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## Attorneys for Plaintiffs and the Putative Class

**UNITED STATES DISTRICT COURT**

**SOUTHERN DISTRICT OF CALIFORNIA**

SELENA MOORER, individually and on  
behalf of all others similarly situated,

Plaintiffs,

VS.

STEMGENEX MEDICAL GROUP, INC., a California Corporation; STEMGENEX, INC., a California Corporation; STEM CELL RESEARCH CENTRE, INC., a California Corporation; ANDRE P. LALLANDE, D.O., an Individual; SCOTT SESSIONS, M.D., an Individual; RITA ALEXANDER, an Individual; and DOES 1-100,

Defendants.

) Case No. 3:16-cv-02816-AJB-NLS

### **) FOURTH AMENDED CLASS**

## **) ACTION COMPLAINT**

) Jury Trial Demanded

) 1. Violations of Bus. & Prof. Code

) §17200 et seq. (UCL)

) 2. Violations of Bus. & Prof. Code §

) 17500 et seq. (False Advertising)

) 3. Violations of Cal. Civ. Code

) §1750 et seq. (CLRA)

) 4. Fraud

## ) 5. Negligent Misrepresentation

) Judge: Hon. Anthony J. Battaglia

) Dept: 3B (3<sup>rd</sup> Floor-Schwartz)

1 The Plaintiffs, on behalf of themselves and all others similarly situated, hereby  
2 allege as follows:

3 **NATURE OF ACTION**

4 1. This is a class action against STEMGENEX MEDICAL GROUP, INC.,  
5 and related persons and entities (collectively, “Defendants” or “StemGenex”). This  
6 action arises out of StemGenex’s scheme to wrongfully market and sell “stem cell  
7 treatments” at their La Jolla, California location to consumers nationwide.

8 2. StemGenex’s consumers are often sick or disabled, suffering from  
9 incurable diseases and a dearth of hope. StemGenex’s marketing makes claims to  
10 these consumers that by performing liposuction of a person’s adult fat cells,  
11 processing them, and injecting them back into a person as stem cells (the “Stem Cell  
12 Treatments”), they effectively treat a multitude of diseases.

13 3. StemGenex claims that 100% of its prior consumers are satisfied with its  
14 service. StemGenex has no reasonable basis to make the claim it has made about  
15 100% consumer satisfaction. StemGenex omits material information from all  
16 marketing about the Stem Cell Treatments and the dissatisfaction and complaints of  
17 ineffectiveness from people who have purchased the treatments.

18 4. Plaintiffs, and each of them, relied on StemGenex’s false and misleading  
19 marketing and each purchased a Stem Cell Treatment from Defendants for  
20 \$14,900.00. Plaintiffs bring this action on behalf of themselves and a putative Class  
21 of wronged consumers, to seek remedies from this Court.

22  
23 **JURISDICTION AND VENUE**

24 5. This matter has been removed from San Diego Superior Court to the  
25 United States District Court for the Southern District of California by Defendants.  
26 Jurisdiction and venue are proper in this Court because the action at issue involves  
27 federal question and diversity, under 28 USC. Sections §§1331 and 1332(d).  
28

1 **PARTIES**

2 **A. Plaintiffs**

3 6. Plaintiff, SELENA MOORER (“Ms. Moorner”), is a resident of the State  
4 of Florida who traveled to San Diego, California after relying on StemGenex’s  
5 website, in order to have Stem Cell Treatment. She was led by StemGenex to believe  
6 it would greatly improve her condition, lupus, an autoimmune disorder. Ms. Moorner  
7 was greatly impressed by StemGenex’s website ([www.stemgenex.com](http://www.stemgenex.com)), including  
8 indications on that site that 100% of consumers were pleased with the outcomes of  
9 their treatments, with statistics on the site showing no dissatisfaction by any  
10 consumers, and by video testimonials on the site. Based on Defendants’  
11 misrepresentations and material omissions, Plaintiff took money she could ill-afford  
12 to spend and paid a non-refundable deposit of thousands of dollars to StemGenex, and  
13 thereafter flew to California with family members to undergo the treatment. The total  
14 payment by Ms. Moorner to StemGenex, including the deposit, was \$14,900. This  
15 was the same base price paid to StemGenex by all other similarly situated consumers  
16 for each and every Stem Cell Treatment. Ms. Moorner underwent the Stem Cell  
17 Treatment with StemGenex on or about April 5, 2016. She did not benefit and also  
18 told the company she did not benefit and that she blamed them for a worsening of her  
19 condition.

20 7. Plaintiff, **STEPHEN GINSBERG** (“Mr. Ginsberg”), is a resident of the  
21 State of California, who traveled south to San Diego, California after relying on  
22 StemGenex’s website, in order to have Stem Cell Treatment. He was led by  
23 StemGenex to believe it would greatly improve his condition, diabetes, and other  
24 related conditions. Mr. Ginsberg was greatly impressed by StemGenex’s website  
25 ([www.stemgenex.com](http://www.stemgenex.com)), including but not limited to the statements about the number  
26 and percentage of satisfied consumers. Mr. Ginsberg paid StemGenex at or around  
27 \$14,900 to get treatments in different parts of his body. Mr. Ginsberg was given Stem  
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1 Cell Treatment by StemGenex on or about November of 2015. The treatment had no  
2 effect. Mr. Ginsberg told StemGenex he received no effect from the treatment.

3 8A. Plaintiff, **ALEXANDRA GARDNER** (“Ms. Gardner”), is a resident of  
4 the State of Colorado, who traveled to San Diego, California after relying on  
5 StemGenex’ website, in order to have Stem Cell Treatment. Ms. GARDNER  
6 particularly relied on the statistics of patient satisfaction ratings that appeared on the  
7 website at the time she and her family searched for possible treatments for her  
8 condition, diabetes, which she has had since she was a baby. Impressed by the  
9 website and those statistics, in July 2015 she traveled to San Diego and paid  
10 StemGenex \$14,900.00 to undergo the stem cell treatment. She had little to no effect  
11 from the treatment. When she reported this to StemGenex, she was told that it could  
12 take months for the treatment to take effect. However, Ms. Gardner never  
13 experienced any significant positive effect from the treatment.

14 8B. Plaintiff, **JENNIFER BREWER** (“Ms. Brewer”), is a resident of the  
15 State of Montana, who traveled to the Santa Monica, California, STEMGENEX  
16 location, after relying on StemGenex’ website, in order to have treatment. Ms.  
17 BREWER particularly relied on the statistics of patient satisfaction ratings that  
18 appeared on the website at the time she was looking for treatment for a painful  
19 condition affecting her spine and joints. Impressed by the website and customer  
20 satisfaction claims, she raised money with the help of friends, paid a cashier’s check  
21 advance, and traveled to California to receive the treatment. She paid  
22 approx.\$14,900, and like others, she incurred airfare and travel expenses to come to  
23 California. RITA ALEXANDER told her and the other patients in the pre-surgical  
24 meeting in California that the payment to STEMGENEX was “non-  
25 refundable.” RITA ALEXANDER also told Ms. BREWER and others prospective  
26 patients who were there from all over the country that patients feel wonderful after  
27 their first treatment. At no time before the treatment was Ms. BREWER told she  
28 would need or be expected to have multiple treatments, nor did she have the funds for

1 such. She underwent the treatment in October of 2014 but had no effect from the  
2 treatment. When she reported to StemGenex that she had no effect, she was told she  
3 would need to wait up to six months for it to take effect and she would have to have  
4 another treatment. She was later told by a STEMGENEX “Patient Advocate” that she  
5 was recommended to have a treatment every six months.

6 8C. Plaintiff, **REBECCA KING**, (“Ms. King”), is a resident of the State of  
7 Arkansas, who traveled to San Diego to have stem cell treatment by StemGenex for  
8 the long term effects of Multiple Sclerosis. Ms. King relied on statistics of patient  
9 satisfaction published by StemGenex, including pie charts without disclaimers (as  
10 similar to the graph shown in Paragraph 54, below), showing 100% satisfaction. She  
11 borrowed money from her father and grandfather in order to have treatment. Ms.  
12 King had the treatment at StemGenex in or around August of 2015. She later reported  
13 to StemGenex that she had no positive change and her husband told StemGenex they  
14 wanted their money back. Defendant, ANDRE LALLANDE, D.O., told her she  
15 could get another treatment for a “discounted price.” She did not receive a full or  
16 partial refund from Defendants.

17 9. Plaintiffs, and each of them, would not have paid for the Stem Cell  
18 Treatment had they known that the statistics on the StemGenex website regarding  
19 consumer satisfaction were false, and that StemGenex had no reasonable basis for its  
20 marketing claim that 100% of its customers were satisfied.

21 10. No Plaintiff received any significant benefit from the \$14,900 Stem Cell  
22 Treatment they purchased from StemGenex. Although Plaintiffs, and each of them  
23 reported this to StemGenex, its website never varied its 100% client satisfaction  
24 approval statistics even after Plaintiffs and, on information and belief, others informed  
25 StemGenex of their dissatisfaction with the Stem Cell Treatments. After StemGenex  
26 was informed of Ms. Moorers’ and others dissatisfaction, for instance, StemGenex  
27 offered to sell each of them an additional Stem Cell Treatment or multiple treatments.

