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11  
 12 UNITED STATES DISTRICT COURT  
 13 NORTHERN DISTRICT OF CALIFORNIA  
 14 SAN FRANCISCO DIVISION

15  
 16  
 17 IN RE CALIFORNIA BAIL BOND  
 ANTITRUST LITIGATION

18  
 19 This Document Relates To:

20  
 21 ALL ACTIONS

Case No. 3:19-cv-00717-JST

CLASS ACTION

**CONSOLIDATED AMENDED CLASS  
 ACTION COMPLAINT**

**JURY TRIAL DEMANDED**

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1 Plaintiffs Shonetta Crain and Kira Serna, individually and on behalf of all others similarly  
2 situated (collectively referred to as “Class members”), hereby state and allege the following  
3 against Defendants:

4 **INTRODUCTION**

5 1. This case challenges a long-running conspiracy to inflate the prices of bail bonds.

6 2. Every year in California, nearly one million people are arrested and taken into  
7 custody. Many are released if they can post money bail, which will be returned to them as long as  
8 they appear for scheduled court dates. But the bail amounts courts typically require far exceed  
9 what most people can pay out-of-pocket: 60% of people in California jails are there because they  
10 cannot afford to pay bail. Those people can remain in jail, away from their jobs and loved ones,  
11 or they can purchase a commercial bail bond by paying a premium. In California, the amount of  
12 the premium is typically 10% of the bail amount. For instance, if bail is set at \$30,000, a  
13 commercial bail bond will cost \$3,000. That premium is non-refundable, even if the accused  
14 person attends all court dates, and even if charges are dismissed.

15 3. Bail bonds are sold by thousands of bail agents, but these agents, and the  
16 premiums they charge, are ultimately controlled by a relatively small group of sureties who  
17 underwrite those bonds. The sureties orchestrated the price-fixing conspiracy alleged herein, with  
18 the assistance of certain bail agents who also profited from it.

19 4. Open competition over price is a bedrock principle of California state policy and  
20 federal antitrust policy. Presumptively innocent Californians who are charged with crimes have  
21 the same right as other consumers to a competitive marketplace. Defendants’ conspiracy not only  
22 made bail bonds more expensive, but also forced people to spend more time in jail awaiting trial  
23 and separated from their families, jobs, and lives than otherwise would have been the case, simply  
24 because they could not afford to pay artificially inflated prices.

25 5. In 2018, California passed SB 10, which, if enacted, would eliminate money bail  
26 in California. The bail reform effort that led to the passage of SB 10 centered on the common  
27 practice of requiring criminal defendants to post bail amounts that they cannot afford to pay out-  
28 of-pocket. This case, in contrast, targets a conspiracy to charge higher premiums on bonds to

1 cover those bail amounts. SB10 will not go into effect until November 2020 at the earliest. Even  
2 if it does go into effect, it will do nothing to directly redress the injury to California’s residents,  
3 who, in exchange for their liberty, have been forced to pay inflated premiums to private bail  
4 agents and the sureties that back them. And these consumers will continue to suffer from  
5 Defendants’ anticompetitive conduct as sureties aggressively seek to recover debts for price-fixed  
6 premiums. As a former bail consultant explained to the *Los Angeles Times*, “if bail goes away,  
7 the one thing that will still be here a little longer is [debt] recovery, because surety companies will  
8 need to clear all of their liabilities.”

9 6. This class action seeks damages for the hundreds of thousands of Californians who  
10 have overpaid for unlawfully inflated bail bond premiums, and injunctive relief to bring  
11 competition into this collusive market.

#### 12 **JURISDICTION AND VENUE**

13 7. This Complaint is filed, and these proceedings are instituted, to recover damages  
14 and to obtain other relief for harms that Plaintiffs and the members of the Class have sustained  
15 due to violations by Defendants, as hereinafter alleged, of California Business and Professions  
16 Code sections 16720, *et seq.*, commonly known as the Cartwright Act, California Business and  
17 Professions Code sections 17200, *et seq.*, commonly known as the Unfair Competition Law, and  
18 Section 1 of the Sherman Act, 15 U.S.C. § 1.

19 8. This Court has subject matter jurisdiction pursuant to Sections 4 and 16 of the  
20 Clayton Act (15 U.S.C. §§ 15 and 26) and 28 U.S.C. §§ 1331, 1337, and 1367. The Court also  
21 has jurisdiction under 28 U.S.C. § 1332(d) because the amount in controversy exceeds  
22 \$5,000,000, at least one member of the proposed class is diverse from at least one Defendant, and  
23 the size of the proposed class exceeds 100.

24 9. Venue is proper in this judicial district pursuant to Section 12 of the Clayton Act  
25 (15 U.S.C. § 22); 28 U.S.C. § 1441(a) because the action was removed from Alameda County  
26 Superior Court; and 28 U.S.C. § 1391(b), (c), and (d) because a substantial part of the events  
27 giving rise to Plaintiffs’ claims occurred in this district and a substantial portion of the affected  
28 interstate trade and commerce was carried out in this district.

1 10. Defendants are subject to the jurisdiction of this Court because all Defendants  
2 maintain an office, transact business, have an agent, or are found in this State, and have transacted  
3 business or performed other acts in this State which give rise to Plaintiffs' claims. The unlawful  
4 acts hereinafter alleged had a direct effect on persons who paid premiums for bail bonds within  
5 the State of California and, more particularly, within this District. Furthermore, the Court has  
6 personal jurisdiction over each Defendant as co-conspirators as a result of the acts of any of the  
7 co-conspirators occurring in California and in connection with Defendants' violations of the  
8 Cartwright Act, the Unfair Competition Law, and/or the Sherman Act.

### 9 **THE PARTIES**

10 11. Plaintiff Shonetta Crain resides in the County of Alameda. In 2016, Ms. Crain  
11 paid an unlawfully inflated bond premium to secure pre-trial release of a relative charged and  
12 detained in Alameda County and against whom all criminal charges were subsequently dropped.  
13 The bond was arranged through Defendant All-Pro Bail Bonds Inc. and underwritten by  
14 Defendant Bankers Insurance Company. Although charges were dropped against her relative,  
15 Ms. Crain was not refunded or reimbursed for any portion of the bond premium. She proceeds on  
16 her own behalf and on behalf of a Class of similarly situated people subjected to Defendants'  
17 scheme.

18 12. Plaintiff Kira Serna resides in the County of Contra Costa. In 2016, Ms. Serna  
19 paid an unlawfully inflated bond premium to secure her own pre-trial release. She was never  
20 charged with an offense. The bond was arranged through Defendant Two Jinn, Inc., d/b/a  
21 Aladdin Bail Bonds and underwritten by Defendant Seaview Insurance Company. Although she  
22 was never charged, Ms. Serna was not refunded or reimbursed for any portion of the bond  
23 premium. She proceeds on her own behalf and on behalf of a Class of similarly situated people  
24 subjected to Defendants' scheme.

### 25 **SURETY DEFENDANTS**

26 13. Defendant Accredited Surety and Casualty Company is incorporated in the state of  
27 Florida, has its principal place of business in Orlando, Florida, and has a designated agent for  
28 service of process in Sacramento, California.

1           14. Defendant Allegheny Casualty Company is incorporated in the state of New  
2 Jersey, has its principal place of business in New Jersey, and has a designated agent for service of  
3 process in Walnut Creek, California. Allegheny Casualty is a member of AIA, the nation's  
4 largest bail surety administrator, with offices in Calabasas, California.

5           15. Defendant American Contractors Indemnity Company ("ACIC") is a member of  
6 the HCC Surety Group. ACIC is incorporated in the state of California, has its principal place of  
7 business in Los Angeles, California, and has a designated agent for service of process in Los  
8 Angeles, California.

9           16. Defendant American Surety Company ("ASC") is incorporated in the state of  
10 Indiana with its principal place of business in Indianapolis, Indiana. ASC has an agent for service  
11 of process located in San Francisco, California.

12           17. Defendant Associated Bond and Insurance Agency, Inc. ("Associated Bond") is  
13 incorporated in the state of California and has its principal place of business in Calabasas,  
14 California. Associated Bond is a member of AIA, the nation's largest bail surety administrator,  
15 with offices in Calabasas, California.

