and
24 standard diagnosis.” 13 CCR § 2037(c)(1). This calculation must utilize a price-
25 point as would be charged “in the highest-cost metropolitan area of California.” 13
26 CCR § 2037(c)(2).

27 28. This cost limit shall be calculated using the following equation:

$$\text{Cost limit}_n = \$300 \times (\text{CPI}_{n-2} / 118.3)$$

1 29. Cost limit_n is the cost limit for the applicable model year of the
2 vehicle rounded to the nearest ten dollars.

3 30. If, upon conducting this calculation, the price of replacement exceeds
4 the CPI cost limit, the part is a “high-priced” warranted part, and the manufacturer
5 is statutorily required to extend warranty coverage for the part’s repair or
6 replacement from 3-years or 50,000 miles, to 7-years or 70,000 miles. 13 CCR §
7 2037(b)(3).

8 31. Upon information and belief, when using the methodology required
9 by the California Code of Regulations to calculate the cost of replacing the Valve
10 Train System, the cost is always *greater* than \$1,000.00. This is because, on
11 information and belief, the number of Labor hours required to replace the Valve
12 Train System exceeds 10 hours, and the average labor hour rate exceeds \$100.
13 However, the high-price cost limit has *never exceeded* \$1,000. Thus, the cost of
14 replacing the Valve Train Systems installed in Class Vehicles always exceeds the
15 cost limit, and the Valve Train System in Class Vehicles is therefore a “high-
16 priced” part.

17 32. Because the Valve Train Systems in Class Vehicles are “high-priced”
18 warranted parts as defined by 13 CCR § 2037(c)(1), its repair or replacement
19 should have been covered by the 7-years or 70,000 miles California Emissions
20 Warranty but wasn’t.

21 33. While this action focuses on the Valve Train System specifically,
22 Plaintiff also alleges that FCA has been using the wrong standard generally to
23 determine if an emissions part, such as the Valve Train System, is a warranted part
24 and is “emissions-related,” as detailed below. FCA also systemically has been
25 using the wrong standard for calculating the retail labor cost in determining
26 whether a part is a “high-priced part” under the California Code of Regulations.
27 Instead of using the retail labor cost *i.e.*, the number of labor hours that the
28 *customer pays* for the repair (“customer pay”), FCA uses, and has always used, the

1 number of hours that the *manufacturer pays its dealers to perform the repairs*
2 *under warranty* (“warranty pay”), which is a lesser amount. As a result, FCA is
3 grossly understating the parts that are designated as high-priced warranted parts
4 under the CCR, including the Valve Train System.

5 **JURISDICTION AND VENUE**

6 34. This Court has original jurisdiction over the subject matter of this
7 action pursuant to 28 U.S.C. § 1332(d)(2)(A) because: (i) members of the Class
8 are citizens of a state different from that of FCA; and (ii) aggregating the claims of
9 individual Class members, the total matter in controversy exceeds the sum or
10 value of \$5,000,000, exclusive of interests and costs. Further, 28 U.S.C. §
11 1332(d)(5) does not apply because (i) FCA is not a state, state official, or other
12 governmental entity against whom the Court may be foreclosed from ordering
13 relief, and (ii) the number of members of the Class in the aggregate exceeds 100.

14 35. This Court has personal jurisdiction over FCA because FCA has
15 sufficient minimum contacts with California, having intentionally availed itself of
16 the California market so as to render the exercise of jurisdiction over it by this
17 District Court consistent with traditional notions of fair play and substantial
18 justice.

19 36. Venue is proper in this Court pursuant to 28 U.S.C. §1391 because
20 FCA conducts business within the State of California, has failed to designate with
21 the office of the California Secretary of State a principal place of business in
22 California, and a substantial part of the events giving rise to the claims alleged
23 herein occurred in this District.

24 **PARTIES**

25 37. Plaintiff Kristal Regueiro is, and at all times relevant hereto has been,
26 an individual. At all times relevant, Plaintiff resided in Los Angeles County,
27 California. The repairs that give rise to this action were made to Regueiro’s
28 vehicle in Los Angeles County, California.

1 47. The entire cost of the diagnosis and repairs relating to the Valve
2 Train System should have been covered and paid for by FCA under the 7-year or
3 70,000-miles California Emissions Warranty. This is because, pursuant to 13 CCR
4 § 2037(c), the Valve Train System should have been identified as a high-priced
5 emissions-related part, and the parts relating to that repair should have been
6 covered under the California Emissions Warranty pursuant to under regulation
7 2037(c).

8 48. FCA’s failure to classify the Valve Train System in Class Vehicles as
9 a covered part under the California Emissions Warranty was an omission by FCA
10 designed to limit its warranty exposure.

11 49. Plaintiff’s experience is just one of many examples of FCA’s scheme
12 to avoid providing a true and comprehensive list of all parts which should be
13 covered under either a 3-year or 50,000 mile or 7-years or 70,000-miles California
14 Emission Warranty.

15 50. The details of how FCA actually applied the CCR and the CCR cost
16 limit formula with respect to the Valve Train Systems in Class Vehicles are
17 exclusively within FCA’s possession— as is the information regarding what other
18 parts FCA improperly omitted from its list of parts entitled to coverage under the
19 California Emissions Warranty.

20 51. Plaintiff presented the Subject Vehicle to an FCA authorized repair
21 facility for repairs prior to the end of the 7-years or 70,000-miles California
22 Emissions Warranty period for high-priced emissions parts. Instead of conducting
23 these repairs under warranty as required by the regulations, FCA unlawfully
24 denied warranty coverage for the Valve Train System—a “high-priced” emission
25 part which should have been covered under the 7-years or 70,000-miles California
26 Emissions Warranty.

27 52. The reason that Plaintiff was charged for the repairs was not the
28 result of an individual oversight by Champion in failing to identify the repairs as

1 being covered under the 7-years or 70,000-miles California Emissions Warranty.
2 Instead, Plaintiff was denied warranty coverage because FCA, in a systematic and
3 organized attempt to increase profit, omitted from warranty booklets and internal
4 dealership literature, parts which should have been identified as “emissions-
5 related”, “warranted parts” and as “high-priced” warranted parts entitled to
6 extended statutory coverage.

7 53. Pursuant to 13 CCR § 2037(c)(1)(B), FCA is required to identify
8 “high-priced warranted parts...which have an individual replacement cost at the
9 time of certification exceeding the cost limit defined in section (c)(3).”

10 54. FCA intentionally failed to identify all these components in order to
11 increase profit vis-à-vis reducing the amount of money it spends on warranty-
12 related repairs.