1       **B. Defendants**

2           11.     The Defendants who are liable to Plaintiffs, and all others similarly  
3 situated, and from whom an injunction and other remedies are sought, are the  
4 following:

5           12.     STEMGENEX, INC., is an active California Corporation, located in the  
6 City of La Jolla, County of San Diego, State of California. Its products and services  
7 are located in and it is doing business in the State of California.

8           13.     STEMGENEX MEDICAL GROUP, INC. is an active California  
9 Corporation, located in the City of La Jolla, County of San Diego, State of California.  
10 Its products and services are located in and it is doing business in the State of  
11 California.

12           14.     STEM CELL RESEARCH CENTRE, INC. is an active California  
13 Corporation, located in the City of La Jolla, County of San Diego, State of California.  
14 Its products and services are located in and it is doing business in the State of  
15 California.

16           15.     RITA ALEXANDER (“Ms. ALEXANDER”) is an individual residing in  
17 the County of San Diego, State of California. Ms. ALEXANDER is an owner,  
18 operator and/or controller of StemGenex, and is wholly or partially responsible for the  
19 content of its advertising.. Ms. ALEXANDER is a Managing Agent of the  
20 remaining Defendants who has authorized and ratified the actions alleged and is,  
21 therefore, personally and directly liable to Plaintiffs and members of the Class on all  
22 Causes of Action below.

23           16.     ANDRE LALLANDE, D.O. (“Dr. LALLANDE”) is an individual  
24 residing in the County of San Diego, State of California. Dr. LALLANDE owns,  
25 operates and/or controls StemGenex and is wholly or partially responsible for the  
26 content of its advertising.. Dr. LALLANDE is a Managing Agent of the remaining  
27 Defendants, who has authorized and ratified the actions alleged and is, therefore,  
28 personally and directly liable to Plaintiffs and members of the Class on all Causes of

1 Action below.

2 17. DOE Defendants 1 through 100, inclusive, whether individuals,  
3 corporations, partnerships or otherwise, are fictitious names of Defendants whose true  
4 names are, at this time, unknown to Plaintiffs. Plaintiffs are informed and believe, and  
5 thereon allege that each of the fictitiously-named Defendants caused or contributed to  
6 the damages herein alleged and Plaintiffs will name such Defendants when their  
7 identities have been ascertained.

8 18. Furthermore, Plaintiffs allege that the DOE Defendants in this action  
9 committed the same or similar acts alleged as the named Defendants in this cause of  
10 action. Therefore, all acts alleged to have been committed by the named Defendants  
11 are also alleged to have been committed by the DOE Defendants.

12 19. Plaintiffs are informed, believe and thereon allege that each of the  
13 Defendants is the principal, employer, employee, agent, or joint venturer of each of  
14 the remaining Defendants and in doing the things hereinafter alleged, each was acting  
15 within the course and scope of said agency, employment and/or joint venture with the  
16 advance knowledge, acquiescence or subsequent ratification of each and every  
17 remaining Defendant.

18 20. All Defendants above, including DOES 1-100, are collectively referred  
19 to in this Complaint as “StemGenex.” Unless otherwise specified, “StemGenex”  
20 includes STEMGENEX, INC. and STEMGENEX MEDICAL GROUP, INC., and  
21 STEM CELL RESEARCH CENTRE, INC.

22 21. The “Putative Class Period”, with regard to misrepresentations and false  
23 and misleading information published to prospective consumers by StemGenex begins  
24 on December 8, 2013, as further described below. Plaintiffs believe that the  
25 statistical ratings complained of here were taken down from StemGenex website in or  
26 after March, 2017, during the pendency of the Defendants’ 12(b)(6) Motion to  
27 Dismiss. However, Plaintiffs do not know whether the statistical ratings/pie charts  
28 showing 100% satisfaction are still being mailed to potential customers. This issue is

1 pending discovery. Injunctive relief is sought on all further publication of the false  
2 information in any format.

### 3 **ALTER EGO ALLEGATIONS**

4 22. Plaintiffs allege that some of the corporations, limited liability  
5 companies, and entities named as Defendants herein, including but not limited to  
6 DOES 1 through 100, and each of them, were at all times relevant the alter egos of  
7 individual Defendants Ms. ALEXANDER and Dr. LALLANDE by reason of the  
8 following:

9 (a) Plaintiffs are informed and believe that, at all times herein mentioned, Ms.  
10 ALEXANDER and Dr. LALLANDE dominated, influenced and controlled each of  
11 the StemGenex Defendants and DOES and the officers thereof as well as the business,  
12 property, and affairs of each of said corporations.

13 (b) Plaintiffs are informed and believe that, at all times herein mentioned, there  
14 existed and now exists a unity of interest and ownership between Ms. ALEXANDER  
15 and Dr. LALLANDE and each of the StemGenex Defendants and DOES; the  
16 individuality and separateness of Ms. ALEXANDER and Dr. LALLANDE and each  
17 of the STEMGENEX entity Defendants and DOES have ceased.

18 (c) Plaintiffs are informed and believe that, at all times since the incorporation of  
19 each, each StemGenex entity Defendant and each DOE has been and now is a mere  
20 shell and naked framework which Ms. ALEXANDER and Dr. LALLANDE used as a  
21 conduit for the conduct of their personal business, property, and affairs.

22 (d) Plaintiffs are informed and believe that, at all times herein mentioned, each  
23 of the StemGenex entity Defendants and each DOE was created and continued  
24 pursuant to a fraudulent plan, scheme, and device conceived and operated by  
25 Defendants, Ms. ALEXANDER and Dr. LALLANDE, whereby the income, revenue  
26 and profits of each of the StemGenex entities were diverted by those Defendants to  
27 themselves. Plaintiffs are informed and believe that STEM CELL RESEARCH  
28 CENTRE, INC., is a company formed to provide backing to previously published and  
published claims of clinical trials. Plaintiffs are informed and believe that STEM



1 CELL RESEARCH CENTRE, INC., is a company formed by Ms. ALEXANDER for  
2 the purpose of avoiding liability of STEMGENEX and/or STEMGENEX MEDICAL  
3 GROUP.

4 (e) Plaintiffs are informed and believe that, at all times herein mentioned, each  
5 of the StemGenex entities and each DOE was organized by Defendants, Ms.  
6 ALEXANDER and Dr. LALLANDE, as a device to avoid individual liability and for  
7 the purpose of substituting financially irresponsible corporations in the place and  
8 stead of Defendants, Ms. ALEXANDER and Dr. LALLANDE,, and each of them,  
9 and accordingly, those Defendants formed the entities and published the website  
10 Document about those entities hosted at [www.stemgenex.com](http://www.stemgenex.com).

11 (f) Plaintiffs are informed and believe that the StemGenex entities and DOES  
12 were formed with capitalization totally inadequate for the business in which said  
13 corporation(s) were engaged.

14 (g) By virtue of the foregoing, adherence to the fiction of the separate corporate  
15 existence of each of the StemGenex corporate entities and each DOE would, under the  
16 circumstances, sanction a fraud and promote injustice in that Plaintiffs and members  
17 of the Class would be unable to collect on any judgment in their favor.

18 23. Plaintiffs allege that, at all times relevant hereto, the defendants, Ms.  
19 ALEXANDER and Dr. LALLANDE and the StemGenex entity Defendants and  
20 DOES acted for each other in connection with the conduct herein alleged and that  
21 each of them performed the acts complained of herein or breached the duties herein  
22 complained of as agents of each other and each is therefore fully liable for the acts of  
23 the other.

### 24 **COMMON FACTUAL ALLEGATIONS**

#### 25 **A. What is StemGenex?**

26 24. StemGenex was founded by a non-physician, Ms. ALEXANDER. It  
27 receives profits and revenues through the sale of Stem Cell Treatments to persons who  
28 have illnesses or medical conditions causing pain and/or disability. Ms.  
ALEXANDER directs and controls the businesses of STEMGENEX, STEMGENEX

1 MEDICAL GROUP, INC. and STEM CELL RESEARCH CENTRE, INC., and their  
2 advertising and public representations.

3 25. StemGenex's Stem Cell Treatments are carried out by Defendant, Andre  
4 LALLANDE, D.O., and other individual physicians, with the assistance of other  
5 individuals who are employees and/or agents of StemGenex. Dr. LALLANDE  
6 directs and controls the businesses of STEMGENEX, STEMGENEX MEDICAL  
7 GROUP, INC. and STEM CELL RESEARCH CENTRE, INC., and their advertising  
8 and public representations, particularly statements of a medical nature in those  
9 publications.

10 26. The primary operating facility and headquarters of Defendant,  
11 StemGenex, Inc. is located in La Jolla, California, where it has been operating since  
12 2011. STEMGENEX MEDICAL GROUP, INC., is a related company which is  
13 owned, operated and/or controlled by Ms. ALEXANDER and Dr. LALLANDE,  
14 operating out of that same facility. STEM CELL RESEARCH CENTRE, INC. is  
15 also noted in public filings to be operating out of that same location. Operations are  
16 also advertised by StemGenex to take place in Del Mar, California. Unless otherwise  
17 noted below, "StemGenex" refers to all these entities, other earlier operation locations  
18 in Los Angeles area, and each of them. Representations relating to the website are  
19 published under the authority, control and/or authorization of RITA ALEXANDER  
20 and/or Dr. LALLANDE.