16           18. Defendant Bankers Insurance Company is incorporated in the state of Florida, has  
17 its principal place of business in St. Petersburg, Florida, and has a designated agent for service of  
18 process in Sacramento, California. Bankers Insurance is a member of the Bankers Insurance  
19 Group.

20           19. Defendant Continental Heritage Insurance Company is incorporated in the state of  
21 Florida, has its principal place of business in Mayfield Heights, Ohio, and has a designated agent  
22 for service of process in Los Angeles, California.

23           20. Defendant Crum & Forster Indemnity Company is incorporated in the state of  
24 Delaware, has its principal place of business in Morristown, New Jersey, and has an agent for  
25 service of process in Orange, California. Crum & Forster Indemnity Company is a member of the  
26 Crum & Forster group.

27  
28

1           21.     Defendants Danielson National Insurance Company is a member of the DHC  
2 Group and is incorporated in the state of California, has its principal place of business in San  
3 Diego, California, and has a designated agent for service of process in Sacramento, California.

4           22.     Defendant Financial Casualty & Surety, Inc. is a member of the HCC Surety  
5 Group. It is incorporated in the state of Texas, has its principal place of business in Houston,  
6 Texas, and has a designated agent for service of process in Sacramento, California.

7           23.     Defendant Harco National Insurance Company is incorporated in the state of  
8 Illinois, has its principal place of business in Raleigh, North Carolina, and has a designated agent  
9 for service of process in Los Angeles, California.

10          24.     Defendant Indiana Lumbermens Mutual Insurance Company is a member of ILM  
11 Group and is incorporated in the state of Indiana, has its principal place of business in  
12 Indianapolis, Indiana, and has a designated agent for service of process in Sacramento, California.

13          25.     Defendant International Fidelity Insurance Company is incorporated in the state of  
14 New Jersey, has its principal place of business in Newark, New Jersey, and has a designated agent  
15 for service of process in Walnut Creek, California. International Fidelity is a member of AIA, the  
16 nation's largest bail surety administrator, with offices in Calabasas, California.

17          26.     Defendant Lexington National Insurance Corporation is incorporated in the state  
18 of Maryland, has its principal place of business in Cockeysville, Maryland, and has a designated  
19 agent for service of process in Los Angeles, California.

20          27.     Defendant Lexon Insurance Company is incorporated in the state of Texas, has its  
21 principal place of business in Mount Juliet, Tennessee, and has a designated agent for service of  
22 process in Sacramento, California. Lexon Insurance is a member of the J.A. Patterson Group.

23          28.     Defendant North River Insurance Company is incorporated in the state of New  
24 Jersey, has its principal place of business in Morristown, New Jersey, and has an agent for service  
25 of process in Orange, California. North River is a member of the Crum & Forster group.

26          29.     Defendant Philadelphia Reinsurance Corporation is incorporated in the state of  
27 Pennsylvania, has its principal place of business in San Diego, California, and has a designated  
28 agent for service of process in San Diego, California.

1           30. Defendant Seaview Insurance Company (“SIC”) is incorporated in the state of  
2 California with its principal place of business located in Carlsbad, California. Seaview Insurance  
3 Company is the surety for Defendant Two Jinn, Inc.’s bail bonds, and is a wholly owned  
4 subsidiary of Seaview Surety Holdings, LLC.

5           31. Defendant Seneca Insurance Company is incorporated in the state of New York,  
6 has its principal place of business in New York, New York, and has an agent for service of  
7 process in La Jolla, California. Seneca is a member of the Crum & Forster group.

8           32. Defendant Sun Surety Insurance Company is incorporated in the state of South  
9 Dakota, has its principal place of business in Rapid City, South Dakota, and has a designated  
10 agent for service of process in Los Angeles, California.

11           33. Defendant United States Fire Insurance Company is incorporated in the state of  
12 Delaware, has its principal place of business in Morristown, New Jersey, and an agent for service  
13 of process in Orange, California. United States Fire is a member of the Crum & Forster group.

14           34. Defendant Universal Fire & Insurance Company is incorporated in the state of  
15 Indiana, has its principal place of business in Hudsonville, Michigan, and has a designated agent  
16 for service of process in Lancaster, California.

17           35. Defendant Williamsburg National Insurance Company is a member of the  
18 Meadowbrook Insurance Group and is incorporated in the state of Michigan, has its principal  
19 place of business in Southfield, Michigan, and has a designated agent for service of process in  
20 Los Angeles, California.

21           36. Collectively, the Defendants named in paragraphs 13-35 are referred to as the  
22 “Surety Defendants.”

23                           **BAIL AGENCY DEFENDANTS**

24           37. Defendant All-Pro Bail Bonds Inc. is incorporated in the state of California with  
25 its principal place of business in Solana Beach, California. It operates as a bail bond agent in  
26 California.

27           38. Defendant Two Jinn, Inc. is incorporated in the state of California with its  
28 principal place of business in Carlsbad, California. It is an affiliate of Seaview Insurance



1 Company, and it does business as Aladdin Bail Bonds (“Aladdin”), Aladino Bail Bonds, AM/PM  
2 Bail Bonds, Andy’s Bail Bonds, and Express Bail Bonds, and is incorporated in the State of  
3 California, with its principal place of business in Carlsbad, California. Two Jinn, Inc. operates as  
4 a bail bond agent in California.

5 39. Collectively, the Defendants named in paragraphs 37-38 are referred to as the  
6 “Bail Agency Defendants.”

7 **BAIL AGENT ASSOCIATION DEFENDANTS**

8 40. Defendant American Bail Coalition, Inc. (“ABC”) is a nonprofit association  
9 organized under § 501(c)(6) of the Internal Revenue Code, incorporated in the state of  
10 Pennsylvania with its principal place of business located in Lancaster, Pennsylvania. ABC is a  
11 trade association for the national bail underwriting insurance industry.

12 41. Defendant California Bail Agents Association (“CBAA”) is a nonprofit  
13 corporation organized under § 501(c)(6) of the Internal Revenue Code, incorporated in the state  
14 of California with its principal place of business in Pomona, California. CBAA is a trade  
15 association for bail agents in California.

16 42. Defendant Golden State Bail Agents Association (“GSBAA”) is a nonprofit  
17 corporation organized under § 501(c)(6) of the Internal Revenue Code, incorporated in the state  
18 of California with its principal place of business in Fresno, California.

19 43. Collectively, the Defendants named in paragraphs 40-42 are referred to as the  
20 “Bail Agent Association Defendants.”

21 **INDIVIDUALLY NAMED DEFENDANTS**

22 44. Defendant Jerry Watson is the Vice President of the AIA and Senior Counsel and  
23 Board Member of Defendant American Bail Coalition. Defendant Watson directly participated in  
24 the conspiracy alleged herein and approved and ratified the conduct of AIA’s members  
25 (Defendants Allegheny Casualty Company, Associated Bond and Insurance Agency, and  
26 International Fidelity Insurance Company) and Defendant American Bail Coalition. Upon  
27 information and belief, Defendant Watson is a resident of Oxnard, California.  
28

1           45. Defendant William B. Carmichael is the President and CEO of Defendant  
 2 American Surety Company and the former President and Executive Director of Defendant  
 3 American Bail Coalition. He presently serves as the American Bail Coalition's Chairman.  
 4 Defendant Carmichael directly participated in the conspiracy alleged herein and approved and  
 5 ratified the conduct of Defendants American Surety Company and American Bail Coalition.  
 6 Upon information and belief, Defendant Carmichael is a resident of Indianapolis, Indiana.

7           46. DOES 1-50, inclusive, were co-conspirators with other Defendants in the  
 8 violations alleged in this Complaint and performed acts and made statements in furtherance  
 9 thereof. Plaintiffs are presently unaware of the true names and identities of those defendants sued  
 10 herein as DOES 1-50. Plaintiffs will amend this Complaint to allege the true names of the DOE  
 11 defendants when they have been ascertained.

