



1 authorized to conduct business in this district and have intentionally availed themselves of the laws  
2 markets of this district through the promotion, marketing, and sale of advertising in this district; (2)  
3 reside in this district, and (3) are subject to personal jurisdiction in this district.

#### 4 PARTIES

5 3. Plaintiff Christine LaPausky does business as D'ames Day Spa with her principal  
6 place of business in Imperial Beach, County of San Diego, California.

7  
8 4. Defendant Yelp is a Delaware corporation with its principal place of business in San  
9 Francisco, California. Yelp owns and operates Yelp.com, a popular online directory and user-rating  
10 website.

#### 11 INTRODUCTION AND BACKGROUND

12 5. The term "Web 2.0" describes internet websites and applications that revolve around  
13 information sharing and user-centered design. Examples of Web 2.0 websites include social  
14 networking sites (e.g., Facebook.com), video sharing sites (e.g., YouTube.com), wikis (e.g.,  
15 Wikipedia.com), blogs, and many other sites that allow users to create, upload, or modify content.  
16 Web 2.0 websites thus allow internet users to do much more than simply retrieve information-- the  
17 users choose what information to interact with, how they interact with it, and how to modify or add  
18 to pre-existing content.

19  
20 6. Online review applications are an increasingly popular form of Web 2.0. Companies  
21 such as Amazon.com, Best Buy, and TripAdvisor.com, embed services and share their experiences.

22  
23 7. Yelp.com, a website owned and operated by Yelp, utilizes Web 2.0 user-website  
24 interaction.

25 8. Yelp.com consists of an online directory of businesses in multiple categories, much  
26 like an online Yellow Pages. Each business listed on Yelp.com has a unique Yelp.com listing page,  
27  
28

1 which provides basic business information (such as address, phone number and hours of operation),  
2 and user-generated ratings and reviews.

3 9. To rate businesses, internet users simply register on the Yelp.com website. Any  
4 internet user (whether registered or not) can browse Yelp.com to find reviews of businesses.

5 10. Ratings-based websites, including Yelp.com, are highly popular, and have great  
6 power to direct the flow of commerce in a given area. Users frequently read ratings and reviews for  
7 all of the businesses in a particular category and locale and then decide where to spend their money  
8 based on those ratings and reviews.

9 11. Yelp, however, regularly manipulates the content on Yelp.com listing pages, despite  
10 Yelp's mantra of "Real people. Real reviews."  
11

12 12. One method Yelp uses to control content (and thereby raise or lower a business's  
13 rating), is to promise to remove a business's negative reviews or relocate them to the bottom of a  
14 listing page where fewer searchers will read them if the business agrees to purchase a costly  
15 monthly advertising subscription from Yelp. Yelp thus capitalizes on the presumed integrity of the  
16 Yelp.com ratings system to extort business owners to purchase advertising.  
17

18 13. As a result, business listings on Yelp.com, contrary to the website's "Real people.  
19 Real reviews." mantra, are in fact biased in favor of businesses that buy Yelp advertising.

#### 20 **FACTUAL ALLEGATIONS**

21 14. In or around August, 2009, LaPausky contacted GROUPON to promote her  
22 business, D'ames Day Spa, through a mass email marketing campaign. A GROUPON  
23 representative informed LaPausky that her business needed more on-line reviews and/or comments  
24 to be featured in a GROUPON marketing campaign.  
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1           15.     LaPausky began asking her customers to leave feedback regarding their D'ames Day  
2 Spa experience on Yelp.com. In a short while, D'ames Day Spa's reviews on Yelp.com totaled  
3 approximately fourteen, many of them very positive and very detailed.

4           16.     LaPausky enjoyed a larger influx of customers to D'ames Day Spa as the number of  
5 reviews posted on Yelp.com climbed.