21 27. Through July 2016, StemGenex represented on its website that it was  
22 accredited by the Accreditation Association for Ambulatory Care (AAAH), which  
23 provides seals of approval for outpatient surgical centers. The following logo was  
24 published on StemGenex's website, at the bottom of nearly every page:



1           28.     Plaintiffs are informed and believe that the representation by Defendants  
2 and the use of the AAAHC logo was false and that StemGenex was not, in fact,  
3 accredited by AAAHC. Plaintiffs are informed and believe that the accreditation logo  
4 as to StemGenex itself was removed from StemGenex's website in August 2016,  
5 when a newspaper reporter from the Los Angeles Times confronted StemGenex about  
6 the false accreditation and AAAHC issued a cease-and-desist letter to StemGenex.

7     **B.     What does StemGenex do?**

8           29.     StemGenex holds itself out to consumers as a pioneer in research and  
9 devoted to effective Stem Cell Treatments, making representations during the putative  
10 Class Period such as the following on its website:

11           StemGenex Medical Group has made great strides in the advancement of stem cell  
12 therapy and is dedicated to providing patients access to safe and effective stem  
13 cell treatments.

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15           30.     Using its website and internet ads which direct consumers to that  
16 website, StemGenex pitches its services at people with crippling diseases, including  
17 Alzheimer's, Parkinson's disease, chronic lung disease, autoimmune conditions (such  
18 as multiple sclerosis, lupus, and rheumatoid arthritis) as well as many other  
19 debilitating conditions.

20           31.     Ms. Moorer, Mr. Ginsberg, Ms. Gardner, Plaintiffs and all others  
21 similarly situated, have been subject to StemGenex's repeated false advertising,  
22 deception, and misrepresentation regarding the quality, character and satisfaction  
23 with/of its Stem Cell Treatment, as well as omissions of material fact regarding the  
24 truth about its services, , and dissatisfaction rates. StemGenex's website highlights  
25 this variety of claimed Stem Cell Treatments (sometimes referred to as "therapy") on  
26 its home page, with the following representations made during the putative Class  
27 Period:  
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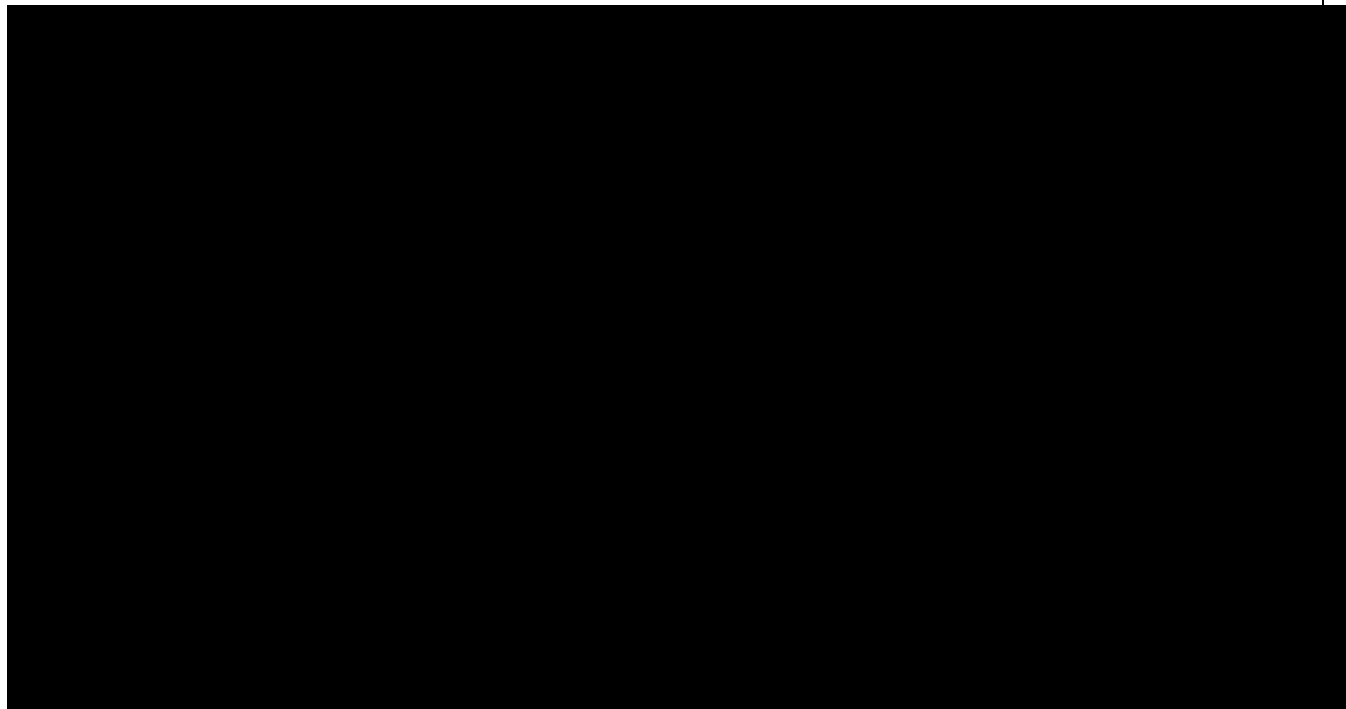
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32. StemGenex represents that they can effectively treat degenerative diseases as follows:

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9 33. The StemGenex business is fueled by its robust website advertising  
10 campaign, which reaches consumers nationwide and beyond. StemGenex represents  
11 on its website that “over 70% of patients travel to StemGenex Medical Group from  
12 out of state.” StemGenex directs internet traffic, including social media traffic, and  
13 requests for information to its website, which Plaintiffs are informed and believe is  
14 viewed by every prospective StemGenex Stem Cell Treatment purchaser throughout  
15 the country. Through this advertising and subsequent direct contact made with the  
16 company , StemGenex, including but not limited to STEMGENEX, STEMGENEX  
17 MEDICAL GROUP and STEM CELL RESEARCH CENTRE, INC., received dozens  
18 or more paying patients each month for stem cell treatments during the Putative Class  
19 Period.

20 34. StemGenex’s website represents that its “adult adipose-derived stem cell  
21 therapy” is “effective” to “treat diseases”:  
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35. “Adipose-derived” means from the fatty tissue of the body. StemGenex’ website offers treatments based on injecting consumers with stem cells supposedly drawn and created from their own adult body fat. The Stem Cell Treatments offered at StemGenex begin with liposuction – they take part of the consumer’s belly fat and then, after minimal processing, inject the “stem cells” back into the same spot, and/or other spots on the body.

36. StemGenex appeals to consumers with the thought they will be receiving special attention, getting an approach that is not “cookie-cutter”, and that this will increase the effectiveness of the treatment:

**Customized Treatment Plans**

Every patient treated through StemGenex Medical Group receives a customized treatment plan based upon the disease and complications they are experiencing. Stem cell treatment centers using a cookie-cutter approach to stem cell therapy undoubtedly limit the effectiveness of the patient’s treatment. StemGenex Medical Group treatment plans consist of cutting edge protocols developed by top physicians over the years. Patients receiving treatment through StemGenex Medical Group can be confident they will always have access to the latest advancements in stem cell treatment.

37. StemGenex at various times represents its work as treatment, and at other times as “studies,” often within the same paragraph. As an example, on its home page, StemGenex represents, “These cutting-edge protocols utilize targeted administration methods and the latest activation methods to ensure the safest most effective stem cell treatments possible.” At the end of the same paragraph Stemgenex continues: “Through these stem cell therapy studies, we hope to provide patients with options that may change the course of their lives as well as the course of their disease.” In the recesses of its website, and completely contrary to its own promises and representations in all prominent portions of the website, StemGenex attempts to quietly disavow that “treatment using autologous stem cells [that is, cells drawn from the patient’s own body] are a cure for any condition, disease or injury.” According to StemGenex’ website, its “principal purpose is helping people with unmet clinical needs achieve optimum health and better quality of life,” and that it has “anecdotal feedback.... from our patients that their symptoms have dramatically improved and their quality of life has substantially increased.” (Emphasis added). These anecdotal testimonials are in violation of the Federal Trade Commission’s guides for endorsements on social media, which represent the applicable standard of care for these types of advertisements. The testimonials do not reflect that the results are not typical nor does it disclose clearly and conspicuously the generally expected circumstances, nor does it disclose that there are patients for whom nothing happened or happens. Plaintiffs are informed and believe that Defendants intentionally omitted information on their website that some endorsements have been made by employees or by others who were paid to do so. The video segments on the website are therefore further misrepresentations published by StemGenex. In July of 2014, RITA ALEXANDER formed STEM CELL RESEARCH CENTRE, INC. By that time, Defendant, StemGenex, including but not limited to STEMGENEX, STEMGENEX MEDICAL GROUP, Ms. ALEXANDER and Dr. LALLANDE, had been advertising that STEMGENEX was engaging in clinical trials. By that time, those same

1 Defendants had also been publishing patient statistics of satisfaction. RITA  
2 ALEXANDER formed STEM CELL RESEARCH CENTRE, INC., in order to bolster  
3 publication of false patient satisfaction statistics and false data collection for clinical  
4 “trials.” Ms. ALEXANDER admitted during the Putative Class Period that STEM  
5 CELL RESEARCH CENTRE, INC., was a corporation formed to avoid liability of  
6 STEMGENEX and STEMGENEX MEDICAL GROUP. At all times, RITA  
7 ALEXANDER, STEMGENEX, STEMGENEX MEDICAL GROUP, Dr.  
8 LALLANDE and STEM CELL RESEARCH CENTRE, INC. (the latter since its  
9 formation in 2014) were involved in the publication of false information with regard  
10 to the involvement in clinical trials – particularly that there was active participation  
11 and/or scientific gathering and/or reporting of medical evidence on outcomes – and  
12 that patients were 100% satisfied with the outcome of their procedures.