#### **CLASS ACTION ALLEGATIONS**

12  
 13           47. Plaintiffs bring this action on behalf of themselves and all others similarly situated  
 14 (the "Class"), pursuant to Federal Rule of Civil Procedure 23. The Class is defined as follows:

15 All persons who, between February 24, 2004 and present (the  
 16 "Class Period"), paid for part or all of a commercial bail bond  
 17 premium in connection with a California state court criminal  
 18 proceeding. Specifically excluded from this Class are Defendants;  
 19 the officers, directors or employees of any Defendant; any entity in  
 20 which any Defendant has a controlling interest; any affiliate, legal  
 representative, heir or assign of any Defendant and any person  
 acting on their behalf; any person who acted as a bail agent during  
 the Class Period; any judicial officer presiding over this action and  
 the members of his/her immediate family and judicial staff; and any  
 juror assigned to this action.

21           48. Based upon the nature of the trade and commerce involved, there are at least  
 22 hundreds of thousands of Class members dispersed throughout the State of California. According  
 23 to one report, approximately 27.8% of individuals booked on misdemeanors or felonies in  
 24 California from October 2011 to October 2015 (approximately 180,000 people) were released  
 25 pretrial on bail. Nearly all rely on commercial surety bonds. Members of the class are  
 26 ascertainable through searches of either court records or business records of Defendants and their  
 27 co-conspirators.

28           49. The questions of law and fact common to the Class include but are not limited to:

1 a. Whether the conduct of Defendants and their co-conspirators violated  
2 Section 1 of the Sherman Act, 15 U.S.C. § 1;

3 b. Whether the conduct of Defendants and their co-conspirators violated  
4 sections 16720, *et seq.*, of the California Business and Professions Code;

5 c. Whether the conduct of Defendants and their co-conspirators violated  
6 sections 17200, *et seq.*, of the California Business and Professions Code;

7 d. Whether Defendants' acts, contracts, combinations and/or conspiracies  
8 restrained trade, commerce, or competition for the sale of bail bonds and the associated setting of  
9 effective bond premiums in the State of California by refraining from and discouraging discounts  
10 and rebates;

11 e. Whether Defendants conspired to fix advertised prices and inflate bail bond  
12 premiums in California;

13 f. Whether Defendants and their co-conspirators conspired to refrain from  
14 offering, and discourage the offering of, discounts and rebates on bail bond premiums in  
15 California;

16 g. Whether Defendants instructed bail agents to fix advertised prices;

17 h. Whether Defendants engaged in additional acts to fix and inflate bail bond  
18 premiums;

19 i. Whether Defendants retaliated against agents or sureties that attempted to  
20 drop prices;

21 j. Whether Defendants deceived the public about the laws pertaining to bail  
22 bond pricing;

23 k. Whether Defendants otherwise fraudulently concealed their misconduct;

24 l. Whether Plaintiffs and the Class they seek to represent have suffered  
25 antitrust injury and/or have been threatened with antitrust injury;

26 m. Whether the conspiracy resulted in inflated bail bond premiums in  
27 California; and

28 n. The type and measure of damages suffered by Plaintiffs and the Class.

1 50. These and other questions of law and fact are common to the Class, and  
2 predominate over any questions affecting only individual members of the Class.

3 51. Plaintiffs' claims are typical of the claims of the Class. Plaintiffs and members of  
4 the Class sustained damages arising out of Defendants' common course of conduct in violation of  
5 the laws alleged herein. The damages and injuries of each Class member were directly caused by  
6 Defendants' wrongful conduct.

7 52. There are no defenses of a unique nature that may be asserted against Plaintiffs  
8 individually, as distinguished from the other members of the Class, and the relief sought is  
9 common to the Class.

10 53. Plaintiffs will fairly and adequately protect the interests of the members of the  
11 Class. Plaintiffs' interests are aligned with, and not antagonistic to, those of the other members of  
12 the Class, and Plaintiffs have retained counsel competent and experienced in the prosecution of  
13 antitrust class action litigation to represent themselves and the Class.

14 54. Defendants have acted on grounds generally applicable to the Class, thereby  
15 making final injunctive relief appropriate with respect to the Class as a whole.

16 55. A class action is superior to other available methods for the fair and efficient  
17 adjudication of this controversy. The prosecution of separate actions by individual members of  
18 the Class would impose heavy burdens on the courts, and would create a risk of inconsistent or  
19 varying adjudications of the questions of law and fact common to the Class. A class action, on  
20 the other hand, would achieve substantial economies of time, effort, and expense, and would  
21 assure uniformity of decision as to persons similarly situated without sacrificing procedural  
22 fairness or bringing about other undesirable results.

23 **FACTUAL ALLEGATIONS**

24 **I. The California Market for Commercial Bail**

25 56. Most people arrested on suspicion of violating California's criminal laws have the  
26 right to seek and post bail for their release. An arrestee who cannot afford the posted bail can  
27 contract with a bail bond company to post bail in exchange for a non-refundable premium. At the  
28 time of arrest, during the booking process, the arrestee must be afforded an opportunity to call a

1 bail bond company to initiate the process of obtaining a bail bond, and retains that right  
2 throughout any pretrial detention.

3 57. Consumers of commercial bail pay a premium in exchange for the bail bond  
4 companies' service of posting the bond. The transaction is carried out through a bail agent who  
5 posts a bond with the court that allows a defendant to leave custody pending trial. If the  
6 defendant attends all court dates, the posted bond is "exonerated," releasing the surety and bail  
7 agency from all liability. However, the consumer does not get any portion of his or her premium  
8 back. This is true even if a prosecutor never files charges, all charges are dismissed, or the  
9 accused is acquitted.

10 58. For bail bonds sold in California, sureties must file a rate application with the  
11 California Department of Insurance (CDI) stating a proposed maximum premium rate that the  
12 surety may charge its consumers (the "Maximum Rate"). All Surety Defendants have made the  
13 requisite filing, received approval, and currently sell bail bond products in California or did so  
14 during the Class Period.

15 59. Although California law bars sureties and agents from charging more than their  
16 Maximum Rate, they can charge less by offering rebates to consumers.

17 60. But, because of the conspiracy alleged herein, the California bail bonds market  
18 does not function competitively. Other insurance markets—from healthcare to life insurance to  
19 farmers' insurance for crops—are generally priced based on risk factors that predict the likelihood  
20 that the insurer will have to pay out, together with other actuarial practices that are frequently  
21 based on proprietary formulas and market competition.

22 61. The Surety Defendants price bail bonds differently: they have nearly uniformly  
23 filed for a default premium rate of 10 percent of the posted bond, with an 8 percent maximum for  
24 consumers who meet enumerated and nearly identical criteria (*e.g.*, veterans, homeowners, union  
25 members, government employees, or certain arrestees represented by a private lawyer). They do  
26 not price their products based upon any risk analysis.

27 62. Gross profit margins also distinguish California bail bonds from traditional  
28 insurance markets, even though some Surety Defendants also sell insurance. In a competitive

1 market, pricing will be driven down to the marginal cost of providing a good or service. Thus, in  
2 general, the lower the expected need to pay out on a claim, the lower the marginal cost of  
3 supplying insurance; and the lower marginal cost of supplying insurance, the lower the premium  
4 should be in a competitive market. Indeed, economists often assess the competitiveness of an  
5 insurance market by looking at the fraction of premium revenue that insurers pay out to cover  
6 claims (the “loss ratio”). The lower the loss ratio, the higher the profit margins, and the less  
7 competitive the market is likely to be.

8 63. The California bail bonds market as a whole exhibits an extremely low loss ratio.  
9 On the one hand, costs are low: the expected need to pay out is minimal because criminal  
10 defendants rarely “jump bail” and even when they do, the bond, even if forfeited, is typically  
11 exonerated. For instance, Defendant AIA has been operating in the bail market for 107 years  
12 (now underwriting \$700 million of bail annually), and its Vice President, Defendant Jerry Watson  
13 (also Senior Counsel and Board Member of Defendant American Bail Coalition) has admitted:  
14 “You know how many checks has this company written to pay a bail loss? *Not a single one.*”  
15 Indeed, a report by the San Francisco Office of the Treasurer & Tax Collector observes that “bail  
16 bond agencies are rarely held accountable to the courts when an individual fails to appear.” In  
17 San Francisco, for example, bail bond agencies are released from their obligation to pay  
18 approximately 4 out of every 5 challenges they make to a bail forfeiture.