13 55. If FCA complied with California law and properly identified all the
14 parts which should have been identified as “high priced,” then FCA dealerships
15 would properly provide warranty coverage for high-priced warranted parts, and
16 Plaintiff would never have paid out-of-pocket for repairs which were covered
17 under warranty.

18 56. In addition, FCA’s failure to provide a comprehensive California
19 Emissions Warranty that covered the Valve Train System resulted in Plaintiff and
20 the Class overpaying for their vehicles. In essence, Class Members paid for
21 vehicles that purported to cover all required parts, including the Valve Train
22 System, pursuant to the California Emissions Warranty, but did not. FCA’s refusal
23 to include in its written warranty booklets coverage for the Valve Train System in
24 Class Vehicles under the California Emissions Warranty resulted in FCA’s unjust
25 enrichment and detriment to Plaintiff and the Class. This is because Class
26 Members were supposed to be provided with warranty coverage which complied
27 with FCA’s California Emissions Warranty obligations. A compliant warranty has
28 a value to Class Members and has a cost to FCA. Instead of FCA providing a

1 compliant warranty, FCA has provided a deficient warranty which does not cover
2 the Valve Train System under the California Emissions Warranty, which FCA is
3 lawfully obligated to cover. The non-compliant warranty provides less coverage
4 and thus exposes Class Members to more financial risk and is less valuable to
5 Class Members. Similarly, the non-compliant warranty costs FCA less money,
6 because it exposes FCA to less risk and will result in FCA paying out less in
7 warranty claims.

8 57. Class Members were entitled to a compliant California Emissions
9 Warranty but were provided with a deficient warranty. As a result, FCA has been
10 unjustly enriched by providing a deficient warranty which reduced FCA's costs,
11 and Class Members have been damaged by not receiving the warranty that they
12 were legally entitled to receive.

13 58. In fact, irrespective of whether a Class Member's Class Vehicle
14 underwent a repair to the Valve Train System, Class Members were sold cars
15 which were worth less than what Class Members actually paid for, by virtue of
16 FCA's systematic failure to provide a warranty that covered the Valve Train
17 System under the California Emissions Warranty.

18 59. FCA's conduct violates the Unfair Competition Law , California
19 Business and Professions Code section 17200, et seq. (the "UCL").

20 60. Plaintiff and other members of the Class have suffered damage as a
21 result of FCA's wrongful conduct as alleged herein and therefore have standing.

22 **CARB DECLARATON**

23 61. CARB has provided a Declaration from Allen Lyons, who, at the
24 time the Declaration was made, was the Chief of the Emissions Certification and
25 Compliance Division of CARB regarding the California Emissions Warranty. The
26 Declaration (hereinafter, the "CARB Declaration") was made "for the sole
27 purpose of educating the Courts about CARB's interpretation and implementation
28 of California's warranty requirements." The CARB Declaration sets forth CARB's

1 interpretation of certain of the foregoing CCR provisions, including how to define
2 a “warranted part” and a “high-priced” warranted part for purposes of the
3 California Emissions Warranty.

4 62. The CARB Declaration states, in relevant part, that “warranted parts”
5 under the California Emissions Warranty “include any components that can or are
6 required to illuminate the OBD Malfunction Indicator Light (MIL) in the event of
7 a malfunction, even if the primary function of the component is not emission
8 control, within the warranty period. (Cal. Code Regs., tit. 13, § 2037, subd.
9 (b)(2).) The MIL is a light located on the driver’s side instrument panel that, when
10 illuminated, is amber in color and displays “Check Engine/Powertrain,” “Service
11 Engine/Powertrain Soon,” or the International Standards Organization (ISO)
12 engine symbol; the MIL illuminates to notify the driver of detected malfunctions
13 of OBD-monitored emissions systems on the vehicle. (Cal. Code Regs., tit. 13, §
14 1968.2, subs. (a), (d)(2.1.1) & (2.2).)”

15 63. The CARB Declaration also clarifies the standard for determining
16 whether a warranted part is emissions-related. According to CARB, as set forth
17 above, any vehicle part that causes the MIL to illuminate and/or affects regulated
18 emissions is an emissions-related part under the California Emissions Warranty
19 law. This is not the standard that FCA has been using.

20 64. The CARB Declaration further provides that “When calculating the
21 cost of labor portion of the replacement cost equation, in order to determine if a
22 part is a “high-priced” warranted part for the purposes of California Code of
23 Regulations, title 13, section 2037, subdivision (c), manufacturers first calculate
24 the amount of time it would take to diagnose and repair or replace the part (the
25 labor hours). A dollar amount is then attributed to the number of labor hours to
26 come up with a cost of labor for each part. In doing this, manufacturers should use
27 the labor hours and associated costs that would be charged to consumers to
28 perform any required diagnosis and repairs to or replacement of the part, not the

1 labor hours that manufacturers' service dealerships are allowed to charge
2 manufacturers."

3 65. Thus, based on the CARB Declaration, FCA is required to provide 7-
4 years or 70,000-miles warranty coverage for all components whose failure affects
5 any regulated emission and can or are required to illuminate the MIL, even if the
6 primary function of the component is not emissions control, and which are
7 considered high-priced based on the amount a consumer would pay for the parts
8 and labor associated with a defective component's diagnosis and replacement.

9 66. Although the Valve Train System in Class Vehicles affects regulated
10 emissions and is considered a high-priced emissions related part, as further set
11 forth below, FCA, as a matter of custom and practice, has failed to cover the
12 Valve Train System in Class Vehicles for 7-years or 70,000-miles as required by
13 the CCR.

14 **THE VALVE TRAIN SYSTEM AND ITS COMPONENTS ARE EMISSIONS-**
15 **RELATED PARTS**

16 67. A part is considered a "warranted part" under California Code of
17 Regulations Section 2035 if the part affects regulated emissions.

18 68. The Valve Train System in Class Vehicles effects regulated
19 emissions because, with regard to internal combustion engines such as the engines
20 installed in the Class Vehicles, the Valve Train System is used as a pathway to
21 insert gasoline and air, in a very precise mixture, into the combustion chamber.
22 The Valve Train System is also used to evacuate exhaust from the combustion
23 chamber. In order for the engines installed in the Class Vehicles to perform
24 properly, the combustion chamber has to be a sealed environment. A properly
25 functioning Valve Train System is essential to ensuring that the combustion
26 chamber is a sealed environment. When the Valve Train System is defective,
27 causing any exhaust or intake valve to leak, the combustion chamber is no longer
28 sealed, increasing regulated emissions.