13 38. StemGenex admits that its Stem Cell Treatment is not FDA approved.  
14 Indeed Plaintiffs can find no evidence that Defendants ever even submitted an  
15 application for FDA approval. During the pendency of this action, Defendants have  
16 added a small print disclaimer, still non-prominent, to the bottom of each page of their  
17 website that says, “Stem cell therapy is not FDA approved and is not a cure for any  
18 medical condition.” This disclaimer was not on the various pages of the website at  
19 the times Putative Class Members, and Putative Class Representatives Ms. Moorer,  
20 Mr. Ginsberg and Ms. Gardner, saw and relied on the website. It also contradicts  
21 other, more prominent claims on the website.

22 39. StemGenex promises consumers “the most effective stem cell treatments  
23 possible,” giving the consumer the clear impression that some “effect” will occur if  
24 they pay for the “treatment.” This, coupled with the 100% satisfaction rates, is a  
25 material misrepresentation because it deceives people looking at these publications  
26 into belief that 100% of people felt an effect after treatment.

27 40. Certain language is repeated over and over on its site, creating a promise  
28 of benefit from the treatments. StemGenex uses terms like “truly benefit” and



1 “significantly improve one’s quality of life.” On virtually every page of its website,  
2 StemGenex makes the following claim:



15  
16 41. StemGenex, including but not limited to RITA ALEXANDER, Dr.  
17 LALLANDE, STEMGENEX, STEMGENEX MEDICAL GROUP and STEM CELL  
18 RESEARCH CENTRE, INC. omits on these pages the information it knows to be  
19 true: There are people who have reported zero effect to them from the service they  
20 purchased.

21  
22 C. **Who Buys StemGenex’s Treatments?**

23 42. Plaintiffs, and members of the proposed Class of StemGenex’s  
24 consumers, are ill and/or disabled and are seeking hope and some possibility of an  
25 effective and lasting treatment for their disease, or at least an improvement in their  
26 relative levels of disability. Many are in great financial hardship having incurred  
27 significant medical expenses to treat a chronic condition or disease.

28 43. StemGenex puts the consumers up in hotels and supplies them a car

1 service to get to and from the clinic once they arrive in the San Diego area. Photos of  
2 a lovely hotel and happy people entering a limo grace the pages of the site under the  
3 section, “We Make Getting Here Easy.”

4 **D. How Much Money Do Consumers Pay StemGenex?**

5 44. Sadly, because of their desperation, many consumers with serious  
6 conditions rely on their families to help them to pay StemGenex. All consumers must  
7 pay a non-refundable initial deposit and then an additional payment for a total base  
8 price of \$14,900 per treatment, exclusive of “add-ons.” This cost is not covered by  
9 health insurance plans or by government benefit programs such as Medicare or  
10 Medicaid.

11 45. Payment for the surgery must be made in advance, and StemGenex  
12 requires all patients to pay by cashier’s check for the balance after deposit. This is  
13 part of the scheme to avoid return of funds due to dissatisfaction, and easier liquidity  
14 of funds.

15 46. Consumers are encouraged by StemGenex employees to begin crowd-  
16 sourcing fundraising activities, such as “Go Fund Me” pages, in order to raise the  
17 money to pay for StemGenex’s fees.

18 47. StemGenex promotes the idea that consumers should have more than one  
19 Stem Cell Treatment, both on its website and in follow-up calls to consumers, even  
20 those that are in the hospital undergoing other treatments. The representation is made  
21 on StemGenex’ website: “Could a stem cell therapy be repeated? Yes, a stem cell  
22 therapy may be repeated. Current studies indicate the strong possibility of a  
23 cumulative effect from multiple stem cell therapies a consumer received for their  
24 condition. Long-term studies will attempt to better understand this detail.”

25 48. RITA ALEXANDER and Dr. LALLANDE, on behalf of themselves and  
26 StemGenex, and their employees at their direction sold the consumers another  
27 treatment if they were unhappy with the outcome of the first treatment. Plaintiffs are  
28 informed and believe that RITA ALEXANDER and Dr. LALLANDE, on behalf of

1 themselves and StemGenex, encouraged the manipulation of data to appear as if  
2 consumers were satisfied and authorized and ratified that statements of dissatisfaction  
3 be kept out of the patients' medical files and not be revealed to the public.

4 49. Plaintiffs are informed and believe that RITA ALEXANDER and Dr.  
5 LALLANDE, on behalf of themselves and StemGenex discouraged employees from  
6 speaking out about these practices and that managers of StemGenex, were instructed  
7 and permitted to change the wording of notes in patient files to make it appear that the  
8 patients were satisfied when they were not.

9 50. StemGenex, including RITA ALEXANDER, Dr. LALLANDE,  
10 STEMGENEX, STEMGENEX MEDICAL GROUP and STEM CELL RESEARCH  
11 CENTRE, INC., lead dissatisfied consumers to believe that the first treatment did not  
12 'take' and that the consumers should return for more, expensive Stem Cell  
13 Treatments.

14 51. The persons leading dissatisfied consumers to believe that the treatments  
15 take more time to work include, but are not limited to Stemgenex employees called  
16 "Patient Advocates" who are and all times were under the control of Ms.  
17 ALEXANDER and/or Dr. LALLANDE. Patient Advocates often have no medical  
18 training, but make statements of a medical nature to prospective consumers and to  
19 former patients who call with questions or statements of dissatisfaction. As an  
20 example, they will qualify patients for treatment, telling them they can have  
21 treatments and/or are telling them they need two treatments. Patient Advocates also  
22 are made to reiterate the high customer satisfaction rates as seen on the website.  
23 Plaintiffs are informed and believe that Employees of StemGenex make commissions  
24 for the sale of the treatments.

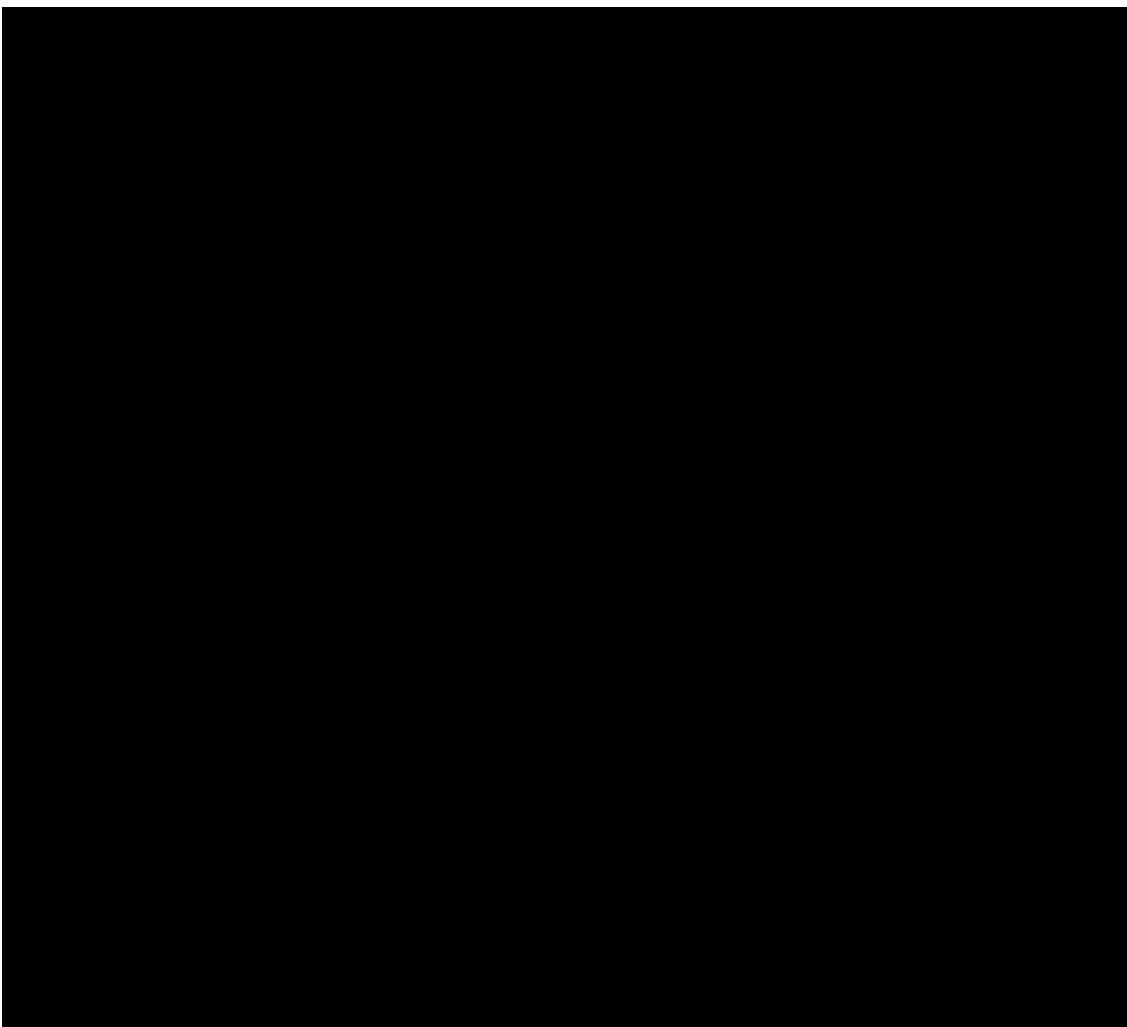
25 52. Consumers are told by StemGenex employees at the direction and control  
26 of Ms. ALEXANDER and DR. LALLANDE: "Some consumers have taken up to 6  
27 months before seeing the full effect of the treatment." StemGenex posts the following:  
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7 **E. What About StemGenex's 100% Satisfied "Patient Ratings"?**