6           17.     However, at point, LaPausky noticed that the number of reviews went down from  
7 fourteen to eleven. Three reviews simply disappeared from the Yelp.com.  
8

9           18.     LaPausky called Yelp.com's marketing department to find out why some of reviews  
10 disappeared. She was told that Yelp's "automatic system" picks out reviews containing "certain"  
11 words and all such reviews are then analyzed for fraud, and, if warranted, are removed. LaPausky  
12 received no explanation of the criteria the "automatic system" uses to find suspect comments. Nor  
13 did LaPausky receive any explanation as to why three comments were adjudged fraudulent and thus  
14 removed. The Yelp representative simply said that Yelp has no control over which comments are  
15 flagged and/or removed.  
16

17           19.     During the same conversation, the Yelp representative pushed LaPausky to purchase  
18 advertisements from D'ames Day Spa on Yelp.com. LaPausky refused. A few days later LaPausky  
19 received a phone call from Yelp, once again cajoling her to purchase advertisement on yelp.com.  
20 Once again, LaPausky refused.

21           20.     Shortly following the marketing phone call from Yelp, LaPausky noticed that ***all but***  
22 ***one*** of reviews of D'ames Day Spa on yelp.com disappeared. As of the date of this Complaint,  
23 thirteen of the original fourteen comments are absent from D'ames Day Spa review page on  
24 yelp.com  
25

26           21.     D'ames Day Spa' experience with Yelp was not unique, but rather typical of Yelp's  
27 advertisement sales tactics.  
28

1 22. A February 18, 2009 article in the East Bay Express titled *Yelp and the Business of*  
2 *Extortion 2.0*,<sup>1</sup> describes Yelp's unlawful business practices. According to the article:

- 3 a. Yelp sales representatives contact business owners saying "**[Y]ou have a few**  
4 **bad [reviews] at the top. I could do something about those.... We can move**  
5 **them. Well, for \$299 a month.**"
- 6 b. Almost all the time when Yelp calls business owners, negative reviews are at the  
7 top of the business's Yelp.com listing page.
- 8 c. Mary Seaton, the owner of a furniture store in San Mateo, **took Yelp up on an**  
9 **offer to remove her negative reviews if she advertised at a cost of \$350 per**  
10 **month for six months. During that time, her negative reviews were removed**  
11 **and old positive ones showed up. After her contract was up, a negative**  
12 **review appeared** which Seaton said contained lies.
- 13 d. Greg Quinn, the owner of a San Francisco bar and bistro, said **a Yelp sales**  
14 **representative moved negative reviews further down his page in an effort to**  
15 **entice him to advertise.** The sales rep called Mr. Quinn and said, "**Did you**  
16 **notice what I did? Well, we can keep doing that for you.**"
- 17 e. An East Bay business owner said **Yelp offered to move one- or two-star**  
18 **reviews of his business if he advertised.**
- 19 f. Six people told the East Bay Express that **Yelp sales representatives promised**  
20 **to move or remove negative reviews if their businesses would advertise.**
- 21 g. Six other people told the East Bay Express that **positive reviews disappeared,**  
22 **or negative reviews appeared, after owners declined to advertise.**  
23  
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25  
26

27 <sup>1</sup> Available at [http://www.eastbayexpress.com/eastbay/yelp-and-the-business-of-extortion-](http://www.eastbayexpress.com/eastbay/yelp-and-the-business-of-extortion-20/Content?oid=1176635)  
28 [20/Content?oid=1176635](http://www.eastbayexpress.com/eastbay/yelp-and-the-business-of-extortion-20/Content?oid=1176635).

- 1 h. Yelp pays its employees to write reviews of businesses; in one documented  
2 instance, **a business owner who declined to advertise subsequently received**  
3 **negative review from a Yelp employee.** In other cases, businesses that receive  
4 negative reviews from paid Yelp employees are subsequently asked to advertise.
- 5 i. Yelp's Chief Operating Officer, Geoff Donaker, said advertisers and sales  
6 representatives do not have the ability to more or remove negative reviews.  
7 Donaker's denials are challenged both by local business owners, and by **a form**  
8 **Yelp employee, who said that several reps told him they promised to move**  
9 **reviews to get businesses to advertise.**

10  
11 23. As of February 8, 2010, there are 140 comments on the East Bay Express website  
12 following the Yelp article, many from business owners describing experiences similar to those  
13 discussed in the article.