1 69. A piston as used inside an internal combustion gasoline engine is a
2 lubricated sliding shaft that fits tightly inside a combustion chamber. The piston's
3 purpose is to compress a gasoline-air mixture, then when the compressed gasoline-
4 air mixture is compressed, it is ignited by a spark generated from a spark plug,
5 creating a small explosion. When the small explosion occurs, the piston's purpose
6 is to transfer the force generated by the small explosion into energy. The transfer
7 of energy occurs because downward pressure is placed on the piston from the
8 explosion. The piston is connected by a connecting rod to a crankshaft. When the
9 small explosion occurs, the piston is forced in a downward motion, turning the
10 crankshaft in a spinning motion. The spinning motion is ultimately transferred
11 through the transmission, driveshaft and axles, to the wheels of a vehicle, causing
12 forward and reverse vehicle motion. Modern internal combustion vehicle engines
13 usually have between 4 and 8 pistons, depending on engine and vehicle size. All
14 of the engine's pistons work in harmony with each other and are connected to the
15 crankshaft.

16 70. In order for the piston to be able to compress the gasoline-air mixture,
17 the piston and combustion chamber must be a sealed environment, so that when
18 the piston slides up, no gasoline or air leaks outside of the combustion chamber,
19 causing the gasoline and air to compress. If any gasoline or air leak outside of the
20 combustion chamber, the gasoline and air that does ignite inside the combustion
21 chamber is not the intended quantity of gasoline and air, and because the pounds
22 per square inch of compression is not as intended, the small explosion that is
23 generated is not as powerful as it would otherwise be, again increasing regulated
24 emissions. Finally, the aforementioned leaking that occurs if the piston and
25 combustion chamber are not a sealed environment may also cause engine misfire,
26 which increases regulated emissions.

27 71. Similarly, if the piston and combustion chamber are not a sealed
28 environment, when the gasoline and air ignite, creating the small explosion inside

1 the combustion chamber, some of the pressure generated by the small explosion
2 leaks. The leaked pressure reduces the amount of force being applied to the piston.
3 This reduces the velocity of the piston's downward motion, wasting the power that
4 is generated, and increasing regulated emissions.

5 72. Intake and exhaust valves are part of the combustion chamber. The
6 intake and exhaust valves, which collectively make up the Valve Train System,
7 open and close to either insert gasoline and air, or remove exhaust. When an
8 intake valve is not open, performing its function as stated herein, in order for an
9 engine to run properly, the valve must be closed and not leak. If an intake or
10 exhaust valve is defective and leaking, the leaking will result in the combustion
11 chamber no longer being a sealed environment, resulting in an increase in
12 regulated emissions. As a result, CARB regards the Valve Train System and its
13 components as emissions-related parts.

14 73. Specifically, as stated herein, on June 1, 1990, CARB published a
15 document entitled "Emissions-Related Parts List" which specifically identifies the
16 Valve Train System and its components as emissions-related parts.

17 74. FCA's own documents, including FCA's OBDII summaries
18 discussed below submitted to CARB as part of the vehicle certification process,
19 identify the specific fault codes relating to the Valve Train System that directly
20 correlate with increased emissions and confirm an emissions-related defect. Also,
21 as confirmed by the FCA's OBDII summaries, these fault codes cause the OBDII
22 MIL to be illuminated. The fault codes identified in FCA's OBDII summaries
23 confirm that there is a defect relating to an emissions related part.

24 75. As explained above, all of the Class Vehicles are equipped with an
25 OBDII onboard diagnostic system. The system uses sensors to gather data which
26 is evaluated using OBDII fault code logic. If the OBDII logic determines that the
27 data is outside of an acceptable range, a fault code is triggered, identifying a defect
28 which increases regulated emissions. When FCA seeks certification of vehicles for

1 distribution in California, FCA is required, pursuant to 13 CCR 1968.2, to provide
2 CARB with all of FCA's OBDII fault codes and the corresponding logic.
3 Accordingly, when a part that is, or should be, covered under the California
4 Emissions Warranty fails, triggering an OBDII fault code, it fails to perform as
5 described in the vehicle's application for certification. Upon information and
6 belief, these fault codes are submitted to CARB by FCA as "OBD2 Summary
7 Tables". FCA submitted OBD2 Summary Tables or similar documents to CARB
8 for every Class Vehicle and for every model year that the vehicles were certified
9 for sale in California and that are at issue in this case.

10 76. The OBD2 Summary Tables identify the Components/Systems
11 monitored by OBDII, the acceptable ranges relating to the data gathered, the
12 corresponding emission fault codes and that the MIL will be triggered when a
13 defect is identified. The purpose of the OBDII system, as confirmed in the CCR, is
14 specifically to monitor emissions-related components. This is why FCA is
15 required to develop a compliant OBDII system which identifies emissions related
16 defects, triggering a fault code and a MIL. The fault codes are used to assist
17 technicians in repairing the vehicles, whereas the MIL is used to alert the driver of
18 a defect. This means that every defect that triggers the emissions fault codes
19 identified by FCA in the OBD2 Summary Tables and the MIL is, by definition, an
20 emissions-related defect. The OBD2 Summary Tables, among other documents,
21 identify the parts that have not already been identified as emissions-related parts
22 by FCA in its warranty books but which, when defective, can or do trigger an
23 emissions fault code and result in illumination of the MIL.

24 77. Therefore, FCA is required to cover under the California Emissions
25 Warranty any defect that triggers a fault code identified by FCA in its OBD2
26 Summary Tables submitted to CARB or that should properly be identified on the
27 OBD2 Summary Tables, because such a defect affects regulated emissions.
28

1 1977, as last amended June 1, 1990.”

2 83. Similarly, 13 CCR Section 1900(b)(3) states that “‘Emissions-related
3 part’ means any automotive part, which affects any regulated emissions from a
4 motor vehicle which is subject to California or federal emission standards. This
5 includes, at a minimum, those parts specified in the ‘Emissions-Related Parts
6 List,’ adopted by the State Board on November 4, 1977, as last amended June 1,
7 1990.”

8 84. The “Emissions-Related Parts List” is contained at 13 CCR Appendix
9 B which states that “The following list of components are examples of emission
10 related parts as defined in Section 1900(b)(3), Chapter 3, Title 13, California Code
11 of Regulations.” Emphasis added. Therefore, FCA is required to cover as
12 “emissions-related” parts under the California Emissions Warranty (in addition to
13 the MultiAir Actuator), any vehicle part specifically identified on Appendix B. As
14 confirmed in the CARB Declaration, in Appendix B, and in the Regulations,
15 “emissions-related parts” are not limited to the emissions control system only.