8 53. On or about December 8, 2013, StemGenex, through the direction of  
9 RITA ALEXANDER and/or Dr. LALLANDE, began advertising "Patient Ratings."  
10 On December 17, 2013, a Press Release was published by StemGenex stating,  
11 "StemGenex®, the leading resource for adult adipose stem cell therapy in the US  
12 aimed at improving the lives of patients dealing with degenerative diseases today  
13 announced the public release of their satisfaction ratings for patients who have  
14 received stem cell therapy through StemGenex. Patients have trusted StemGenex for  
15 years to provide them with access to cutting edge stem cell therapies at the absolute  
16 highest levels of care. StemGenex believes this is something that has been lacking in  
17 the industry for some time now. These ratings now allow the public transparency into  
18 patient satisfaction in multiple categories which are now posted and updated monthly  
19 on the StemGenex website."

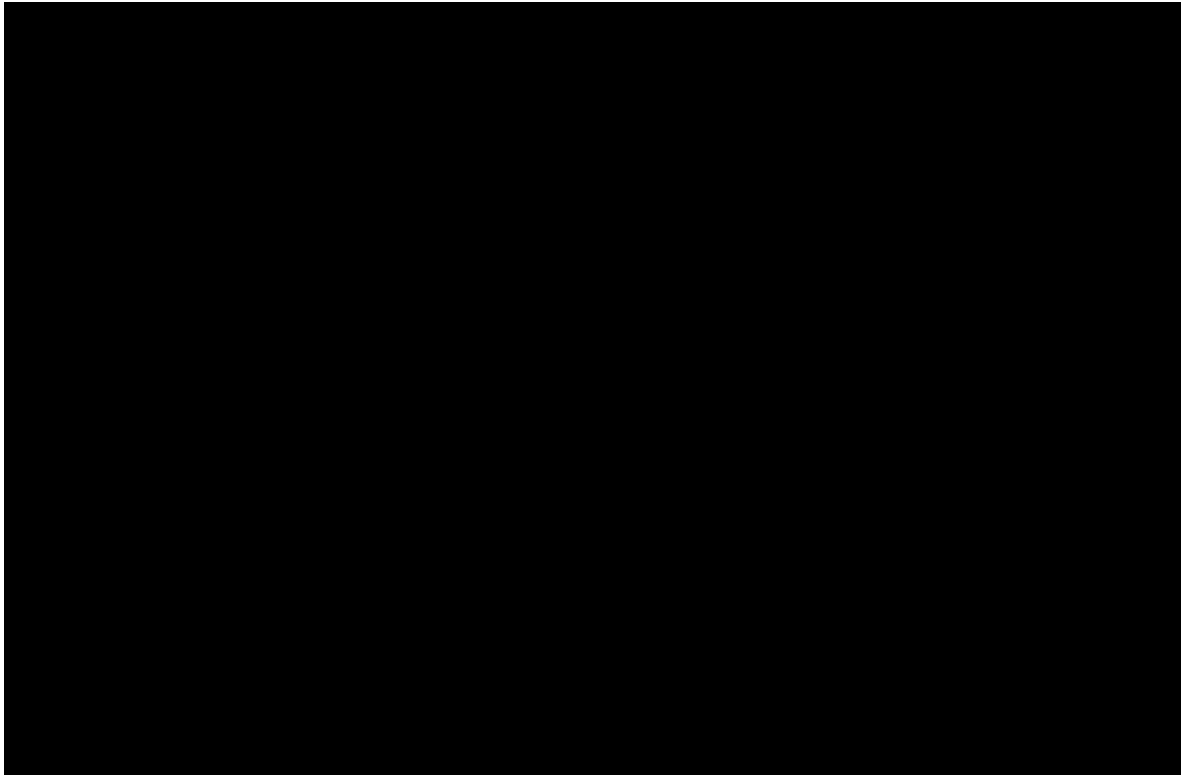
20 54. When the original Complaint was filed, the ratings appeared on the home  
21 page of StemGenex's website in the following format:  
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55. The “Patient Ratings” from July of 2016, on the home page of StemGenex’s website, read as follows:

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13        56. In all of StemGenex’s representations to the public, for August of 2016  
14 through at least February 2017, the satisfaction levels add up to **100% of consumers**  
15 **being satisfied.** StemGenex made these same or substantially similar representations  
16 of 100% consumer satisfaction all the way back to at least December 2013. The  
17 disclaimer tag line about satisfaction data being based on “patient exit surveys” **was**  
18 **not added to the StemGenex web advertising until between Nov. 25, 2015 and**  
19 **May 16, 2016.** The statistics, even with the disclaimer above, are likely to mislead or  
20 deceive the consumer.

21        57. Defendants, and each of them, know, and knew at all times of  
22 publication, that the 100% satisfaction rate was not true and evidence available to  
23 StemGenex proves it was not true at the time the representations were made.  
24 Plaintiffs are informed and believe that at the time of these material  
25 misrepresentations of 100% satisfaction, StemGenex had received complaints,  
26 including but not limited to statements from consumers that no effect had been  
27 experienced, that the promised effect had not been experienced, and/or that they  
28

1 wanted a refund because StemGenex did not live up to its promises.

2 58. Plaintiffs are informed and believe that during the Putative Class Period,  
3 employees of StemGenex were directed by RITA ALEXANDER and DR.  
4 LALLANDE to not record, or to change records, about the **actual** satisfaction rates.  
5 At all times during the Putative Class Period, it Defendants, and each of them,  
6 misrepresented on the Stemgenex website, and through private mailings, that 100%  
7 of patients were satisfied or extremely satisfied. The express wording was used “0%  
8 Unsatisfied” at points in the Putative Class Period until this lawsuit was filed.

9 59. Plaintiffs are further informed and believe that during the Putative Class  
10 Period in an effort to bolster satisfaction rates, Dr. LALLANDE and/or an employee  
11 under his or RITA ALEXANDER’s direction would go to patients’ hotel rooms the  
12 day after their surgery be present while patients filled out the patient survey and  
13 would then collect the survey from the patient. This control of the “survey results”  
14 ensured that patients would be less likely to “rate” the experience as anything but  
15 satisfactory and had the effect of eliciting a “rating” before the patients actually had  
16 time to truly and accurately report on the effects of the treatment or their satisfaction  
17 with it. .

18 60. Plaintiffs are further informed and believe that during the Putative Class  
19 Period when prospective consumers called, the StemGenex sales team was made to  
20 claim a high percentage of satisfaction, as is further reported in **Exhibit “1”**.

21 61. StemGenex knew that not all persons who received its Stem Cell  
22 Treatment benefited from it or were satisfied and that, in fact, a significant portion of  
23 patients were dissatisfied. Accordingly, **StemGenex’s statements and**  
24 **representations to the public contain false and misleading information that**  
25 **misrepresented or omitted this information and StemGenex is being, and has**  
26 **been, unjustly enriched as a result.** StemGenex’s marketing of its product is in  
27 violation of laws of the state of California and the United States. Plaintiffs and others  
28 have been harmed by reliance on StemGenex’s misrepresentations and omissions.

1           62.   StemGenex’s methods for gathering information from former consumers  
2 follows no systemic protocol, is inaccurately recorded, and does not accurately  
3 measure consumer satisfaction. As a result, month after month, false and misleading  
4 “consumer ratings” are posted anew in a prominent position on their website. These  
5 monthly false “statistics” are material misrepresentations and give consumers a sense  
6 of comfort and willingness to go forward with the treatment.

7           63.   After this action was on file, the language has changed to no longer show  
8 the exact quote “0% Unsatisfied”, although the graph shows 100% expectations met.  
9 The overall EFFECT of this statement still makes the same appearance to prospective  
10 consumers: that there are still no unsatisfied consumers.