14 24. A follow-up East Bay Express article provides further evidence of Yelp's unlawful  
15 sales practices. The March 18, 2009, *Yelp Extortion Allegations Stack Up: More business owners*  
16 *come forward with tales of unethical behavior by the popular San Francisco-based web site*<sup>2</sup> states  
17 that since the publication of the first article:  
18

19 [M]any business owners from around the country have come forward---via emails or  
20 comments on the *Express* web site---alleging similar tales of extortionist tactics by Yelp sales  
21 reps.... Business owners contended that they just wan [an] opportunity to respond to negative, false,  
22 or damaging information about their businesses. Instead, the only way for them to salvage their  
23 businesses' reputation is by paying Yelp-- regardless of whether the reviews are true or false.....  
24 [S]everal [interviewees] said that the reps would offer to move negative reviews if they advertised;  
25 and in some cases positive reviews disappeared when they refused, or negative ones appeared. In  
26

27  
28 <sup>2</sup> Available at <http://www.eastbayexpress.com/eastbay/yelp-extortion-allegations-stack-up/Content?oid=1176984>.

1 one case, a nightclub owner said Yelp offered positive reviews of his business in exchange for free  
2 drinks.

3 25. The article tells the stories of six California business owners' experiences with Yelp:

- 4 a. After Bob Hyde, owner of M&M Auto Werkes in Campbell, received a negative  
5 rating from a customer's boyfriend, violating Yelp's Terms of Service  
6 (prohibiting third parties from posting reviews), he contacted Yelp sales  
7 representative Jacqueline Fitzhugh to complain. She told him "**We can't control**  
8 **that, but if you advertise you can control the order that they're in.**" After  
9 **declining, Mr. Hyde noticed some of his five-star posts were disappearing.**  
10  
11 Yelp told him the website has a spam filter, like Google. Hyde tracked his  
12 reviews, printing them daily to monitor which days as long as 131 days. **Yelp**  
13 **told Hyde that if he advertised, some of those five-star reviews could come**  
14 **back.**
- 15 b. Calvin Gee of Haight Street Dental in San Francisco saw his rating drop from  
16 five-stars to 3.5-stars following his declining to buy advertising. **Yelp reps told**  
17 **Gee that if he advertised, they would let him choose his favorite review and**  
18 **move negative reviews to the bottom of the page.** Gee noticed that one of his  
19 competitors, CitiDent, had two separate listings on Yelp.com. The business had  
20 more positive reviews and a higher star rating on the page that was marked a  
21 Yelp sponsor, and more negative reviews and a lower star rating on the harder to  
22 find non-sponsored page.
- 23 c. Larry Trujillo owns the Uptown Nightclub in Oakland. Shortly after opening the  
24 club, a Yelp sales rep began calling him "almost daily" about advertising. The  
25 rep would say "**I notice you have a lot of positive reviews. We could make**  
26  
27  
28

1 **sure that those reviews stay positive.**" Sarah Lippman, a Sales Manager at  
2 Yelp, separately asked Mr. Trujillo for free use of his club with Yelp staff and  
3 alcohol expenses paid by the club in exchange for positive reviews on the club's  
4 Yelp.com listing page.

5 d. Debbie Leonardo, director of membership at the Ruby Hill Golf Club in  
6 Pleasanton, received a phone call from a **Yelp sales representative who told her**  
7 **that the business could get rid of its worst review if it purchased advertising.**

8 e. Bob Kurtz, owner of Collectors Real 3 in Oakland, was contacted by a Yelp sales  
9 person after receiving a negative review. In an email, **Yelp told him that, as a**  
10 **paid advertiser, the negative review could be dealt with.**

11 f. Nicholas Paul, an instructor at a Chicago art studio, declined to purchase  
12 advertising and shortly thereafter three positive reviews disappeared from and  
13 two negative ones were added to the studio's Yelp.com listing page. **A Yelp**  
14 **sales rep told Mr. Paul he could control that.**

15  
16  
17 26. An August 13, 2008 article in The Register, a news website, titled *Yelp "pay to*  
18 *play" pitch makes shops scream for help: User generated discontent*<sup>3</sup> notes that:

19 At least some of Yelp's sales staff hope to make money by offering to hide what you and I  
20 have to say. Over the last year, five San Francisco Bay Area businesses have told *The Register* that  
21 **the company has offered to "push bad reviews to the bottom" of their yelp pages if they paid**  
22 **to advertise on the site.** One restaurant owner was contacted "five or six" times, and each time, the  
23 Yelp sales rep insisted that if he forked over \$6,000 a year for "sponsored link" status, the site  
24 would suppress user posts that put his restaurant in a less-than-positive light. "They told me I had  
25  
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28 <sup>3</sup> Available at [http://www.theregister.co.uk/2008/08/13/yelp\\_sales\\_pitch/print.html](http://www.theregister.co.uk/2008/08/13/yelp_sales_pitch/print.html)



1 60 reviews on my [Yelp] page," said the owner.... "They told me 'No one is going to read all 60.  
2 They're only going to read the first few."