19 64. On the other hand, premium revenues are high, thanks to both pricing and volume.  
20 According to Defendant American Surety Company, “[w]ith the highest average bond in the  
21 nation at approximately \$14,000, more commercial bail is written in [California] than in any other  
22 [state].” Every year between 2011 and 2013, California-licensed sureties underwrote bonds with  
23 a face value of more than \$4.4 billion. In each of these years, 13 of the 17 licensed sureties for  
24 which data exists collected more than \$308 million in nonrefundable premium fees per year, on  
25 average, from criminal defendants and their families. The CDI estimates that “[t]he business  
26 costs of a bail bond company are typically 20% of the bail fee to be paid to the surety company,”  
27 meaning gross profit margins may be as high as 80%, and would still be substantial even if the  
28 bail agent kept the majority of the premium.

1           65. In no competitive insurance market are loss ratios that low and gross profit  
2 margins that high. The premiums found in the California bail bonds market make no economic  
3 sense, and can be explained only by a market failure. The market failure here is Defendants'  
4 conspiracy to keep default premium rates fixed at 10%, advertise them as legal minimums, and  
5 prevent discounting or rebating as much as possible.

6 **II. Defendants' Conspiracy**

7           66. In November 1988, California voters enacted the Insurance Rate Reduction and  
8 Reform Act ("Proposition 103"), which allowed insurers to charge consumers less than the rate  
9 they submitted to the CDI by offering rebates. The express purpose of Proposition 103 was,  
10 among other things, "to protect consumers from arbitrary insurance rates and practices [and] to  
11 encourage a competitive insurance marketplace."

12           67. It has been clear since at least February 2004 that Proposition 103 permits the bail  
13 bond industry to offer prices below the Maximum Rate submitted to the CDI by offering rebates.  
14 *See Pacific Bonding Corp. v. John Garamendi*, No. GIC815786 (Cal. Super. Ct. Feb. 24, 2004).  
15 Specifically, the trial court decision in *Pacific Bonding* enjoined the CDI from enforcing an anti-  
16 rebate statute pre-dating Proposition 103. The CDI provides a link to this decision on its website.  
17 Since then, the CDI explains, "to become more competitive, a bail agent may choose to negotiate  
18 a lower fee by rebating, as allowed by Proposition 103."

19           68. Despite knowing no later than February 2004 that they can offer prices below their  
20 filed Maximum Rate by rebating, Defendants have agreed to advertise only the default Maximum  
21 Rate, to conceal their ability to charge a lower effective rate through rebating, and generally to  
22 refrain from offering competitive rebates.

23           69. Furthermore, the Surety Defendants and their co-conspirators have concealed their  
24 scheme and dissuaded consumers from placing pressure on the industry to offer lower premium  
25 rates by misrepresenting that rebating or discounting is unlawful.

26           70. The anticompetitive cartel also intimidates competitors to toe the line. When  
27 competitors attempt to compete by offering lower rates through rebating, cartel members brand  
28 them as "break[ing] the law," despite knowing that to be false. The accusation dissuades

1 competition and misleads consumers to believe that shopping around for better premium rates is  
2 futile because state law mandates uniform prices.

3 **A. Defendant Sureties Have Conspired to Fix Bail Premiums**

4 71. The Surety Defendants and their co-conspirators, since at least February 2004,  
5 have conspired to fix bail premiums and avoid price competition. Defendants have:

6 a. Made statements indicating their agreement not to compete over premium  
7 prices;

8 b. Directed their agents not to compete with other agents over prices;

9 c. Used industry associations, including the Surety Association of America  
10 (SAA), the California Bail Bond Association, the American Bail Coalition, and Golden State Bail  
11 Agents Association, and bail education courses organized by industry leaders, as tools for  
12 enforcing their price-fixing cartel; and

13 d. Singled out for punishment maverick bail agents who cut premium prices  
14 to attract consumers.

15 72. At the center of the conspiracy is Aladdin Bail Bonds, the largest bail agency in  
16 California, and its surety, Defendant SIC. The two companies are closely connected. As of 2012,  
17 two of the five members of SIC's Board of Directors were executives of Two Jinn, Inc. (which  
18 owns Aladdin), including the CEO of Two Jinn, Robert Hayes. As of 2012, Mr. Hayes owned  
19 44.2% of Two Jinn, Inc. and 15.7% of SIC's holding company. The five individual shareholders  
20 who together own 100% of Two Jinn, Inc. own over 35% of SIC's holding company.

21 73. As detailed further below, like other bail agents, Aladdin claims that its fees are  
22 standard and non-negotiable. On its website under the heading "Standard Premium Rate,"  
23 Aladdin claims that its prices are required by law: "All insurers who work with bail service  
24 providers are required to file their premium rates with the Department of Insurance. In  
25 California . . . Aladdin Bail Bonds is authorized to offer an 8% rate in addition to the standard  
26 10%. Nobody has lower prices than Aladdin." These statements are misleading insofar as they  
27 conceal the ability of Aladdin—and its competitors—to offer lower prices with rebates.  
28



1           74. Aladdin uses the SAA as a justification for setting its standard rate, and has said in  
2 its CDI filings that “[t]he standard rate is based on Surety Association of America (SAA)  
3 pricing.”

4           75. Aladdin and SIC are not alone. Defendant Jerry Watson, acting on behalf of  
5 Defendant surety AIA, has publicly derided “price-cutting” as a “cancer” in an article posted to  
6 AIA’s website.

7           76. A 2002 essay entitled *Predatory Pricing*, by Michael J. Whitlock, Vice President  
8 of Defendant ASC, explained, with particular reference to California, that “[p]rice gauging [sic]  
9 or predatory pricing is being addressed in several markets around the country.... Fix the  
10 system and you will correct those areas which allow large retailers to prostitute the bail industry  
11 for short term gain.” (Emphasis added.) Defendant ASC is a national leader in the bail industry,  
12 and “devotes a tremendous amount of resources towards preserving the commercial bail  
13 industry.” ASC has been a vocal proponent of maintaining elevated prices through concerted  
14 action.

15           77. Defendant Carmichael, President and CEO of ASC, and current Chairman and  
16 former President and CEO of Defendant American Bail Coalition, has written:

17                   In 1986, when Jack and I started, we dreamt of an industry solidly  
18 united against its foes. National, State and Local associations well-  
19 versed in the vital roles they play in the protection and betterment  
20 of our markets. . . . ***We wished for a cohesive band of agents and  
21 companies whose power, when combined, far exceeded the power  
22 of an unorganized group of single businesses. . . .*** Our Company  
will continue to provide its resources, both financial and personnel,  
to any effort which can be demonstrated to be trying to grow the  
surety-backed agency channel. (Emphasis added.)

22           78. Carmichael has long recognized that if the sale of commercial bail bonds were a  
23 competitive market, the profitability of ASC and other Defendants would plummet, because  
24 sureties rarely have to pay out a bond to a court. Those low costs should otherwise encourage  
25 discounting by sureties to increase their respective market shares. As Carmichael stated in a  
26 March 2005 article (soon after the trial court decision in *Pacific Bonding* made clear that  
27 discounting was legal):  
28

1 2005 will not be a year when we, as an industry, can sit passively  
2 by while competitive forces continue to encroach upon our  
3 markets . . . . Advocates argue that the market dictates that they  
4 charge and collect less than the filed rate. . . . ***[But] I can safely***  
5 ***predict that if left unchecked, rampant premium discounting will***  
6 ***result in the end of the bail bond business as we know it, to be***  
7 ***replaced by a new model that properly reflects the proper balance***  
8 ***of risk and reward. Simple economics dictates it. . . . I urge all of***  
9 ***us to recognize the serious nature of the threats to our industry***  
10 ***and work collectively to repel them. Leaving profit on the table,***  
11 ***in the form of discounts or uncollected accounts receivable, is a***  
12 ***fool’s game.*** (Emphasis added.)

13 79. Thus, Carmichael and other sureties have recognized the need to avoid the “simple  
14 economics” that would create a market “reflect[ing] the proper balance of risk and reward”—i.e.,  
15 a market with low premiums to reflect the low likelihood that a criminal defendant will “jump  
16 bail” and a surety will have to pay out on a bond. Carmichael called upon bail bond agents to be  
17 “our industry’s eyes, ears and mouths in recognizing and alerting all to the impending attack [on  
18 the industry]. When you [agents] become aware of a situation, please contact us so that we may  
19 assess the depth of the threat and work alongside of you to craft an appropriate response.”