11 **F.    What About Positive Consumer Reviews On Other Websites?**

12           64.   Plaintiffs are informed and believe that false reviews have been posted  
13 by StemGenex on various consumer review websites, through the direction and  
14 authorization of RITA ALEXANDER and/or Dr. LALLANDE and that at least before  
15 November 2015, StemGenex requested its own employees to write reviews of the  
16 company as if they were actual consumers, and to give high ratings. These or other  
17 false ratings were then published by agents and/or employees of StemGenex, at the  
18 direction of RITA ALEXANDER and Dr. LALLANDE, which gave the public  
19 another further sense of security that the product/service they were purchasing was of  
20 high and effective quality. As evidence and support of this, Plaintiffs attach as  
21 “Exhibit 1” a review on the employment site Glassdoor.com, which appears even now  
22 on the website from a former employee. “StemGenex’s Response” from C.E.O.  
23 RITA ALEXANDER appears following it, indicating knowledge of the employee  
24 who posted that information publicly on Nov. 24, 2015.

25 **G.    What Can Be Done About It?**

26           65.   StemGenex has taken advantage of desperate consumers, particularly  
27 consumers that are sick with degenerative and incurable diseases. It has made material  
28 misrepresentations and has, thereby, given these consumers false hope that they will



1 also certainly be helped by Stemgenex' treatment.

2 66. The false and misleading material representations are made primarily via  
3 StemGenex's primary marketing tool, its website. Further, aside from StemGenex's  
4 website, material misrepresentations and omission of important information from  
5 other communications by StemGenex to consumers, including marketing packets that  
6 are mailed directly to potential patients.

7 67. While individual actions by consumers would be expensive, time  
8 consuming, and unlikely to support the cost of litigation, StemGenex's wronged  
9 consumers, as well as its prospective consumers and the public at large, would be  
10 benefited by the damages, restitution, and injunctive relief requested here on a class-  
11 wide basis.

#### 12 **CLASS ACTION ALLEGATIONS**

13 68. Plaintiffs bring this action on behalf of themselves and all others  
14 similarly situated as a class action pursuant to Rule 23(b)(3) of the Federal Rules of  
15 Civil Procedure.

16 69. The Class which Plaintiffs seek to represent is defined as follows: All  
17 persons, nationwide, who purchased Stem Cell Treatment from StemGenex between  
18 December 8, 2013 and present.

19 70. Plaintiffs reserve the right to amend the Class definition if discovery  
20 and/or further investigation reveal the Class definition should be modified.

21 71. This action has been brought and may properly be maintained as a class  
22 action, because there is a well-defined community of interest in the litigation in which  
23 common issues predominate, the Class is so numerous as to make it impracticable to  
24 bring all of its members before the Court, and the proposed class is easily  
25 ascertainable.

26 72. **Numerosity**. During the Class Period, StemGenex's Stem Cell  
27 Treatment was sold directly by StemGenex in California, and was marketed through  
28 the internet to consumers throughout the United States. Plaintiffs are informed and

1 believe that the proposed putative Class is made-up of at least several hundred  
2 residents of California and of other states.

3       73.     **Common Issues Predominate.** Common questions of law and fact exist  
4 as to all members of the Class and predominate over any questions which affect only  
5 individual members of the Class. This action is based primarily upon false and  
6 materially misleading statements and material omissions made by StemGenex about  
7 consumer satisfaction of its Stem Cell Treatments via its primary point of contact with  
8 consumers, its website ([www.stemgenex.com](http://www.stemgenex.com)), as well as in written materials mailed  
9 to prospective customers. Each class member purchasing Stem Cell Treatments from  
10 StemGenex would have viewed identical false and misleading statements as  
11 complained of in this action. Plaintiffs are informed and believe that no Class  
12 member was provided the information alleged as material omissions in this complaint,  
13 via the website or otherwise. The StemGenex website and dissemination of  
14 information about StemGenex's Stem Cell Treatments was within StemGenex's  
15 possession and control at all relevant times. There is a well-defined community of  
16 interest in the questions of law and fact involved and that affect consumers who  
17 purchased the Stem Cell Treatments. These questions of law and fact predominate  
18 over questions that affect only individual Class members. The common questions of  
19 law and fact include, without limitation:

20       i. Whether StemGenex's statements and statistics regarding patient satisfaction  
21 were false or misleading;

22       ii. [RESERVED]

23       iii. Whether StemGenex knew and/or recklessly or otherwise disregarded the  
24 falsity or misleading nature of their statements;

25       iv. Whether StemGenex concealed and failed to disclose material facts in its  
26 communications and disclosures to Plaintiffs and Class members regarding its Stem  
27 Cell Treatments;

1 v. Whether StemGenex has engaged in unfair methods of competition,  
2 unconscionable acts or practices, and unfair or deceptive acts or practices in  
3 connection with the marketing and sale of its Stem Cell Treatments;

4 vi. Whether StemGenex's conduct constitutes violations of law as alleged in  
5 this Complaint;

6 vii. Whether consumers are and were likely to be deceived by StemGenex's  
7 conduct;

8 viii. Whether, as a result of StemGenex's misconduct, Plaintiffs and the Class  
9 members have suffered damages, and if so, the amount thereof; and

10 ix. Whether, as a result of StemGenex's misconduct, Plaintiffs and Class  
11 members are entitled to equitable relief and/or other relief, and, if so, the nature of  
12 such relief.

13 74. **Typicality**. Plaintiffs' claims are typical of the claims of the Class  
14 members in that Plaintiffs and the Class members made a direct purchase from  
15 StemGenex based upon identical, false and materially misleading marketing  
16 statements made by StemGenex.

17 75. **The Class is Ascertainable**. Plaintiffs have adequately and objectively  
18 defined the Class, as detailed above, so the Court and Class members will be able to  
19 use the definition to determine Class membership. On information belief, Defendants  
20 have records which would permit each person in the Class to be identified and to  
21 receive Notice of this action.

22 76. **Adequacy**. Plaintiffs will fairly and adequately represent the interests of  
23 all Class members. Plaintiffs have purchased a stem cell treatment from StemGenex  
24 and are adequate representatives of the Class as they have no interests which are  
25 adverse to the interests of absent Class members. Plaintiffs have retained counsel  
26 with experience and success in the prosecution of complex medical and class action  
27 litigation.  
28

77. **Superiority**. A class action is superior to other available means for the fair and efficient adjudication of this controversy. Class action treatment will permit a large number of similarly situated persons to prosecute their common claims in a single forum simultaneously, efficiently and without the unnecessary duplication of effort and expense that numerous individual actions would engender. The disposition of their claims in this case and as part of a single class action lawsuit, rather than hundreds or thousands of individual lawsuits, will benefit the parties and greatly reduce the aggregate judicial resources that would be spent if this matter were handled as hundreds of separate lawsuits. Furthermore, given the extraordinary expenses and burden in conducting discovery and presentation of evidence, the burden of individual litigation would make it extremely difficult, if not impossible, for individual members of the Class to redress the wrongs asserted herein, while an important public interest will be served by addressing the matter as a class action. Moreover, separate prosecution by hundreds or thousands of individual members of the Class would likely establish inconsistent standards of conduct for StemGenex and result in the impairment of and potential harm to, Class members' rights and the disposition of their interests through actions to which they were not parties. Plaintiffs are informed and believe that a great amount of time and expense will be saved by conducting the discovery and presentation of evidence in a single class action lawsuit, in contrast to the repeated discovery and presentation of evidence in hundreds or thousands of separate lawsuits brought on the common questions presented by the allegations of this complaint. Plaintiffs know of no difficulty that will be encountered in the management of this litigation which would preclude its maintenance as a class action.

**FIRST COUNT**

(Violations of Cal. Bus. & Prof. Code § 17200 et seq.)

### *Against All Defendants*

78. Plaintiffs repeat and re-allege all paragraphs within this THIRD AMENDED COMPLAINT and incorporate them as if fully set forth herein.

1           79.     Plaintiffs bring this count on behalf of themselves and the Class, pursuant  
2 to California Business and Professions Code, §17200, et seq.

3           80.     StemGenex's conduct constitutes unfair, unlawful and fraudulent  
4 business acts and/or practices because StemGenex's practices have caused and are  
5 likely to cause substantial injury to Plaintiffs and the Class, which injury is not  
6 reasonably avoidable by Plaintiffs and the Class in light of StemGenex's exclusive  
7 knowledge of the truth about its Stem Cell Treatments, its consumer satisfaction rates,  
8 and the basis for claims about customer satisfaction, though it misrepresented,  
9 concealed and omitted this truth.

10          81.     StemGenex's acts and practices are unlawful because they violate the  
11 Consumer Legal Remedies Act, Civil Code 1750 et seq., Bus. & Prof. Code § 17500,  
12 as alleged in this Complaint and incorporated here by reference.

13          82.     StemGenex's acts and practices are fraudulent in that they have deceived  
14 and/or are "likely to deceive" Plaintiffs, the proposed Class and members of the  
15 public. StemGenex sold Plaintiffs and Class members Stem Cell Treatments and/or  
16 induced them to make deposits for such treatments, for which they made false and  
17 misleading statements, and omitted material information, in order to induce reliance  
18 and encourage deposits and purchases by Plaintiffs and members of the Class.

19          83.     StemGenex was obliged to disclose the material facts because: a)  
20 StemGenex had exclusive knowledge of the material facts not known to Plaintiffs and  
21 Class members, since only StemGenex had access to the aggregate data from its  
22 consumers, its own research and tests, and complaints from its consumers; and b)  
23 StemGenex actively concealed and suppressed the material facts from Plaintiffs and  
24 Class members in regard to the true facts available on those subjects.