16 85. Appendix B lists “Valve Trains”, as well as each of the component
17 parts that make up the Valve Train System, as defined herein, as emissions related
18 parts.

19 **THE VALVE TRAIN SYSTEM IS A HIGH-PRICED WARRANTED PART**

20 86. As part of the certification process for a vehicle, the manufacturer
21 determines which parts it considers to be “emissions parts” and submits a list of
22 those parts to CARB. Section 2037(c). At the same time, the manufacturer also
23 identifies the parts from the emissions parts list that the manufacturer has
24 determined, based on the cost calculation set forth in the CCR, exceeds the cost
25 limit and therefore are “high-priced” parts entitled to extended 7- year/70,000-
26 mile coverage.

27 87. California Code of Regulations Section 2037(c)(1) states that in
28 calculating whether an individual replacement cost at the time of certification

1 exceeds the cost limit, “the replacement cost shall be the retail cost to a vehicle
2 owner and include the cost of the part, labor, and standard diagnosis.” Similarly,
3 Section 2037(c)(2) states that “the replacement cost shall be the retail cost to a
4 vehicle owner and include the cost of the part, labor, and standard diagnosis.”

5 88. On July 9, 2014, CARB published Manufacturer’s Advisory
6 Correspondence (MAC) 2014-01 (“MAC 2014”). The subject of MAC 2014 was
7 entitled “Cost Limit For High-Priced Warranted Parts For 2015 Model-Year (MY)
8 Passenger Cars (PCs), Light-Duty Trucks (LDTs), Medium-Duty Vehicles
9 (MDVs) And Engines Used In These Vehicles (MDEs), And Off-Road Large
10 Spark-Ignition Engines (LSIEs), and Alternative Fuel Retrofit Systems Certified
11 During Calendar Year (CY) 2014 And CY 2015 Installed In On-Road PCs, LDTs,
12 MDVs And Heavy-Duty Vehicles.”

13 89. Relevant here is that MAC 2014 “identifies the cost limit for high-
14 priced warranted parts of MY2015 [passenger cars].” Because Class Vehicles are
15 passenger cars, MAC 2014 establishes that the cost limit for high-priced warranted
16 parts for the Subject Vehicle is \$590.00.

17 90. Pursuant to 13 CCR §2037(c) or §2435(b), as applicable, the cost
18 limit for high-priced warranted parts for model year 2015 passenger cars is
19 calculated using the annual average nationwide urban consumer price index (CPI)
20 for 2013—the calendar year two years prior to the model-year for which the cost
21 limit is being calculated. This CPI is published by the U.S. Bureau of Labor
22 Statistics. When rounded to the nearest ten dollars, the model year 2015 cost limit
23 is \$590.00, as calculated below:

$$\begin{aligned}
 \text{MY2015 Cost Limit} &= \$300 \times (\text{calendar 2013 CPI/baseline CPI}) \\
 &= \$300 \times (232.0/118.3) \\
 &= \$590.00
 \end{aligned}$$

24
25
26
27 91. The \$590.00 cost limit accounts for the total cost to diagnose and
28 replace a warranted part. When the cost to diagnose and replace a warranted part

1 exceeds \$590.00, then the warranted part's replacement, by operation of law, must
2 be provided warranty coverage for 7-years or 70,000-miles—whichever occurs
3 first.

4 92. Further, under a section entitled “High-Priced Warranted Parts Cost
5 Documentation in the Applications for Certification” the MAC makes explicit that
6 “[m]anufacturers must submit in their applications for certification the
7 documentation used to identify the high-priced warranted parts in accordance with
8 13 CCR §2037(c)(3), §2435(b)...[T]he documentation shall include all emission-
9 related parts costing more than \$490...(i.e., calculated cost limit minus \$100) to
10 replace...This documentation shall substantiate that the list includes all potential
11 high-priced parts. The documentation shall include the estimated retail parts costs,
12 labor rates in dollars per hour, and the labor hours necessary to replace the parts
13 including standard diagnosis. If the labor hours being charged for customer-pay
14 repairs are different from those specified by the manufacturer for warranty repairs,
15 the manufacturer shall substantiate the labor hours specified. All applications and
16 required documentation (i.e., high-priced warranted parts list, potential high-
17 priced parts, and cost calculations) must be submitted using the California Air
18 Resources Board's (CARB) Document Management System.”

19 93. On information and belief, FCA has never identified the Valve Train
20 System in Class Vehicles as emissions-related parts for which it does a high-
21 priced cost analysis. Regardless, the Valve Train Systems in Class Vehicles are
22 inarguably high-priced parts, because the replacement cost of the Valve Train
23 System exceeds one thousand dollars, and has exceeded one thousand dollars for
24 the entirety of the time period relevant to this case. The high-cost limit has never
25 equaled or exceeded \$1,000, and thus, the Valve Train System has always
26 exceeded the high-cost limit for all Class Vehicles in all model years.

27 94. Thus, by failing to provide a 7-years or 70,000-miles warranty for the
28 Valve Train System in Class Vehicles, FCA violated the UCL.

CLASS ACTION ALLEGATIONS

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95. Plaintiff re-alleges and incorporates by reference each allegation set forth above.

96. Plaintiff brings this action on her own behalf, as well as on behalf of all Class members similarly situated, pursuant to Federal Rules of Civil Procedure Rules 23(a), (b)(1), (2) and/or (3) and/or (c)(4).

97. Plaintiff reserves the right to redefine the Class and Subclasses and to add subclasses as appropriate based on further investigation, discovery, and specific theories of liability.

98. FCA’s California Emission Warranty applies to vehicles purchased and registered in States which, in the year the vehicle was distributed, had adopted the California Emissions Warranty, i.e., “Reg. 177 States” or “Section 177 States”.

99. Defendant’s emissions warranty representations arise out of California law that Defendant must apply outside of California to the vehicles in the States listed. Accordingly, Defendant’s conduct was specifically intended to have effects outside of California and was specifically intended to apply to vehicles and members of the Classes in those States that Defendant chose to include by the express terms of the California Emissions Warranty.

100. Under these unique circumstances, California has a specific interest in regulating conduct outside of California that specifically invokes California emissions requirements and California emissions regulations and has an interest in preventing illegal practices that involve breach of California Emissions Warranty law that Defendant has chosen to invoke outside of California in the States covered by the Reg. 177 Class and Subclass. As Defendant seeks to apply the California Emission System Warranty to members of the Classes and vehicles in the listed States outside of California, members of the Classes in those States likewise should be included in a claim that seeks to vindicate their rights under

1 that same warranty in California and should have the ability to have their rights
2 under that warranty asserted in California and pursuant to California law.