20 **B. Defendants Have Enlisted or Created Industry Associations to Enforce Their**  
21 **Conspiracy**

22 80. Industry associations, including, for example, Defendant California Bail Agents  
23 Association, Defendant Golden State Bail Agents Association, and Bail Agents Association of  
24 San Diego County, host meetings that have provided opportunities for Defendants to maintain  
25 and enforce the conspiracy. The Surety Defendants exploited these opportunities to conspire.  
26 For example, in 2005, Defendant Carmichael wrote that Defendant ASC “actively participate[s]  
27 in just about every agents’ association that we know of,” in recognition of the “important role a  
28 surety must play in *protecting our markets.*” (Emphasis added.)

81. The California Bail Agents Association is the primary industry association of bail  
agents in California. CBAA hosts annual conventions every year. The 39th Annual Convention  
was held in Reno, Nevada on October 1, 2018.

82. The CBAA provides material to the general public in service of the conspiracy,  
falsely designed to hide the conspiracy behind misrepresentations of the governing law.

1           83.     The CBAA’s “How Bail Bonds Works” web page deliberately misleads  
2 consumers, but also ensures its members know the association-wide policy: “Are there any  
3 restrictions on how high my bail can be? Each surety company must file rates with the  
4 Department of Insurance. Bail agents representing a company must charge the same, filed rates.”  
5 The “rates” here are the Maximum Rates. The CBAA does not disclose that agents are allowed to  
6 rebate freely based on market competition.

7           84.     The CBAA also maintains information regarding premiums charged that  
8 Defendants and their agents can use to detect and prevent premium discounting.

9           85.     The Golden State Bail Agents Association (“GSBAA”), founded in 2004—the  
10 year *Pacific Bonding* eliminated any ambiguity about whether rebating was permissible—by  
11 “competitors, [who] discovered that they had a lot in common and formed GSBAA to pursue  
12 their common interest in promoting and propagating the California bail industry,” functions  
13 similarly.

14           86.     The trade associations cooperate with each other as well. According to ASC VP  
15 Whitlock’s blog, “[a] bail industry meeting took place on the 2nd floor of the Crown Plaza Hotel  
16 down the street from LAX on November 2, 2011. The meeting was organized by the American  
17 Bail Coalition and included representatives of not only the members of ABC, but California’s two  
18 bail agent associations, California Bail Agents Association and The Golden State Bail Agents  
19 Association and representatives of Aladdin Bail Bonds, the state’s largest retailer. This  
20 cooperative was named the California Bail Coalition (CBC).”

21           87.     The coordination extends to the national level, with the “ABC [] working with a  
22 large coalition that includes California’s two state associations, CBAA and GSBAA,” according  
23 to ASC VP Whitlock’s blog written in 2017. In that same blog, Whitlock wrote that “[t]he  
24 cooperation among industry competitors at both the agency and surety level has been nothing  
25 short of inspiring.”

26           **C. Defendants Have Used Bail Agent Training Courses to Enforce Cartel Pricing**

27           88.     The cartel has also been reinforced by industry-sponsored, privately-run bail agent  
28 training courses where industry participants train other participants in implementing the

1 conspiracy. For example, a course offered by the Bail Resource Center & Career Academy  
2 teaches the cartel line: “the right answer on the test: no rebates.”

3 89. Sean Cook, of Bail Bonds Universal California, Board Member At-Large of the  
4 CBAA, and author of the e-book “Bail Bonds 101,” which the CBAA advises is an essential  
5 starting point for all bail agents, works to “educate” bail agents into the cartel.

6 90. For example, in an article titled “Running a Bail Bond Business: Answering  
7 Calls,” Cook advises:

8 [T]he caller may be shopping to see what fees you charge, but  
9 always keep in mind that your state DOI regulates the fees for bail  
10 bonds and if a competitor offers a lower percentage fee, they WILL  
11 make up the point or two somewhere in the transaction. In  
12 California, the only time you might lower the fee to 8%, which is  
13 2% less than the standard 10%, is if you are working with a referral  
14 from an attorney.

12 **D. Bail Agents, Following Surety Instructions, Have Implemented Uniform  
13 Pricing and Made Misrepresentations Regarding Bail Bond Premiums**

14 91. The sureties contractually dictate the rates for their associated bail agents, who  
15 then advertise these rates as nonnegotiable.

16 92. Contractual agreements establishing the relationship between sureties and bail  
17 agents include strictures like the following: “The premiums to be charged and collected” by the  
18 bail agent “shall be at such rates as may be approved by the Department of Insurance of the State  
19 of California or by statute, or *in the absence of some such established rates, as may be prescribed*  
20 *by the [surety].*” (Emphasis added.)

21 93. Bail agents then advertise these dictated rates, misleading Class members into  
22 thinking they are mandated by law rather than by the sureties. For example, as of January 2019,  
23 the website for Quick Bail Bonds Covina, which operates under License No. 1J09699 and  
24 contracts with AIA, states: “The Bail Bond agency in California (by California law) is not  
25 allowed to charge more or less than 10%.”

26 94. As of January 2019, the website for Padilla Bail Bonds (License No. 1639213)  
27 states, on behalf of its surety, Lexington National Insurance: “The California Law mandated bail  
28

1 bond fee (also called premium) is 10% of the bail. This is non-refundable, but can be lowered to  
2 8% if you qualify for the discount—if you’re a veteran, union member or have a lawyer retained.”

3 95. As of January 2019 and continuously since at least October 2013, the website for  
4 888 Bail Bonds (which operates under several license numbers) states on behalf of its sureties,  
5 including Defendants Allegheny Casualty Company and International Fidelity Insurance  
6 Company: “Can I find Cheap Bail? The cost of a bail bond in California is set with the  
7 Department of Insurance at 10% of the total bail amount. We often get the question from  
8 potential clients: ‘Can you do it for less?’ ‘Would you take 5% if I pay cash?’ *Any agent offering*  
9 *bail at 5% in the State of California is simply acting illegally or deceptively . . .*” (Emphasis  
10 added.) Finally, the website states, “Do you Offer 5% Bail or Negotiate Premium? We do not  
11 negotiate bail premium. Some people may not care if paying an illegal 5% bail premium is  
12 against the law. However, we ask you to consider carefully the position in which unlawful bail  
13 puts you. If a bail agent is breaking the law by price-cutting, will the same agent return your  
14 collateral?”

15 96. As of January 2019, the website for Bad Boy Bail Bonds (License No. 1846634)  
16 says, on behalf of its surety: “The process of bail is regulated by the State of California. A Judge  
17 within the county of arrest sets the bail amount. Once bail is set, a Bad Boys Bail Bonds Agent  
18 charges 10%. (The State of California regulates this fee. All Bail Bonds companies charge the  
19 same rate.)” Bad Boys Bail Bonds has also used substantially similar language on its website  
20 continuously since at least August 2004: “Bail in the state of California is regulated by the  
21 Department of Insurance. Every bail bonds agency charges the same, which is 10 percent of the  
22 total bail amount. This 10 percent fee is also known as premium.”

23 97. In a January 2015 blog post, All American Bail Bonds said, on behalf of its  
24 sureties, “the lowest legal rate that any one Bail Bonding company can charge is 8%, anything  
25 less is ILLEGAL.” As of January 2019, All American Bail Bonds continued to use the same  
26 language on their website. Characterizing rates lower than 10% (or, where applicable, 8%) as  
27 “illegal” is a frequent occurrence.  
28

1           98.     Similar deceptive language used by other bail agents discourages consumers from  
2 comparison shopping to find the best rates. As of January 2019 and at least since June 2015, the  
3 website for Almighty Bail Bonds (License No. 1842942) says, on behalf of its sureties: “there are  
4 companies that can legally charge 8%, while the allowable premium is set at 10% for others. If a  
5 company that [sic] agrees to discount their fee, they may lose their license.”

6           99.     In a blog post dated May 24, 2010, the website for Family Bail Bonds says, on  
7 behalf of its surety: “There is no such thing as a “discounted rate of 5%.” If you hear that being  
8 offered, run the other way. This company is not practicing legal protocol or standards. Only work  
9 with a reputable company.”

10          100.    At least one bail agent misleads customers by implying negative consequences for  
11 those seeking lower rates. As of June 2019 and at least since April 2015, the website for WAVE  
12 Bail Bonds says, on behalf of its surety: “At the lowest, an 8% rate after rebate is the very least a  
13 bail bonds company can charge for a premium, and any less is illegal. . . . Don’t risk placing your  
14 trust and your loved one’s freedom in the hands of a company offering illegal rates.”