3 27. A March 9, 2009 Chicago Tribune article, titled *Questions arise over Yelp's ads,*  
4 *reviews; Business say site rearranges opinions for price; CEIO denies,*<sup>4</sup> reported:

5 a. Ina Pinkney of Ina's restaurant in the West Loop said that last summer **a Yelp**  
6 **salesperson offered "to move up my good reviews if I sponsored one of their**  
7 **events. They called it rearranging my reviews."**

8 b. Jason Luross, an attorney at Hudson & Luross in Napa, California, stated "one of  
9 our reviews mysteriously disappeared, so I contacted Yelp and was given the  
10 usual canned response about how no humans control the reviews. But **when I**  
11 **said I would consider advertising if they restored the review, it mysteriously**  
12 **reappeared."**

13 28. An April 3, 2009 article in the Santa Monica Daily Press titled *Yelp Sales Tactics*  
14 *Cause Concern Among Businesses,*<sup>5</sup> reported:

15 After declining to advertise, the [Los Angeles area] business owner checked the Yelp page  
16 again and noticed that at least 10 positive reviews had disappeared while a few negative  
17 ones had been posted.... They estimate that at least 20 positive reviews had been deleted  
18 from the site since the conversation with Yelp about three weeks ago.

### 22 **CLASS REPRESENTATION ALLEGATIONS**

23 29. Plaintiff brings this action on behalf of itself and the following Class: all persons and  
24 entities (excluding officers, directors, and employees of Yelp) in the United States for which Yelp  
25

26 <sup>4</sup> No longer available online.

27 <sup>5</sup> Available at [http://www.smdp.com/Articles-c-2009-04-02-52021.113116\\_Yelp\\_sales\\_tactics\\_cause\\_for\\_concern-among-bussinesses.html](http://www.smdp.com/Articles-c-2009-04-02-52021.113116_Yelp_sales_tactics_cause_for_concern-among-bussinesses.html).  
28

1 has offered or threatened to manipulate a Yelp.com listing page in exchange for purchasing or  
2 declining to purchase advertising.

3 30. Like D'ames Day Spa, all members of the Class have a Yelp.com listing page.

4 31. Like D'ames Day Spa, all members of the Class were contacted by Yelp sales  
5 representatives.

6 32. Like D'ames Day Spa, all members of the Class were promised that, if they  
7 purchased advertising from Yelp, negative reviews would be removed or relocated from their  
8 Yelp.com listing pages, or those pages would otherwise be favorably manipulated, including  
9 through their own input or control.  
10

11 33. Like D'ames Day Spa, all members of the Class were threatened, implicitly or  
12 expressly, that if they did not purchase advertising from Yelp, their Yelp.com listing pages would  
13 be detrimentally manipulated, including for example, by removing positive reviews and posting  
14 new, negative reviews.  
15

16 34. Plaintiff's claims on behalf of the Class are maintainable under Rules 23(b)(2) and  
17 23(b)(3) of the Federal Rules of Civil Procedure.

18 35. The questions of law and fact common to Plaintiff and the Class include:

- 19 a. Whether Yelp violated the Unfair Competition Law;  
20 b. Whether Plaintiff and the Class were injured by the conduct complained herein;  
21 c. Whether the conduct described herein is ongoing; and  
22 d. Whether members of the class are entitled to injunctive relief.  
23

24  
25 **COUNT ONE**

26 **(Violations of the Unfair Competition Law, Bus. & Prof. Code § 17200, et seq.)**

27 36. Plaintiff realleges and incorporates the allegations elsewhere in the Complaint as if  
28 set forth in full herein.