3 101. FCA's own express application of the California Emissions Warranty
4 constitutes a sufficient connection between California and out-of-state potential
5 Class members. Further, FCA's misconduct, namely, FCA's failure to identify all
6 emissions-related, high-priced warranted parts to CARB, a California regulator,
7 occurred in California, and even out-of-state purchasers were harmed by FCA's
8 conduct that occurred in California. FCA failed to disclose, in its submissions to
9 CARB, the parts that are properly covered by the California Emissions Warranty,
10 including, but not limited to, the Valve Train System.

11 102. FCA is solely responsible for selecting and identifying to CARB all
12 of the parts that should be classified as emissions warranted parts, and high-priced
13 warranted parts, and FCA failed to include the Valve Train System and other
14 components. Californians and out-of-state potential Class members in the
15 additional States covered by the California Emissions Warranty suffered an
16 identical harm – they were forced to pay the costs of Valve Train System
17 diagnosis, repair, or replacement, which should have been covered under the
18 California Emissions Warranty, and were provided with warranties which were
19 less valuable than the warranties they were legally entitled to at the time they
20 purchased or leased their Class Vehicle. Under these unique circumstances,
21 California has the greater interest in applying California's consumer laws to
22 enforce compliance with the California Emissions Warranty than the other States
23 have in using their consumer laws to enforce the same Regulation. California has a
24 specific interest in regulating conduct outside of California that invoke California
25 emissions requirements and regulations, and California has an interest in
26 preventing illegal practices that involve breach of California emissions law that
27 Defendant has chosen to invoke outside of California in the specific States
28 covered. California also has a supreme interest in applying its own consumer

1 protection laws in ensuring that the California Emissions Warranty is properly
2 interpreted and applied wherever FCA has chosen to invoke it.

3 103. Under the facts of this case, the law of California should be applied
4 because California's interest would be impaired if its consumer laws to enforce the
5 California Emissions Warranty were subordinated to consumer laws of the other
6 States. Other jurisdictions' interests in applying their own consumer protection
7 laws to their own residents do not strongly outweigh the interest California has in
8 applying its consumer protection laws to enforce the California Emission
9 Warranty with respect to the specific potential out-of-state members of the Classes
10 identified herein. Therefore, the Classes alleged herein include persons who
11 purchased or leased Class Vehicles that are registered in States other than
12 California.

13 104. There is sufficient similarity among all the Class Vehicles and FCA's
14 conduct as defined herein in that, among other things, all of the vehicles in the
15 proposed Classes are subject to the same California Emissions Warranty and the
16 same requirements that FCA report all emissions-related defects to CARB
17 pursuant to the CCR. FCA has acted in a uniform manner with respect to all Class
18 Vehicles by failing to properly cover Valve Train Systems in the Class Vehicles as
19 required under the California Emissions Warranty and as described herein.

20 105. Accordingly, Plaintiff's proposed Class and Subclasses consist of and
21 are defined as follows:

22 California Class and Subclass:

23 All persons in the State of California who have been
24 owners or lessees of Class Vehicles and whose Valve
25 Train Systems are not covered for 7-years or 70,000-miles
(the "California Class").

26 All persons in the State of California who have been
27 owners or lessees of Class Vehicles and who have paid
28 for repairs and parts pertaining to defective Valve Train
Systems which occurred prior to 7-years or 70,000-miles

(the “California Out-of-Pocket Subclass”).

1
2 Reg. 177 Class and Subclass:

3 All persons who have been owners or lessees of Class
4 Vehicles in a State which, in the year their vehicle was
5 distributed, had adopted the California Emissions
6 Warranty (i.e., “Reg. 177 States” or “Section 177 States)
and whose Valve Train Systems are not covered for 7-
years or 70,000-miles (the “Reg. 177 Class”).

7 All persons who have been owners or lessees of Class
8 Vehicles in a State which, in the year their vehicle was
9 distributed, had adopted the California Emissions
10 Warranty (i.e., “Reg. 177 States” or “Section 177 States)
11 and who have paid for repairs and parts pertaining to
defective Valve Train Systems which occurred prior to 7-
years or 70,000-miles (the “Reg. 177 Out-of-Pocket
Subclass”).

12 Excluded from the Classes and Subclasses are Defendant,
13 and its subsidiaries and affiliates; its current and former
14 officers, directors, and employees (and members of their
15 immediate families); and the legal representatives, heirs,
16 successors or assigns of any of the foregoing. Also
excluded are any judge, justice, or judicial officer
presiding over this matter and the members of their
immediate families and judicial staff.

17
18 106. Plaintiff’s primary goal on behalf of the Classes is to obtain
19 injunctive relief requiring FCA to comply with the California Emissions Warranty
20 and declaratory relief with respect to the proper interpretation of the California
21 Emissions Warranty and FCA’s obligations pursuant to the CCRs and the
22 California Emissions Warranty. Plaintiff’s claim for monetary relief is secondary
23 to her claim for injunctive or declaratory relief. Even in the absence of possible
24 monetary recovery, Plaintiff would bring this action to obtain the injunctive and
25 declaratory relief sought. Any monetary relief that would flow to the members of
26 the Classes would be ancillary to the injunctive or declaratory relief obtained.

27 107. On behalf of the members of the Classes, Plaintiff seeks declaratory
28 judgment/relief pursuant to 28 U.S.C. section 2201 et seq as to, *inter alia*, (1) that

1 the Valve Train System in the Class Vehicles is an ‘emissions-related part’ and
2 high-priced’ warranty part; (2) that FCA has used, and continues to use, the wrong
3 or incorrect standards for identifying “emission-related” parts and “high-priced
4 warranty parts” under the California Emissions Warranty; (3) that FCA failed and
5 is failing to properly identify and warrant under the California Emissions
6 Warranty all of the parts, components or systems in addition to the Valve Train
7 System, that should have been properly covered for emissions-related defects as
8 identified, *inter alia*, per the fault codes on the Class Vehicles OBD2 Summaries
9 described herein, per Appendix B to the CARB regulations and/or as high-priced
10 warranty parts; and/or, (4) that Plaintiff and members of the Classes are entitled to
11 warranty coverage under California Emissions Warranty for all FCA vehicle parts
12 not properly identified as warranted parts under the California Emissions
13 Warranty as described or defined herein.