15          101.    Examples of bail agents purporting to be prohibited by California law from  
16 charging less than 10% (or 8% under limited circumstances) are hardly restricted to the  
17 foregoing; indeed, they are ubiquitous.

18          102.    These statements misrepresent the law and mislead consumers by omitting or  
19 disclaiming that bail bond agents and their sureties are free to charge a lower effective rate  
20 through rebates.

21           **E. Defendants Have Maintained Their Conspiracy by Punishing Undercutting**

22          103.    Understanding that it is within their legal authority—and economic self-interest,  
23 absent the cartel—to offer and advertise lower prices, a small number of maverick bail agents  
24 have done so.

25          104.    But the mavericks who have opted to openly compete on price, either through  
26 lower filed rates or by advertising their lawful rebating authority, have faced retaliation from  
27 participants in the price-fixing conspiracy. This has resulted in some bail agents being forced to  
28 exit the market. As Dennis Bartlett, former Executive Director of Defendant ABC, has noted,

1 higher bail amounts have “disadvantaged not only defendants but bail agents, some of whom have  
2 cut premium rates in order to write any bonds at all,” and explained that in response, “[t]he  
3 bonding industry has worked hard to rectify this abuse.” (Emphasis added.)

4 105. For example, in a 2014 online post, bail agent Chad Conley (also known as “Chad  
5 the Bail Guy”) explained the legal effect of Proposition 103 on bail agents’ ability to give rebates  
6 to consumers: “bail bonds are regulated under Proposition 103, which provides for premium  
7 rebates as long as they are not unfairly discriminatory.” Mr. Conley’s post is notable: Plaintiffs  
8 have been able to identify only one other public acknowledgement among the thousands of  
9 California bail agents about their rebating authority under Proposition 103. In a response to a  
10 comment on this post, Mr. Conley stated that his efforts to provide lower prices for his bail bond  
11 clients resulted in pressure from a “good ol boys club,” which “came after [his] license for trying  
12 to save clients’ money.” He further confirmed that other bond agents are aware of their ability to  
13 provide lower prices but have conspired to avoid this form of competition: “They prefer price  
14 fixing . . . .”

15 106. It comes as no surprise that those who choose to defy the conspiracy are punished  
16 or excluded. Defendant Carmichael, acting as the President and CEO of Defendant American  
17 Surety Company, stated his opposition to premium discounting as follows: “*I don’t know who  
18 the math wiz was who thought that [premium discounting] was a good idea but they get my vote  
19 for a lifetime vacation in Guantanamo.*” (Emphasis added.)

20 F. **The Industry Is Well Aware That the Law Encourages Price Competition,  
21 and Would Discount Absent Their Agreement**

22 107. The bail industry has every reason to behave competitively and yet it does not  
23 because of the conspiracy.

24 108. The industry regulator, CDI, has publicly explained that “to become more  
25 competitive, a bail agent may choose to negotiate a lower fee by rebating, as allowed by  
26 Proposition 103.” CDI does not regulate, nor have the power to regulate, the rebates or discounts  
27 offered by bail agents or sureties.  
28

1           109. In addition, in *Pacific Bonding Corp. v. John Garamendi*, No. GIC815786 (Cal.  
2 Sup. Ct. Feb. 24, 2004), the California Superior Court enjoined CDI from enforcing a regulation  
3 prohibiting the offer of rebates to consumers.

4           110. What the regulators and the judiciary made clear is also what economics would  
5 yield but for the conspiracy. Market dynamics would normally provide a strong incentive to  
6 compete on price. As discussed above, the loss ratios and profit margins of the California bail  
7 bonds market strongly suggest a lack of competition. In a competitive market for the sale of  
8 commercial bail bonds, one would expect bail-bond agents to advertise premiums based on  
9 market conditions and actuarial determinations, and offer competitive payment structures that  
10 would attract consumers. They would do this based on instruction from their sureties, who would  
11 know that reducing premiums would allow them to increase their market share, with little  
12 downside risk because of the rarity with which criminal defendants “jump bail” and collection is  
13 sought from sureties.

14           111. This competitive dynamic would be especially likely in a market where demand is  
15 declining and supply increasing. Defendant Jerry Watson, in a 2009 article called “The New Age  
16 of Bail,” observed a simultaneous increase in the supply and reduction in demand for commercial  
17 bail services:

18                   For a number of years, there has been concern that too many new  
19 agents are entering an already crowded industry. An inherent  
20 problem has revealed itself as an increasing number of bail agents  
21 want a piece of a shrinking bail bond pie. . . . [Meanwhile,] data  
22 compiled concludes that the number of nationwide arrests is  
decreasing by slightly over two percent each year. . . . Whatever the  
cause may be, the effect is clear: There are increasingly fewer  
bonds in the marketplace.

23           112. Watson was describing changes that have affected bail agents across the country,  
24 but the same dynamic has been observed in California, including by Maggie Kreins, president of  
25 the California Bail Agents’ Association (CBAA): “When I first started writing bail in the mid-  
26 80s, there were 1,200 agents in the state. Now there are 3,400, one on top of the other, and  
27 everyone is fighting for that slice of the pie.”  
28



1           113. Best’s Market Research likewise suggests that 2017 may have been a “tipping  
2 point” for the bail bond industry: “With extensive reforms either enacted in 2017 or currently  
3 under consideration in a majority of states, a decided shift away from requiring money bail seems  
4 to be at hand.”

5           114. These observations on the decline of the bail bond market are confirmed by surety  
6 filings with the California Department of Insurance. There has been an overall decline in bail  
7 bonds written in the last several years for many of the defendant sureties. For example,  
8 Defendant SIC reported that it wrote more than two million less in premiums in 2018 than in  
9 2014: \$7.1 million versus \$9.2 million. Similarly, Defendant Allegheny Casualty Company  
10 reported that it wrote seven million less premiums in 2018 than in 2014: \$38.6 million versus \$46  
11 million.

12           115. Despite the emergence of market pressures and sureties’ knowledge of their ability  
13 to rebate, the sureties have largely stayed the course with their rates. With limited exceptions, the  
14 default rate for sureties in California remains 10%. This is in contrast to other states where  
15 rebating is also authorized by law and premiums have been reported to be 6% or less of the total  
16 bail amount.

17           116. Economic theory and common sense dictate that in industries with numerous  
18 competitors, a cartel is harder to create, monitor, and enforce. Near-universal adherence to the  
19 10% rule by thousands of California bail agents would be surprising without a conspiracy among  
20 the sureties that are licensed to sell commercial bail bonds in the state. That there are far fewer  
21 sureties than bail agents makes a cartel among sureties easier to enforce. Only licensed sureties  
22 may legally sell commercial bail bonds to California criminal defendants. Not only are there  
23 regulatory entry barriers, but to be successful, a surety must have a network of bail agents selling  
24 its bonds, which requires developing arrangements and contracting with bail agents.

25           117. That these sureties would have independently decided to keep premiums uniformly  
26 high is particularly inexplicable in light of the industry’s shrinking size. With the onset of what is  
27 typically referred to in industrial-organization literature as “secular decline”—long-term  
28 reduction in demand for a product, rather than cyclical shifts—the standard response in other

1 industries has been vigorous price competition. Yet despite these changes, Defendants have  
2 managed to avoid competing on price.

3 118. That has been true even as various forms of *non-price* competition have responded  
4 in just the way that economic theory would predict: bail agents and sureties have become  
5 increasingly fierce competitors in marketing (both legal and prohibited forms), credit terms, and  
6 other respects.

7 119. In a 2017 report titled “The Devil in the Details: Bail Bond Contracts in  
8 California,” the CDI’s Deputy Legislative Director noted that the Department has seen unfair and  
9 illegal solicitation including (1) soliciting bail in a prohibited place such as a court, jail, or police  
10 station, (2) “spoofing” inmate locator websites to gather information on the accused that the bail  
11 bond agent uses for solicitation, (3) using data mining strategies to collect public information  
12 about new admissions to jail facilities to “bond drop” or conduct illegal solicitations of arrestees,  
13 (4) using attorney-client jail visiting room scams to illegally solicit other inmates for bail, or (5)  
14 inmate “capping,” which consists of paying an inmate to refer clients to a bail agent. These  
15 findings have been corroborated by other government investigations and even arrests of bail  
16 agents.