25          84.     The injury to consumers is substantial, particularly due to the significant  
26 cost of the Stem Cell Treatments. Plaintiffs and Class members paid thousands of  
27 dollars for Stem Cell Treatments that they would not otherwise have spent, had they  
28 known the truth about the fact that prior patients had reported to Defendants that the

1 treatment did not work for them and the true level of patient satisfaction with  
2 StemGenex.

3 85. The injury to consumers is not outweighed by any countervailing benefits  
4 to consumers or competition. Any purported benefits to consumers are negated by  
5 consumers' interests in knowing the true facts regarding services offered for purchase,  
6 particularly medical or pseudo-medical treatments they are purchasing at substantial  
7 cost. Consumers have an important interest in being informed of this information in  
8 order to make an intelligent and informed decision about whether to purchase the  
9 service.

10 86. The injury to consumers is not an injury that consumers themselves could  
11 reasonably have avoided because consumers did not know the true facts regarding the  
12 Stem Cell Treatments and had no reason to believe that StemGenex's statements were  
13 false, misleading, or omitted material information.

14 87. StemGenex's acts and practices offend established public policy and are  
15 immoral, unethical, oppressive, unscrupulous and/or substantially injurious to  
16 consumers.

17 88. Plaintiffs and others similarly situated, were misled by Stemgenex'  
18 material misrepresentations into believing that StemGenex had no dissatisfied  
19 patients, and did not give informed consent for medical treatment for which there had  
20 been previously unsatisfied participants.

21 89. Plaintiffs and Class members reasonably relied on StemGenex's unfair,  
22 unlawful and fraudulent conduct with regard to material misrepresenations made  
23 about patient satisfaction and would not have purchased the Stem Cell Treatments had  
24 StemGenex provided truthful information about the satisfaction of its prior patients.

25 90. StemGenex's conduct caused Plaintiffs' and Class members' injuries in  
26 that Plaintiffs and Class members would not have purchased the Stem Cell  
27 Treatments, would have paid less for them, or would not have paid deposits for them,  
28 had StemGenex conducted itself fairly during the transactions.

91. StemGenex's unfair, unlawful and fraudulent business acts and practices directly and proximately caused Plaintiffs' and Class members' injuries as complained of in this complaint. StemGenex's material omissions and misrepresentations have a tendency to deceive a significant portion of the consuming public and/or of targeted consumers.

92. Plaintiffs and Class members seek an order of this Court awarding restitution of all payments made to Defendants for Stem Cell Treatments, injunctive relief and all other relief allowed under Section 17200, et seq., plus interest, attorneys' fees, and costs.

## SECOND COUNT

(Violations of Cal. Bus. & Prof. Code § 17500 et seq.)

### *Against All Defendants*

93. Plaintiffs repeat and re-allege all paragraphs within this THIRD AMENDED COMPLAINT and incorporate them as if fully set forth herein.

94. Plaintiffs bring this cause of action on behalf of themselves and the Class pursuant to California Business and Professions Code, §17500, et seq., with more specific allegations as particularly stated in Paragraphs 6 through 67.

95. StemGenex is a “person” as defined by Cal. Bus. & Prof. Code § 17506.

96. StemGenex falsely advertised the Stem Cell Treatments by making partial, false and materially misleading representations, while omitting material information, as alleged in this complaint.

97. StemGenex’s false advertising has deceived and is “likely to deceive” Plaintiffs and Class members.

98. Plaintiffs and Class members relied on StemGenex's false advertising to their detriment in that they would not have purchased the Stem Cell Treatments or made non-refundable deposits on the same, had StemGenex disclosed the true facts.

99. StemGenex's false advertising directly and proximately caused Plaintiffs' and Class members' injuries in that StemGenex's false statements, misleading statements and omissions were a substantial factor in their deposits and purchases of the Stem Cell Treatments and at the significant amount that was charged, and that but for StemGenex's failures to disclose material information, Plaintiffs and Class members would not have put deposits upon, paid for and/or overpaid for the treatments.

100. Plaintiffs and Class members have suffered injury in fact and have lost money as a result of StemGenex's false advertising as above.

101. Pursuant to Cal. Bus. & Prof. Code §§ 17203 and 17535, Plaintiffs seek an order 1) requiring StemGenex to immediately cease the unlawful, unfair, and or fraudulent business acts and/or practices and false and misleading advertising complained of herein; 2) enjoining StemGenex from continuing to falsely advertise the Stem Cell Treatments; and 3) requiring StemGenex to provide full restitution to Plaintiffs and Class members, plus interest and attorneys' fees.

### THIRD COUNT

(Violations of the California Consumers Legal Remedies Act, Cal. Civ. Code § 1750  
et seq. – Seeking Injunctive Relief and Damages)

### *Against All Defendants*

102. Plaintiffs repeat and re-allege all paragraphs within the THIRD AMENDED COMPLAINT and incorporate them as if fully set forth herein.

103. Plaintiffs seek to enjoin StemGenex’s violation of the California Consumers Legal Remedies Act (“CLRA”), California Civil Code §§ 1750 et seq. Plaintiffs also seek damages on behalf of themselves and the Class, specifically alleging as particularly already stated in Paragraphs 6 through 67.

104. At all times relevant hereto, Plaintiffs and Class members were "consumer[s]" as that term is defined in Civ. Code § 1761(d).



1           105. At all times relevant hereto, StemGenex constituted a "person" as that  
2 term is defined in Civ. Code § 1761(c).

3           106. StemGenex's material false and misleading statements and omissions as  
4 detailed in this complaint represented that their services had sponsorship, approval,  
5 characteristics, ingredients, uses, benefits or qualities that they do not have and that  
6 their personnel has sponsorship, approval, status, affiliation or connection that they do  
7 not have, in violation of Cal. Civ. Code §1770 (a)(5).

8           107. StemGenex's material false and misleading statements omissions as  
9 detailed in this complaint represented that their services are of a particular standard,  
10 quality or grade when they are not, in violation of Cal. Civ. Code §1770 (a)(7).

11           108. StemGenex's material false and misleading statements and omissions as  
12 detailed in this complaint advertised services with intent not to sell them as  
13 advertised, in violation of Cal. Civ. Code §1770 (a)(9).

14           109. At all times relevant hereto, Plaintiffs' and Class members' purchases of  
15 StemGenex's Stem Cell Treatments and deposits for the same constituted a  
16 "transaction" as that term is defined in Civ. Code § 1761(e).

17           110. At all times relevant hereto, StemGenex provided "services" to Plaintiffs  
18 and members of the Class within the meaning of Civil Code § 1761(b).

19           111. Plaintiffs and Class members would have behaved differently by not  
20 purchasing the Stem Cell Treatments from StemGenex, or paying deposits toward  
21 them, and/or by paying less for the Stem Cell Treatments, had they been aware of the  
22 true facts.

23           112. StemGenex was obliged to disclose the material facts because: a)  
24 StemGenex had exclusive knowledge of the material facts not known to Plaintiffs and  
25 Class members, since only StemGenex had access to the aggregate data from its  
26 consumers, its own research and tests, and complaints from its consumers; and b)  
27 StemGenex actively concealed and suppressed the material facts from Plaintiffs and  
28 Class members in regard to the true facts available on those subjects.

1           113. Plaintiffs and Class members justifiably acted or relied to their detriment  
2 upon the false statements, misleading statements, and concealment and/or non-  
3 disclosure of material facts as evidenced by their purchases of the Stem Cell  
4 Treatments. Had StemGenex disclosed the true material facts, Plaintiffs and the Class  
5 members would have behaved differently by not buying the service, not paying  
6 deposits, and/or paying less.

7           114. StemGenex's material false and misleading statements, misleading  
8 statements, and omissions of material facts directly and proximately caused Plaintiffs'  
9 and Class members' injuries in that Plaintiffs and Class members would not have  
10 overpaid for the Stem Cell Treatments, or purchased them at all. As such, Plaintiffs  
11 and Class members did not receive the benefit of the bargain.

12           115. Cal. Civ. Code § 1780 (a)(2) permits any court of competent jurisdiction  
13 to enjoin practices that violate Civil Code § 1770. Pursuant to Cal. Civ. Code §  
14 1782(d), Plaintiffs seek injunctive relief under this cause of action.

15           116. Plaintiff, Selena Moorer, on behalf of herself and all others similarly  
16 situated, sent StemGenex a notice letter that complies with Cal. Civ. Code § 1782(a).  
17 On August 30, 2016, the notice period of that letter expired. At the time of the filing  
18 of the original complaint, StemGenex had not satisfied any of the elements of Cal.  
19 Civ. Code § 1782(c)(1)-(4), or indicated its agreement to satisfy those elements.  
20 Plaintiffs amended this complaint to include a claim for damages under the CLRA:

21           (a) As a result of such conduct in violation of California Civil Code §§1770, et  
22 seq., Plaintiffs and members of the Class have suffered damages. Plaintiffs  
23 and members of the Class had actual reliance on Defendants'  
24 misrepresentations and suffered actual injury as a result of those  
25 misrepresentations.

26           (b) Pursuant to California Civil Code §1780, et seq., Plaintiffs and members of  
27 the Class are entitled to actual damages, punitive damages, court costs and  
28 attorneys fees.