14 108. On behalf of the members of the Classes, Plaintiff seeks
15 reimbursement or restitution for the out of pocket expenses, including diagnostic
16 fees for amounts wrongfully paid by Plaintiff and members of the Classes relating
17 to repairs that should have been covered by the FCA’s California Emissions
18 Warranty during the Class periods. Plaintiff’s claim for restitution is distinct from
19 her claim for damages. The damages claim seeks, *inter alia*, the diminished value
20 of a California Emissions Warranty that does not cover all parts that should
21 properly be included in the California Emissions Warranty. Moreover, Plaintiff
22 does not seek the same sum in restitution as she seeks in damages, and the two
23 remedies do not compensate for the same harm. The restitutionary remedy, which
24 seeks out of pocket reimbursement, will not compensate Plaintiff and members of
25 the Classes for damages incurred due to the Class Vehicles having a California
26 Emissions Warranty that has less value because the Warranty does not properly
27 cover all parts that should properly be covered under the California Emissions
28 Warranty and will not compensate for the excess amounts and profits that FCA

1 pocketed due to its misconduct and in being able to avoid paying warranty claims
2 that should have been covered under the California Emissions Warranty.

3 109. Further, the harm suffered by Plaintiff and members of the Classes
4 and perpetrated by FCA, is not adequately compensable with damages. The entire
5 purpose of the California Emissions Warranty is to protect the environment. The
6 California Emissions Warranty was enacted by the State of California to restrict
7 harmful greenhouse gas from gasoline and hybrid gasoline engines. The
8 fundamental purpose of the emissions requirements is to reduce emissions, limit
9 fuel consumption and increase fuel efficiency, by forcing manufacturers to repair
10 and/or replace failed emissions-related vehicle components under warranty,
11 thereby decreasing greenhouse gas emissions, including carbon dioxide emissions.

12 110. Indeed, motor vehicle use is the single greatest source of U.S. air
13 pollution and is the cause of more air pollution than any other human activity.
14 (Cars, Fuels, and Clean Air: A Review of Title II of the Clean Air Act
15 Amendments of 1990 (1991) 21 Env'tl. L. 1947, 1949). Many of these pollutants
16 consist of hydrocarbons and nitrous oxides which react to form photochemical
17 oxidants in the atmosphere. The most notorious of these photochemical oxidants is
18 ozone – the primary component of urban smog. (California Air Resources Bd.,
19 Staff Report: Proposed Regulations for Low-Emission Vehicles and Clean Fuels
20 (Aug. 13, 1990) at p. 3). Cars also produce nearly two-thirds of all carbon dioxide
21 emissions. Carbon dioxide content in the atmosphere is closely linked to global
22 temperature because the temperature of the Earth is primarily determined by the
23 balance between its absorption of energy from the Sun, and the reflection of a
24 portion of this energy back into space. Carbon dioxide – a greenhouse gas – traps
25 the energy and heat which would have otherwise escaped back into space, and re-
26 emits it, causing the warming of our atmosphere. This process is known as the
27 “greenhouse effect.”

28 ///

1 111. Therefore, the State of California highly regulates emissions from
2 gasoline and hybrid gasoline engines, specifically greenhouse gas emissions. In
3 September 1990, pursuant to its broad authority to regulate and reduce
4 environmentally harmful vehicle emissions under Health and Safety Code §§
5 43013(a) and 43205, CARB submitted, and the Legislature adopted, California
6 Code of Regulation §§ 2035, et seq., which requires all manufacturers to provide a
7 statutorily compliant emissions warranty to all vehicles distributed and registered
8 in California.

9 112. In September 2004, CARB approved the “Pavley” Greenhouse Gas
10 Regulations to control greenhouse gas emissions from new LEV II vehicles
11 beginning with the 2009 model year. These Greenhouse Gas Regulations added
12 four greenhouse gas air contaminants to the vehicular criteria and toxic air
13 contaminant emissions that California was already carbon dioxide (CO₂), methane
14 (CH₄), nitrous oxide (N₂O), and hydrofluorocarbons (air conditioner refrigerants).
15 The State and federal government have specifically focused on regulating
16 greenhouse gas emissions, including carbon dioxide emissions. If a gas vehicle
17 has a defect which increases fuel consumption, that defect increases carbon
18 dioxide emissions.

19 113. Notwithstanding State and federal regulations designed to protect our
20 air, monitoring shows that over 90 percent of Californians breathe unhealthy
21 levels of one or more air pollutants during some part of the year. Despite CARB’s
22 best efforts, in 2020, “there were 157 bad air days for ozone pollution—the
23 invisible, lung-searing gas in smog—across the vast, coast-to-mountains basin
24 spanning Los Angeles, Orange, Riverside and San Bernardino counties. That’s the
25 most days above the federal health standard since 1997.” (Barboza, Tony (Dec. 6,
26 2020) L.A. Began 2020 With A Clean-Air Streak but Ended with Its Worst Smog
27 in Decades, Los Angeles Times [[https://www.latimes.com/42alifornia/story/2020-
28 12-06/2020-laair-quality-southern-california-pollution-analysis](https://www.latimes.com/42alifornia/story/2020-12-06/2020-laair-quality-southern-california-pollution-analysis)].) One of the

1 reasons that our environment is in such a state of crisis is that corporations are not
2 following our very thoroughly formulated rules.

3 114. Accordingly, damages are inadequate to compensate for the
4 foregoing harms caused by FCA's violation, and continuing violation, of the
5 California Emissions Warranty. Money damages will not fix the harm caused by
6 Defendant's violation of emissions laws, which requires equitable relief.

7 115. Further, FCA and car manufacturers should not be able to shirk their
8 legal responsibilities simply by paying damages. Simply paying off consumers
9 undermines the entire purpose of the California Emissions Warranty and will
10 leave FCA in the position of being able to continue to violate the law and increase
11 harmful vehicle emissions by just paying damages. Ironically, this result will leave
12 Plaintiff and members of the Classes in an even worse position than by simply
13 receiving monetary compensation alone.

14 116. Moreover, payment of damages does not ensure that the emissions
15 parts will actually be repaired. That result will only be ensured by forcing FCA to
16 cover the repair under the California Emissions Warranty as required.

17 117. Further, equitable relief is required because damages alone will not
18 be sufficient for Class members to identify all parts whose defects result in fault
19 codes identified in the OBD2 Summaries being triggered. Only FCA has done the
20 analysis and knows the fault code logic that would allow for identification of all
21 required fault codes to CARB and all parts that give rise to those fault codes so
22 that those parts can be identified and properly covered under the California
23 Emissions Warranty. In effect, Plaintiff's request for equitable relief is the only
24 way to get FCA to do what it is required to do.