17 120. Despite sometimes fierce competition on other terms, the Bail Agency Defendants  
18 and other bail agents do not compete on price, because prices are controlled by their respective  
19 sureties. Today, and throughout the Class period, substantially all (1) sureties in California have  
20 filed for the same Maximum Rate, offered under nearly identical conditions (including the  
21 standard Fully Earned Term), and (2) bail agents, to whom sureties dictate rates, have advertised  
22 those Maximum Rates as the required price, even though they may offer lower prices through  
23 rebates. That not only reflects the conspiracy’s success, but facilitates identification and  
24 punishment of those industry participants who dare to deviate.

25 **PLAINTIFFS AND THE CLASS HAVE BEEN HARMED**

26 121. Plaintiffs and the Class were harmed by Defendants’ conspiracy to fix bail bond  
27 prices.

28

1 122. Absent the conspiracy to fix default premiums at 10%, sureties and agents would  
2 have competed by filing lower Maximum Rates with CDI or charging rates that are lower than  
3 their respective Maximum Rates through rebates and other discounts. Price competition would  
4 have led to lower prices across the market, which would have resulted in consumers paying less  
5 to get themselves (or a loved one) out of jail or incurring less debt when consumers financed the  
6 premium.

7 123. In addition, absent the conspiracy, fewer consumers would have been left in  
8 pretrial detention because they could not afford to pay a bail bondsman to post bail. California  
9 holds a disproportionate number of people in pretrial detention—as of 2015, 59% of people  
10 accused of crimes, compared to the nationwide average of 32%. According to Human Rights  
11 Watch, “[i]n California, consistently over 63 percent of prisoners in county jails have not been  
12 sentenced, but are serving time because they cannot afford to pay bail.” A working group  
13 appointed by the Chief Justice of the Supreme Court of California reported that, “although the  
14 available statistical data are limited, information gathered by the working group confirms that  
15 some people currently in California jails who are safe to be released are held in custody solely  
16 because they lack the financial resources for a commercial bail bond.” Further, pretrial  
17 incarceration has been linked to loss of housing and employment, deterioration in familial  
18 relationships, and harms to mental and physical health, among other consequences. Simply put:  
19 Defendants’ conspiracy to generate unlawful profits caused more Californians to remain in  
20 detention, and suffer collateral consequences, than otherwise would be the case.

21 **FRAUDULENT CONCEALMENT,**  
22 **THE DISCOVERY RULE, AND EQUITABLE ESTOPPEL**

23 124. Application of the doctrines of fraudulent concealment and the discovery rule  
24 tolled the statutes of limitations on claims asserted by Plaintiffs and the Class. Plaintiffs and  
25 Class members are or were persons in pretrial detention or friends and relatives who paid  
26 premiums on bail bonds but had no actual knowledge, or reason to have knowledge, of the secret  
27 conspiracy alleged herein or any reasonably available means to discover or investigate it.  
28 Defendants’ pervasive public misrepresentations that their premium prices were required by law

1 and that discounting was illegal actively concealed material facts from Plaintiffs and the Class,  
2 and thus Plaintiffs and the Class had no reason to suspect that an unlawful conspiracy to restrain  
3 competition was afoot. Plaintiffs and the Class were justified in relying on these  
4 misrepresentations. Plaintiffs and the Class also lacked the specialized economic and industry  
5 knowledge necessary to discover the conspiracy sooner despite the exercise of reasonable due  
6 diligence. As a result, Plaintiffs learned of the alleged conspiracy no earlier than January 1, 2019  
7 and, because of Defendants' affirmative misrepresentations regarding premiums and rebating, had  
8 no reason to suspect it at any time before that date. The Class learned of the conspiracy no sooner  
9 than, and had no reason to suspect it before, January 29, 2019, when Plaintiffs first filed their  
10 lawsuit alleging a conspiracy.

11 125. Alternatively, Defendants are equitably estopped from asserting a statute of  
12 limitations defense because, by their affirmative misrepresentations and by intentional acts to  
13 conceal their wrongdoing, Defendants misled Plaintiffs and the Class into believing they had no  
14 choice but to pay the cartel price because filing lower maximum rates and offering rebates and  
15 discounts, was not permitted. Defendants should not be permitted to profit from their  
16 wrongdoing.

### 17 **FIRST CLAIM FOR RELIEF**

#### 18 **Violation of Section 1 of the Sherman Act**

19 126. Plaintiffs repeat and incorporate by reference each of the foregoing allegations of  
20 this Complaint.

21 127. Defendants and their co-conspirators entered into and engaged in unlawful  
22 agreements in restraint of the trade and commerce described above in violation of Section 1 of the  
23 Sherman Act, 15 U.S.C. § 1. Beginning no later than February 24, 2004 and continuing through  
24 the present, Defendants have engaged in continuing trusts in restraint of trade and commerce, and  
25 the fixing of commercial bail bond premiums sold to Plaintiffs and members of the Class in  
26 violation of the Sherman Act by restraining competition in decisions on what maximum default  
27 rates to file and in the offering of rebates or discounts from the maximum filed rate.  
28

1           128. The agreement that Defendants entered, maintained, renewed, and enforced with  
2 one another had the purpose and effect of fixing or inflating bail bond prices in California. As a  
3 result of this agreement, Plaintiffs and Class members have been forced to pay inflated bail bonds  
4 premiums, and otherwise have been damaged as described in this Complaint. But for the  
5 conspiracy alleged herein, bail bond premiums paid by Plaintiffs and Class members in California  
6 would have been significantly lower.

7           129. Defendants' and their co-conspirators' agreements have included concerted action  
8 and undertakings among the Defendants as described above with the purpose and effect of: (a)  
9 fixing the premium prices charged to consumers at artificially high levels; and (b) eliminating, to  
10 a substantial degree, competition among Defendants and their co-conspirators in filing of  
11 maximum default rates and the offering of discounts or rebates to the premium rates charged on  
12 bail bonds sold in the State of California.

13           130. As a direct and proximate result of Defendants' and their co-conspirators'  
14 combinations and contracts to restrain trade and eliminate competition over the sale of bail bonds  
15 in the State of California (specifically with respect to the filing of maximum default premium  
16 rates and the offering of discounts or rebates to the charged premium rate), members of the Class  
17 have suffered injury to their property and been deprived of the benefits of free and fair  
18 competition on the merits.

19           131. Plaintiffs, on behalf of themselves and other members of the Class, seek money  
20 damages from Defendants jointly and severally for these violations. These damages represent the  
21 difference between the amount Plaintiffs and other members of the Class paid in premiums for  
22 bail bonds in California and what Plaintiffs and other members of the Class would have paid in  
23 premiums in the absence of the violations alleged. Damages may be quantified on a Class-wide  
24 basis. Actual damages should be trebled under 15 U.S.C. § 15.

25           132. The unlawful agreements between Defendants and their co-conspirators have had  
26 the following effects, among others: (a) competition among Defendants and their co-conspirators  
27 over the sale of bail bonds in California has been suppressed, restrained, and eliminated; and (b)  
28 Plaintiffs and members of the Class have paid higher premiums to Defendants and their co-

1 conspirators than they otherwise would have paid in the absence of Defendants' and their co-  
2 conspirators' unlawful agreements, and, as a result, have been injured in their property and have  
3 suffered damages in an amount according to proof at trial.

4 133. The acts done by each Defendant and their co-conspirators as part of, and in  
5 furtherance of, their contracts, combinations, or conspiracies were authorized, ordered, or done by  
6 their respective officers, directors, agents, employees, or representatives while actively engaged  
7 in the management of each Defendant's affairs.

8 134. Defendants' and their co-conspirators' contracts, combinations, and/or  
9 conspiracies are *per se* violations of Section 1 of the Sherman Act.

10 135. Accordingly, Plaintiff and the Class seek three times their damages by Defendants'  
11 violations of Section 1 of the Sherman Act, the costs of bringing suit, reasonable attorneys' fees, a  
12 declaration that such agreement is unlawful, and a permanent injunction enjoining Defendants  
13 from ever again entering into similar agreements in violation of Section 1 of the Sherman Act.