1 (c) The aforesaid acts of Defendants, and each of them, which were performed,  
2 authorized and/or ratified by Defendants' officers, directors and/or managing  
3 agents were malicious, fraudulent and/or oppressive, as defined by Civil  
4 Code Section 3294, therefore justifying an award of exemplary and punitive  
5 damages.

#### 6 7 **FOURTH COUNT**

8 (Fraud)

9 *Against All Defendants*

10 117. Plaintiffs repeat and re-allege all paragraphs in this THIRD AMENDED  
11 COMPLAINT and incorporate them as if fully set forth herein.

12 118. StemGenex, by and through its managing agents RITA ALEXANDER  
13 and/or Dr. LALLANDE intentionally misrepresented or caused to be intentionally  
14 misrepresented to Plaintiffs and members of the Class that it had no dissatisfied  
15 consumers, when in fact that was not true. StemGenex repeatedly published  
16 charts/pie charts/diagrams that showed 100% of its consumers' expectations were met  
17 and that 0% were unsatisfied. This was untrue and StemGenex knew it at the time of  
18 StemGenex's publication. As to each of the allegations in this Cause of Action,  
19 please see the incorporated specific allegations of Paragraphs 6 through 67, herein.

20 119. These intentional misrepresentations constitute fraud. StemGenex  
21 perpetrated this fraud on Plaintiffs and members of the Class by purveying these false  
22 statements on its website at [www.stemgenex.com](http://www.stemgenex.com) and in written marketing materials.

23 120. StemGenex also perpetrated this fraud on Plaintiffs and some members  
24 of the Class by making the same or similar verbal false statements.. When Plaintiffs  
25 called StemGenex as a result of being drawn in through the website during the  
26 Putative Class Period, Patient Advocates at the direction and control of RITA  
27 ALEXANDER and/or ANDRE LALLANDE would repeat the statements as  
28 particularly alleged in Paragraphs 6 through 67.

1           121. StemGenex also perpetrated this fraud on Plaintiffs and members of the  
2 Class by publishing or directing to be published false and fabricated reviews of its  
3 services on the internet.

4           122. StemGenex knowingly concealed and omitted material information from  
5 its consumers as described in this Complaint, as particularly alleged in Paragraph 6  
6 through 67, despite a duty to disclose the information.

7           123. StemGenex knew that the representations above were false when they  
8 made them or StemGenex made the representations recklessly and without regard for  
9 their truth, as particularly alleged in Paragraphs 6 through 67.

10           124. StemGenex intended that Plaintiffs and the members of the Class rely on  
11 StemGenex' representation. StemGenex knew that by publishing information that  
12 100% of its patients were satisfied or extremely satisfied with its services that  
13 consumers would be more likely to purchase and pay for its Stem Cell Treatment, as  
14 particularly alleged in Paragraphs 6 through 67.

15           125. Plaintiffs and the members of the Class relied on the false representations  
16 and material omissions. Their reliance upon StemGenex's representations was  
17 justified because of the manner in which StemGenex made the representations. This  
18 included an impressive website with not just a statement about the statistics, but round  
19 graphic representations. These statistics were simply "cooked up" and were not  
20 based on actual and complete consumer feedback. In fact, at the time, StemGenex  
21 knew that some consumers were dissatisfied, had had no effects and/or wanted their  
22 money back. RITA ALEXANDER and DR. LALLANDE knew this, but took steps  
23 to conceal this from the public, for the benefit of themselves and StemGenex entities,  
24 and each of them. But, Plaintiffs and members of the Class had no reasonable way to  
25 know this. The reasonable reliance also came about because of powerful and  
26 persuasive on-line reviews which were actually manufactured by StemGenex itself  
27 through direction to its agents and employees. This also included firm and repeated  
28

1 verbal false statements about the consumer satisfaction with StemGenex's Stem Cell  
2 Treatment.

3 126. As a result of their reliance upon the material misrepresentations and  
4 omissions by Defendants, Plaintiffs and the members of the Class were damaged  
5 because they made payments and incurred charges for Stem Cell Treatments, travel,  
6 and other expenses.

7 127. The material misrepresentations and omissions alleged herein were made  
8 by Defendants and their managing agents with intent to cause injury to Plaintiffs and  
9 the Class or with willful and knowing disregard of the rights and safety of Plaintiffs  
10 and the Class and constitute oppression and despicable conduct, thereby justifying an  
11 award of punitive damages for the purpose of punishing the Defendants and to  
12 discourage similar conduct in the future.

13 **FIFTH COUNT**

14 (Negligent Misrepresentation)

15 *Against All Defendants*

16 128. Plaintiffs repeat and re-allege all paragraphs within this THIRD  
17 AMENDED COMPLAINT and incorporate them as if fully set forth herein.

18 129. StemGenex misrepresented to the Plaintiffs and members of the Class  
19 that it had no dissatisfied consumers, when in fact that was not true. As used in this  
20 cause of action, "StemGenex" includes STEMGENEX, STEMGENEX MEDICAL  
21 GROUP, INC., STEM CELL RESEARCH CENTRE, INC., RITA ALEXANDER  
22 and Dr. LALLANDE. All allegations in this cause of action were done by RITA  
23 ALEXANDER and/or Dr. LALLANDE on behalf of themselves and StemGenex, as  
24 if individually set forth herein, and with incorporation of the detailed specific  
25 allegations above. As to each of the allegations in this Cause of Action, please see  
26 the incorporated specific allegations of Paragraphs 6 through 67, herein.

27 130. StemGenex represented to Plaintiffs and members of the Class that they  
28 would benefit from the StemGenex Stem Cell Treatment when in fact StemGenex

1 had no reasonable grounds for making those representations because Defendants  
2 knew or should have known it had at least some customers had minimal or no benefit  
3 from the Stem Cell Treatment and some did not improve at all.

4 131. StemGenex represented to Plaintiffs and members of the Class that 100%  
5 of prior patients were satisfied or extremely satisfied with Stemgenex's treatment  
6 when in fact StemGenex had no reasonable grounds for making those representations  
7 because Defendants knew or should have known it had at least some patients were  
8 not satisfied with their treatment and that those patients reported that they did not  
9 improve at all, or had insignificant improvement.

10 132. StemGenex omitted material information from disclosure to Plaintiffs  
11 and the members of the Class, though it had a duty to disclose it.

12 133. StemGenex may have believed its representations were reasonably made  
13 and omitted information was reasonably concealed or not disclosed, but its belief was  
14 unreasonable and fell below the applicable duty of care.

15 134. StemGenex intended Plaintiffs and members of the Class to rely on these  
16 representations alleged above.

17 135. Plaintiffs and the members of the Class reasonably relied on StemGenex'  
18 representations.

19 136. Plaintiffs and the members of the Class were harmed.

20 137. Plaintiffs and the members of the Class' reliance on the representations  
21 and material omissions, and each of them, was a substantial factor in causing their  
22 harm.

### 23 **PRAYER**

24 WHEREFORE, Plaintiffs, individually, on behalf of the Class and on behalf  
25 of the public, pray for judgment against Defendants as follows:

26 1. That this action be certified as a class action, pursuant to Rule 23 of the  
27 Federal Rules of Civil Procedure;  
28

1           2.     That Plaintiffs be appointed Class Representatives as requested in this  
2 Complaint;

3           3.     That Plaintiffs be afforded a jury trial on behalf of themselves and the  
4 Class, and a jury trial is demanded;

5           4.     That pursuant to the CLRA, UCL and False Advertising Law, all  
6 defendants, their officers, directors, principals, assignees, successors, agents,  
7 representatives, employees, subsidiaries, affiliates, and all persons, corporations and  
8 other entities acting by, through, under, or on behalf of said defendants, or acting in  
9 concert or participation with them, be permanently enjoined from directly or  
10 indirectly making any illegal, untrue or misleading statements in violation of the  
11 CLRA, Business and Professions Code §§ 17200 et seq. and 17500 et seq.,  
12 including, but not limited to, the untrue or misleading statements alleged in this  
13 complaint;

14           5.     Awarding Plaintiffs and members of the Class, pursuant to California  
15 Civil Code §1750, et seq., actual damages, punitive damages, court costs and  
16 attorneys' fees.

17           6.     Ordering the restitution to the Plaintiffs and members of the Class of all  
18 sums unjustly obtained by Defendants for Stem Cell Treatments and other services;

19           7.     That a finding be made that all Defendants are the alter egos of the  
20 other Defendants in this matter and that the corporate veil be pierced;

21           8.     Awarding Plaintiffs and the members of the Class compensatory  
22 damages according to proof;

23           9.     Awarding Plaintiffs and the members of the Class general damages  
24 according to proof;

25           10.    Awarding Plaintiffs and the members of the Class economic damages  
26 according to proof;

27           11.    Awarding Plaintiffs and members of the Class punitive and exemplary  
28 damages according to proof;

- 1           12.   Awarding prejudgment and post-judgment interest at the maximum  
2 legal rate;  
3           13.   Awarding attorneys' fees according to proof;  
4           14.   Awarding costs of suit; and  
5           15.   All such other and further relief as the Court deems just and proper.

6  
7 Dated: May 10, 2017

MULLIGAN, BANHAM, & FINDLEY

/s/ Elizabeth A. Banham

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