1 37. Commencing in or about 2004 and continuing to the present, Yelp has engaged in, is  
2 engaged in, and proposed to engage in unfair competition, as defined in the California Unfair  
3 Competition Law, California Business and Professions Code §17200, *et seq.*

4 38. As used in this Complaint and in Section 17200, “unfair competition” means (1) an  
5 unlawful, unfair or fraudulent business act or practice, (2) unfair, deceptive, untrue or misleading  
6 advertising; and/or (3) an act prohibited by Chapter 1 (commencing with Section 17200) of Part 3  
7 of Division 7 of the Business and Professions Code. This conduct is actionable pursuant to UCS §§  
8 17200, 17203.

9 39. An Unfair Competition Law civil action may be predicated on unfair, deceptive,  
10 untrue or misleading advertising and/or any act prohibited by Ca. Bus. & Prof. Code § 17500-  
11 17581.

12 40. Defendant had engaged in unfair, unlawful and fraudulent business practices, as  
13 alleged herein and thereby deprived plaintiff and the class of rights and privileges and statutory  
14 rights and protections. If not enjoined by this Court, plaintiff and the class will continue to suffer  
15 irreparable harm as consequence of defendant’s actions.

16 41. As a direct and indirect result of defendant’s violations, plaintiff and the class have  
17 been injured and suffered damages.

18 42. The advertising sales and employee reviewing practices of Yelp as alleged herein  
19 constitute unfair business acts and practices because they are immoral, unscrupulous, and offend  
20 public policy.

21 43. Defendant unlawful practices, committed through the acts and/or omissions alleged  
22 above, include, among others,

23 a. Violation of California Penal Code Section 518 (extortion),  
24  
25  
26  
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28

1 b. Violation of 18 United States Code Section 1961, *et seq.* (Racketeer Influenced  
2 and Corrupt Organizations Act), and

3 c. Violations of, 18 United States Code Section 1030 *et seq.* (Computer Fraud and  
4 Abuse Act).

5 44. The practices of Yelp complained of herein had no countervailing benefit to  
6 consumers or competition when weighed against the harm caused by such practices.

7 45. Among other relief, plaintiff seeks to enjoin defendant from continuing to use the  
8 unfair and deceptive practices set forth herein. Plaintiff further seeks damages, plus interest and  
9 attorney's fees pursuant to the California Code of Civil Procedure Section 1021.5.  
10

11 **PRAYER FOR RELIEF**

12 WHEREFORE, Plaintiff, on behalf of itself, all others similarly situated, and the general  
13 public, prays for judgment and relief against Yelp Inc. as follows:

14 A. Declaring this action to be a proper class action.

15 B. An order permanently enjoining Yelp from engaging in the practices complained  
16 herein.

17 C. An order compelling Yelp to disgorge all monies, revenues, and profits obtained by  
18 means of its wrongful acts and practices.

19 D. An order requiring Yelp to pay restitution to restore all funds acquired by means of  
20 any act or practice declared by this Court to be unlawful, plus pre- and post-  
21 judgment interest thereon.

22 E. Costs, expenses, and reasonable attorneys' fees.

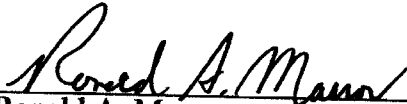
23 F. Any other and further relief the Court deems necessary, just, or proper.  
24  
25  
26

27 **JURY DEMAND**

1 Plaintiff demands a trial by jury.

2  
3 DATED: March 3, 2010

LAW OFFICES OF RONALD A. MARRON  
RONALD A. MARRON, ESQ.

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6 Ronald A. Marron  
7 Georgiy B. Lyudyno  
8 Attorneys for Plaintiff  
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UNITED STATES DISTRICT COURT, CENTRAL DISTRICT OF CALIFORNIA
CIVIL COVER SHEET

AD

I (a) PLAINTIFFS (Check box if you are representing yourself) CHRISTINE LaPAUSKY d/b/a D'AMES DAY SPA on behalf of herself and all others similarly situated
DEFENDANTS YELPI INC.
(b) Attorneys (Firm Name, Address and Telephone Number. If you are representing yourself, provide same.) Law Offices of Ronald A. Marron, APLC, Ronald A. Marron, 3636 Fourth Ave., Ste. 202, San Diego, CA 92103, (619)696-9006
Attorneys (If Known)