14 **SECOND CLAIM FOR RELIEF**

15 **Violation of the Cartwright Act, Cal. Bus. & Prof. Code § 16720**

16 136. Plaintiffs repeat and incorporate by reference each of the foregoing allegations of  
17 this Complaint.

18 137. Defendants, and their co-conspirators, entered into and engaged in a continuing  
19 unlawful trust in restraint of the trade and commerce described above in violation of California  
20 Business and Professions Code section 16720.

21 138. Beginning on or about February 24, 2004, Defendants have engaged in continuing  
22 trusts in restraint of trade and commerce, and the fixing of commercial bail bond premiums sold  
23 to Plaintiffs and members of the Class in violation of the Cartwright Act.

24 139. Defendants' trusts have included concerted action and undertakings among the  
25 Defendants with the purpose and effect of fixing advertised premiums for commercial bail bonds  
26 at 10% of the bond, with the exception that 8% may be offered to some consumers meeting  
27 certain criteria.

28

1           140. The wrongful acts done in furtherance of Defendants' conspiracy include, but are  
2 not limited to:

3           a. Agreeing at meetings—at industry conferences and elsewhere—to fix the  
4 advertised premiums for commercial bail bonds;

5           b. Filing uniform Maximum Rates submitted to the California Department of  
6 Insurance;

7           c. Advertising those Maximum Rates as the minimum price of bail bonds on  
8 their websites and elsewhere while concealing their ability to offer rebates;

9           d. Falsely claiming that the offered prices were required by law and that  
10 rebates or discounts were unlawful;

11           e. Maintaining industry discipline and coordination through blog posts and  
12 articles advocating against price competition; and

13           f. Retaliating, via threats and other means, against those supporting or  
14 engaging in price competition.

15           141. The agreement that Defendants entered, maintained, renewed, and enforced with  
16 one another had the purpose and effect of fixing or inflating bail bond prices in California. As a  
17 result of this agreement, Plaintiffs and Class members have been forced to pay inflated bail bonds  
18 premiums, and otherwise have been damaged as described in this Complaint. But for the  
19 conspiracy alleged herein, bail bond premiums paid by Plaintiffs and Class members in California  
20 would have been significantly lower.

21           142. As a direct and proximate result of Defendants' past and continuing violation of  
22 the Cartwright Act, Plaintiffs and the Class have suffered injury and damages in an amount to be  
23 proven at trial.

24           143. Plaintiffs, on behalf of themselves and other members of the Class, seek money  
25 damages from Defendants jointly and severally for these violations. These damages represent the  
26 difference between the amount Plaintiffs and other members of the Class paid in premiums for  
27 bail bonds in California and what Plaintiffs and other members of the Class would have paid in  
28 premiums in the absence of the violations alleged. Damages may be quantified on a Class-wide

1 basis. Actual damages should be trebled under California Business and Professions Code section  
2 16750.

3 144. Plaintiffs and members of the Class are “persons” within the meaning of the  
4 Cartwright Act as defined in section 16702.

5 145. The acts done by each Defendant as part of, and in furtherance of, their  
6 agreements, combinations or conspiracies were authorized, ordered, or done by their respective  
7 officers, directors, agents, employees, or representatives while actively engaged in the  
8 management of each Defendant’s affairs.

9 146. Defendants’ agreements, combinations and/or conspiracies are a per se violation of  
10 the Cartwright Act.

11 **THIRD CLAIM FOR RELIEF**

12 **Unfair Competition in Violation of Cal. Bus. & Prof. Code § 17200, et. seq.**

13 147. Plaintiffs repeat and incorporate by reference each of the foregoing allegations of  
14 this Complaint.

15 148. Defendants’ and their co-conspirators’ actions to restrain trade and fix prices in the  
16 market for commercial bail bonds constitute unfair competition and unlawful, unfair, and  
17 fraudulent business acts and practices in violation of California Business and Professions Code  
18 sections 17200, et seq.

19 149. Defendants’ and their co-conspirators’ conduct in engaging in combinations of  
20 capital, skill, and acts with others with the intent, purpose, and effect of restraining trade and  
21 fixing prices in the market for commercial bail bonds, including falsely advertising that they were  
22 required to charge the filed Maximum Rates while concealing their ability to charge a lower  
23 effective rate through rebates, constitutes and was intended to constitute unfair competition and  
24 unlawful, unfair, and fraudulent business acts and practices within the meaning of California  
25 Business and Professions Code section 17200.

26 150. Defendants and their co-conspirators also violated California’s Unfair Competition  
27 Law by violating the Cartwright Act.  
28



1 151. As a result of Defendants' and their co-conspirators' violations of Business and  
2 Professions Code section 17200, Defendants have unjustly enriched themselves at the expense of  
3 the Class. The unjust enrichment continues to accrue as the unlawful, unfair, and fraudulent  
4 business acts and practices continue.

5 152. To prevent their unjust enrichment, Defendants should be required pursuant to  
6 Business and Professions Code sections 17203 and 17204 to disgorge their illegal gains for the  
7 purpose of making full restitution to all injured Class members identified hereinabove.  
8 Defendants should also be permanently enjoined from continuing their violations of Business and  
9 Professions Code section 17200.

10 153. The acts and business practices, as alleged herein, constituted and constitute a  
11 common, continuous, and continuing course of conduct of unfair competition by means of unfair,  
12 unlawful, and/or fraudulent business acts or practices within the meaning of California Business  
13 and Professions Code section 17200, *et seq.*, including, but not limited to, violations of the  
14 Cartwright Act, California Business and Professions Code section 16720, *et seq.*

15 154. Defendants' and their co-conspirators' acts and business practices as described  
16 above, whether or not in violation of California Business and Professions Code section 16720, *et*  
17 *seq.*, are otherwise unfair, unconscionable, unlawful, and fraudulent.

18 155. The illegal conduct alleged herein is continuing, and there is no indication that  
19 Defendants and their co-conspirators will not continue such activity into the future.

20 **PRAYER FOR RELIEF**

21 Plaintiffs request relief as follows:

22 a. That the Court determine that this action may be maintained as a class  
23 action under Rule 23 of the Federal Rules of Civil Procedure, and direct that notice of this action,  
24 as provided by Federal Rule of Civil Procedure 23(c)(2), be given to Class members;

25 b. That Defendants be declared to be financially responsible for the costs and  
26 expenses of a Court-approved notice program by mail, broadcast media, e-mail, and publication  
27 designed to give immediate notification to Class members;

28

1 c. That the Court enter an order declaring Defendants' actions, as set forth in  
2 this Complaint, violate the law;

3 d. That the Court issue an injunction against Defendants, stopping and  
4 preventing the violations alleged herein and requiring Defendants to correct all false or  
5 misleading statements in any materials, online or otherwise, relating to the discounting of bail;

6 e. That the Court award Plaintiffs and Class members damages and/or  
7 restitution in an amount to be determined at trial, with damages to be trebled pursuant to  
8 California Business and Professions Code section 16750(a) and 15 U.S.C. § 15;

9 f. That the Court require disgorgement and/or impose a constructive trust  
10 upon Defendants' ill-gotten gains, freeze Defendants' assets, and/or require Defendants to pay  
11 restitution to Plaintiffs and to all members of the Class of all funds acquired by means of any act  
12 or practice declared by this Court to be an unlawful, unfair, or fraudulent, business practice, a  
13 violation of state law, or to constitute unfair competition;

14 g. That the Court award Plaintiffs and the Class pre- and post-judgment  
15 interest;

16 h. That the Court award Plaintiffs and the Class their costs of suit, including  
17 reasonable attorney's fees and expenses; and

18 i. That the Court award such other relief as the Court may deem just and  
19 proper.

20 **JURY DEMAND**

21 Plaintiffs hereby demand a jury trial for all triable issues.  
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Respectfully submitted,

Dated: June 13, 2019

By: /s/ Dean M. Harvey

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**CERTIFICATE OF SERVICE**

I, Dean Harvey, an attorney, hereby certify that Plaintiffs' Consolidated Amended Class Action Complaint was electronically filed on June 13, 2019 and will be served electronically via the Court's ECF Notice system upon the registered parties of record.

DATED: June 13, 2019

/s/ Dean M. Harvey  
Dean M. Harvey