25 118. There are common questions of law and fact as to members of the
26 Class and Subclasses that predominate over questions affecting only individual
27 members, including, but not limited to:

28 ///

- 1 (a) Whether FCA has failed and is failing to acknowledge that the Valve
2 Train System installed in the Class Vehicles should be covered under
3 the 7-year, 70,000-mile California Emissions Warranty, pursuant to
4 California law;
- 5 (b) Whether FCA's failure to comply with the California Emissions
6 Warranty by failing to provide a 7-year, 70,000-mile California
7 Emissions Warranty for the Valve Train Systems installed in the
8 Class Vehicles damaged Class members when they purchased or
9 leased a Class Vehicle with a less valuable warranty than they were
10 entitled to;
- 11 (c) Whether FCA engaged in and is engaging in a systematic business
12 practice of failing to identify that the Valve Train System installed in
13 the Class Vehicles should be covered under the 7-year, 70,000-mile
14 California Emissions Warranty, pursuant to California law;
- 15 (d) Whether FCA's conduct is an unlawful and unfair business practice
16 in violation of California Business & Professions Code section
17 17200, *et seq.*;
- 18 (e) Whether Plaintiff and Class members are entitled to declaratory and
19 injunctive relief regarding FCA's failure to identify that the Valve
20 Train System installed in the Class Vehicles should be covered under
21 the 7-year, 70,000-mile California Emissions Warranty, pursuant to
22 California law;
- 23 (f) The appropriate remedy for FCA's violations of California law.
- 24 119. There is a well-defined community of interest in the litigation and the
25 Class members are readily ascertainable:
- 26 (a) Numerosity: The Class members are so numerous that joinder of all
27 Class members would be unfeasible and impractical. The
28 membership of the entire Class is unknown to Plaintiff at this time;

1 covered pursuant to the California Code of Regulations regarding the California
2 Emissions Warranty. Despite acting diligently, Plaintiff and Class members lacked
3 the resources and had no realistic ability to identify the specific parts that should
4 have been covered. Plaintiff and Class members cannot be reasonably expected on
5 their own to learn or discover what parts should be covered under the California
6 Emissions Warranty. Therefore, the delayed discovery rule is applicable to the
7 claims asserted by Plaintiff and Class members, and the statute of limitations for
8 bringing the claims set forth herein should be tolled.

9 121. FCA has actual and constructive knowledge that it is violating
10 California law by failing to identify all of the parts that should be covered under
11 the California Emissions Warranty. FCA has concealed from Plaintiff and Class
12 members that FCA is violating California law as set forth herein. Any applicable
13 statute of limitation is tolled by FCA's wrongful conduct set forth herein, and
14 FCA is estopped from relying on any statute of limitation because of its conduct.

15 **FIRST CAUSE OF ACTION**

16 **Violation of California Unfair Competition Law**

17 **(Cal. Bus. & Prof. Code §§ 17200, *et seq.*)**

18 **By Plaintiff, the California Class, and the Reg. 177 Class Against Defendant**

19 122. Plaintiff re-alleges and incorporates by reference each allegation set
20 forth above.

21 123. California Business and Professions Code section 17200, *et seq.* (the
22 "UCL") prohibits "any unlawful, unfair or fraudulent business act or practice."
23 FCA has committed acts of unfair competition proscribed by the UCL, including
24 the acts and practices alleged herein.

25 124. The UCL imposes strict liability. Plaintiff need not prove that FCA
26 intentionally or negligently engaged in unlawful or unfair business practices –
27 only that such practices occurred.

28 125. FCA is a "person" as defined by Business & Professions Code §

1 17201.

2 126. As a direct and proximate result of FCA's acts and practices in
3 violation of the UCL, Plaintiff and members of the Classes have suffered injury in
4 fact and lost money or property as set forth above and will continue to do so.

5 127. **Unlawful Prong.** A business practice is "unlawful" under the UCL
6 if it is forbidden by law or regulations, including standard of professional conduct.
7 The violation of any law or regulation may serve as the predicate for a violation of
8 the "unlawful" prong of the UCL.

9 128. FCA failed to comply with the California Emissions Warranty
10 requirements pursuant to the CCR by failing to provide 7-year and 70,000-mile
11 warranty coverage for the Valve Train Systems installed in the Class Vehicles
12 where coverage should be provided pursuant to the CCR. The California
13 Emissions Warranty applies to all Class Vehicles. 13 CCR 2037(a). Pursuant
14 thereto, manufacturers shall warrant that vehicles conform with the California Air
15 Resources Board regulations, and are free from defects which cause the failure of
16 a warranted part to perform as described in the application for certification,
17 including defects which would cause the vehicle's on-board diagnostic
18 malfunction indicator to illuminate, for 3 years or 50,000 miles. 13 CCR
19 2037(b)(1)-(2). The vehicle manufacturer is FCA, which is the manufacturer
20 granted certification for the Class Vehicles. 13 CCR 2035(c)(5). The parts at issue
21 are all warranted parts. The warranty period shall be 7-years and 70,000-miles for
22 high-priced emissions parts. 13 CCR 2037(b)(3). High-priced emissions parts are
23 those parts which, when taking into consideration the cost to diagnose, replace and
24 pay for the failed part, exceed the cost limit defined in 13 CCR 2037(c)(3). The
25 California Air Resources Board published memos which calculated the cost limit
26 for the Class period. Although the Valve Train Systems installed in the Class
27 Vehicles exceeded the cost limit for the correlating years and should have received
28 California Emissions Warranty coverage, FCA failed to provide 7-year and

1 70,000-mile warranty coverage for said parts. The failure has resulted in damage
2 to Plaintiff and members of the Classes.

3 129. FCA did not designate the parts at issue as “emissions-related” and/or
4 high-priced warranted parts that should be covered by the 7-year and 70,000-mile
5 California High-Cost Emissions-Related Parts Warranty. Thereby, FCA also was
6 able to avoid identifying the Valve Train Systems installed in the Class Vehicles
7 as defined herein where coverage should be provided pursuant to the CCR as
8 being high-priced warranted parts in the warranty books for the Class vehicles,
9 which purport to identify all parts covered under the high-priced California
10 Emissions Warranty for 7 years and 70,000 miles. Thus, FCA’s violation of
11 Section 2037(c)(1)(B) directly affected communications with consumers. By
12 violating Section 2037(c)(1)(B), FCA was able to avoid disclosing in the warranty
13 books that the Valve Train System should have been included as a high-priced
14 warranted part.