II. BASIS OF JURISDICTION (Place an X in one box only.)
III. CITIZENSHIP OF PRINCIPAL PARTIES - For Diversity Cases Only (Place an X in one box for plaintiff and one for defendant.)
Citizen of This State PTF DEF 1 1
Citizen of Another State 2 2
Citizen or Subject of a Foreign Country 3 3
Foreign Nation 6 6

IV. ORIGIN (Place an X in one box only.)
1 Original Proceeding
2 Removed from State Court
3 Remanded from Appellate Court
4 Reinstated or Reopened
5 Transferred from another district (specify):
6 Multi-District Litigation
7 Appeal to District Judge from Magistrate Judge

V. REQUESTED IN COMPLAINT: JURY DEMAND: Yes No (Check 'Yes' only if demanded in complaint.)
CLASS ACTION under F.R.C.P. 23: Yes No
MONEY DEMANDED IN COMPLAINT: \$

VI. CAUSE OF ACTION (Cite the U.S. Civil Statute under which you are filing and write a brief statement of cause. Do not cite jurisdictional statutes unless diversity.)
Complaint for Violations of the Unfair Competition Law, Cal. Bus. & Prof. Code s 17200

VII. NATURE OF SUIT (Place an X in one box only.)
OTHER STATUTES: 890 Other Statutory Actions
CONTRACT: 110 Insurance, 120 Marine, 130 Miller Act, 140 Negotiable Instrument, 150 Recovery of Overpayment & Enforcement of Judgment, 151 Medicare Act, 152 Recovery of Defaulted Student Loan (Excl. Veterans), 153 Recovery of Overpayment of Veteran's Benefits, 160 Stockholders' Suits, 190 Other Contract, 195 Contract Product Liability, 196 Franchise, 210 Land Condemnation, 220 Foreclosure, 230 Rent Lease & Ejectment, 240 Torts to Land, 245 Tort Product Liability, 290 All Other Real Property
REAL PROPERTY
TORTS: 310 Airplane, 315 Airplane Product Liability, 320 Assault, Libel & Slander, 330 Fed. Employers' Liability, 340 Marine, 345 Marine Product Liability, 350 Motor Vehicle, 355 Motor Vehicle Product Liability, 360 Other Personal Injury, 362 Personal Injury-Med Malpractice, 365 Personal Injury-Product Liability, 368 Asbestos Personal Injury Product Liability, 462 Naturalization Application, 463 Habeas Corpus-Alien Detainee, 465 Other Immigration Actions
TORTS: 370 Other Fraud, 371 Truth in Lending, 380 Other Personal Property Damage, 385 Property Damage Product Liability
BANKRUPTCY: 422 Appeal 28 USC 158, 423 Withdrawal 28 USC 157
CIVIL RIGHTS: 441 Voting, 442 Employment, 443 Housing/Accommodations, 444 Welfare, 445 American with Disabilities - Employment, 446 American with Disabilities - Other, 440 Other Civil Rights
PRISONER PETITIONS: 510 Motions to Vacate Sentence Habeas Corpus, 530 General, 535 Death Penalty, 540 Mandamus/Other, 550 Civil Rights, 555 Prison Condition
FORFEITURE / PENALTY: 610 Agriculture, 620 Other Food & Drug, 625 Drug Related Seizure of Property 21 USC 881, 630 Liquor Laws, 640 R.R. & Truck, 650 Airline Regs, 660 Occupational Safety /Health, 690 Other
LABOR: 710 Fair Labor Standards Act, 720 Labor/Mgmt. Relations, 730 Labor/Mgmt. Reporting & Disclosure Act, 740 Railway Labor Act, 790 Other Labor Litigation, 791 Empl. Ret. Inc. Security Act
PROPERTY RIGHTS: 820 Copyrights, 830 Patent, 840 Trademark
SOCIAL SECURITY: 861 HIA (1395ff), 862 Black Lung (923), 863 DIWC/DIWW (405(g)), 864 SSID Title XVI, 865 RSI (405(g))
FEDERAL TAX SUITS: 870 Taxes (U.S. Plaintiff or Defendant), 871 IRS-Third Party 26 USC 7609

CV10 1578

FOR OFFICE USE ONLY: Case Number:
AFTER COMPLETING THE FRONT SIDE OF FORM CV-71, COMPLETE THE INFORMATION REQUESTED BELOW.