15 130. FCA’s acts of unlawful competition as set forth above have caused
16 members of the Classes to suffer damage, present a continuing threat and will
17 persist and continue to do so unless and until this Court issues appropriate
18 injunctive relief. Plaintiff also seeks attorneys’ fees and costs pursuant to, inter
19 alia, C.C.P. Section 1021.5.

20 131. **Unfair Prong.** FCA’s conduct violates the unfair prong of the UCL.

21 132. An act or practice is unfair if the consumer injury is substantial, is not
22 outweighed by any countervailing benefits to consumers or to competition and is
23 not an injury the consumers themselves could reasonably have avoided. An act or
24 practice also is unfair if it offends an established public policy or is immoral,
25 unethical, oppressive, unscrupulous or substantially injurious to consumers. An act
26 or practice also is unfair if Plaintiff’s claims are “tethered” to specific
27 constitutional, statutory or regulatory provisions. FCA’s conduct violates all of
28 these definitions.

1 133. As alleged above, FCA engages and has engaged in a systematic
2 business practice of intentionally failing to identify in the Class Vehicles’
3 warranty books at the time of distribution, and in resources provided to its
4 dealerships, numerous parts that FCA is obligated to identify as high-priced
5 warranted parts and emission related parts by operation of law, including
6 specifically the Valve Train Systems installed in the Class Vehicles where
7 coverage should be provided pursuant to the CCR. FCA does this in an effort to
8 reduce the amount of money that FCA spends on warranty-related repairs
9 knowing that it would be very difficult if not impossible for most consumers to
10 discover this unlawful conduct. If FCA complied with California law and properly
11 identified the Valve Train System as a high-priced warranted part, then FCA
12 dealerships would properly provide warranty coverage for them. Further, FCA’s
13 conduct is unfair because it intentionally refuses to provide warranty coverage for
14 the Valve Train Systems installed in the Class Vehicles as defined herein for the
15 sole purpose of wrongfully limiting its warranty claims, with no regard for the fact
16 that the public is being forced to pay for repairs which should be covered under
17 the 7-year and 70,000-mile California Emissions Warranty. Plaintiff and members
18 of the Classes have suffered injury in fact and lost money or property as a result of
19 FCA’s unfair business acts and practices as set forth in detail.

20 134. FCA’s failure to properly identify the Valve Train Systems installed
21 in the Class Vehicles where coverage should be provided pursuant to the CCR, is
22 a uniform, systematic, and intentional business practice on the part of FCA to
23 minimize the amount of money that FCA has to pay out in warranty claims. This
24 conduct violates California law.

25 135. As a direct and proximate result of FCA’s acts and practices in
26 violation of the UCL, Plaintiff and members of the Classes have paid out of
27 pocket to repair or replace the Valve Train Systems installed in the Class Vehicles
28 where coverage should be provided pursuant to the CCR and/or other high-priced

1 warranted parts and emissions related parts as defined herein that should have
2 been covered by FCA under the 7-year and 70,000-mile California Emissions
3 Warranty. As a result, consumers were denied warranty coverage, which is unfair.

4 136. FCA's conduct does not benefit consumers or competition. Plaintiff
5 and members of the Classes could not reasonably avoid the injury each of them
6 suffered or will suffer, which injury is substantial. FCA's conduct only benefits
7 FCA, by FCA wrongfully avoiding having to pay warranty claims which should
8 be covered by the California Emissions Warranty.

9 137. The gravity of the consequences of FCA's conduct as described
10 above outweighs the justification, motive or reason therefor, is immoral, unethical
11 and unscrupulous. FCA's conduct also offends established public policy that is
12 tethered to legislatively declared policies as set forth in the laws detailed above,
13 including California laws and regulations regarding the California Emissions
14 Warranty, or is substantially injurious to the public, for the reasons set forth
15 above.

16 138. To the extent that any definition of "unfair" requires a balancing test
17 or weighing various factors, such an inquiry is fact intensive and requires a full
18 factual record as to FCA's justification and motives for its conduct, and as to the
19 impact of FCA's conduct on Plaintiff and members of the Classes.

20 139. FCA's acts of unfair competition as set forth above present a
21 continuing threat and will persist and continue to do so unless and until this Court
22 issues appropriate injunctive relief. Plaintiff also seeks attorneys' fees and costs
23 pursuant to, inter alia, C.C.P. § 1021.5.

24 **PRAYER FOR RELIEF**

25 WHEREFORE, Plaintiff, on behalf of herself and all others similarly
26 situated, prays for relief and judgment against FCA as follows:

27 (a) An order certifying the proposed Classes, designating Plaintiff as named
28 representative of the Classes, and designating the Plaintiff's Counsel as Class

1 Counsel;

2 (b) A declaration that FCA is financially responsible for notifying all members of
3 the Classes about the wrongful conduct set forth herein; that FCA’s conduct as
4 alleged herein violates the California Emissions Warranty including, without
5 limitation, that FCA has used, and continues to use, the wrong or incorrect
6 standards for identifying “emission-related” parts and “high-priced warranty
7 parts” under the California Emissions Warranty; that FCA failed and is failing to
8 properly identify and warrant under the California Emissions Warranty the Valve
9 Train Systems in Class Vehicles; and/or that Plaintiff and the members of the
10 Classes are entitled to warranty coverage under California Emissions Warranty for
11 Valve Train Systems installed in Class Vehicles under the California Emissions
12 Warranty described or defined herein;

13 (c) An order requiring FCA to (1) review its warranty books for all Class Vehicles
14 and properly identify and warrant all “emissions-related parts” and (2) for all such
15 parts, and for all parts that FCA already identified in its warranty books or that
16 FCA previously identified and submitted to CARB as “emissions parts” or
17 “emissions-related parts,” recalculate whether those parts, in fact, should properly
18 be characterized as “high priced parts” when the correct, rate is used; (3) on a
19 going forward basis, use the proper standard for determining whether a part is
20 “emissions-related” under the California Emissions Warranty; (4) otherwise
21 accurately and comprehensively apply the CCR in order to properly identify all
22 parts as defined and limited herein that should be covered under the California
23 Emissions Warranty; and (5) reimburse both Plaintiff and members of the Classes
24 for the money wrongfully paid by Plaintiff and members of the Classes relating to
25 repairs which should have been covered by FCA under the California Emissions
26 Warranty;

27 (d) An award to Plaintiff and members of the Classes of any repair costs they are
28 owed, reimbursement for all out-of-pocket expenses, including diagnostic costs,

