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 ALAMEDA COUNTY  
 October 31, 2016  
 CLERK OF  
 THE SUPERIOR COURT  
 By Alicia Espinoza, Deputy

Attorneys for Plaintiffs, Individually and on Behalf of All Others Similarly Situated  
 CASE NUMBER: **RG15837297**

**IN THE SUPERIOR COURT OF THE STATE CALIFORNIA**

**FOR THE COUNTY OF ALAMEDA**

9 BROADMOOR HOUSE, INC., DARRELL  
 10 MELLION and LESA MELLION,  
 11 Individually and on Behalf of all Others  
 Similarly Situated,

Plaintiffs,

v.

15 REGIONAL CENTER OF THE EAST BAY,  
 16 INC., a private non-profit corporation, and  
 17 DOES 1-10,

Defendants.

Case No.:  
**CLASS ACTION**  
**CLASS ACTION COMPLAINT FOR  
 DAMAGES, DECLARATORY RELIEF,  
 AND INJUNCTIVE RELIEF FOR  
 VIOLATIONS OF:**  
 (1) UNFAIR COMPETITION IN  
 VIOLATION OF CAL. BUS. &  
 PROF. CODE § 17200, *ET SEQ.*  
 (2) BREACH OF CONTRACT (THIRD  
 PARTY BENEFICIARY)

**JURY TRIAL DEMANDED**

1 Individual and representative Plaintiffs BROADMOOR HOUSE, INC.  
2 (“BROADMOOR”), DARRELL MELLION (“DARRELL”), and LESA MELLION (“LESA”)  
3 (collectively, “Plaintiffs”), individually and on behalf of all others similarly situated, complain as  
4 follows:

### 6 INTRODUCTION

7 1. This is a civil action seeking restitution, disgorgement of profits, injunctive relief, and  
8 other equitable relief under the California Unfair Competition Law (Cal. Bus. & Prof. Code  
9 § 17200, *et seq.*). Additionally, Plaintiffs seek damages, injunctive relief, and other equitable  
10 relief as third-party beneficiaries to Defendant REGIONAL CENTER OF THE EAST BAY,  
11 INC.'s (“Defendant” or “RCEB”) breach of its contract with the California Department of  
12 Developmental Services (“CDDS”), a copy of which is attached hereto as Exhibit “A”  
13 (hereinafter, the “RCEB-CDDS Contract”).

14 2. Plaintiffs, individually and on behalf of all entities and/or persons similarly situated,  
15 allege that RCEB violated Cal. Bus. & Prof. Code § 17200, *et seq.*, by diverting consumers away  
16 from non-Caucasian vendors by engaging in the following unfair business practices: falsely  
17 claiming not to have received correspondence; failing to inform consumers and their families of  
18 available services of non-Caucasian vendors; and failing to refer consumers to non-Caucasian  
19 vendors. The class that Plaintiffs represent is composed of all entities and/or persons who  
20 experienced the same or similar conduct by the RCEB on or after April 23, 2014.

21 3. Plaintiffs, individually and on behalf of all entities and/or persons similarly situated,  
22 allege Defendant violated Cal. Bus. & Prof. Code § 17200, *et seq.*, by compensating non-  
23 Caucasian vendors less than Caucasian vendors for comparable services by engaging in the  
24 following unfair business practices: manipulating the rate of services; diverting referrals to  
25 friendly entities; referring only high-risk consumers to minority-owned vendors; failing to  
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1 provide written denials of service requests and the grounds therefore; improperly combining  
2 services; falsely claiming that services do not exist; denying travel reimbursement; creating non-  
3 transparent, ad hoc “Special Exceptions” committees that respond neither to family inquiries nor  
4 to case manager failures to renew paperwork, resulting in non-Caucasian vendors providing  
5 services for a period of months without compensation despite attempts by Plaintiffs and other  
6 class members to communicate; failing to issue African-American vendors with receipts or other  
7 forms of acknowledgments for documentation dropped off at the RCEB, thereby eliminating  
8 “paper trails” and enabling Defendant to claim non-receipt of vendor documentation with  
9 plausible deniability; categorizing services as “generic” in order to deny and/or stall providing  
10 those services; and creating the illusion of market competition. The class that Plaintiffs represent  
11 is composed of all entities and/or persons who experienced the same or similar conduct by the  
12 RCEB on or after April 23, 2014.  
13  
14

15 **JURISDICTION & VENUE**

16 4. This Court has subject matter jurisdiction as the aggregate amount of the causes of  
17 actions of all class members exceeds \$25,000, and personal jurisdiction over defendants under  
18 Cal. Code. Civ. Proc. § 410.10, in that defendants reside and/or do business in the State of  
19 California, or otherwise have the requisite minimum contacts with the State such as to justify this  
20 Court exercising jurisdiction over them.  
21

22 5. Venue as to each defendant is proper in this judicial district, pursuant to Cal. Bus. & Prof.  
23 Code § 17203, Cal. Civ. Code § 1780, and Cal. Code. Civ. Proc. §§ 395(a) and 395.5.  
24

25 6. Plaintiffs have been damaged in excess of the jurisdictional amount of this Court.  
26

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///

**THE PARTIES**

1  
2 7. Individual and representative plaintiff BROADMOOR is a California Corporation  
3 licensed to and doing business within the State of California, County of Alameda.

4 8. Individual and representative plaintiff DARRELL is an African-American male, and an  
5 officer and shareholder of BROADMOOR. He is married to LESA and maintains  
6 BROADMOOR facilities in San Leandro, California.

7  
8 9. Individual and representative plaintiff LESA is an African-American female, and an  
9 officer and shareholder of BROADMOOR. She is married to DARRELL and maintains  
10 BROADMOOR facilities in San Leandro, California.

11 10. Based on information and belief, Defendant RCEB is a private, non-profit corporation,  
12 under contract with the CDDS, that “vendorizes” and authorizes payment for services under the  
13 Lanterman Developmental Disabilities Services Act of 1969 (Cal. Welf. & Inst. Code § 4500, *et*  
14 *seq.*) (“Lanterman Act”) in the State of California, County of Alameda for individuals with  
15 developmental disabilities.  
16

17 11. Plaintiffs are ignorant of the true names and capacities of defendants sued herein as Does  
18 1-10, inclusive, and Plaintiffs therefore sue such defendants by such fictitious names. Plaintiffs  
19 will amend this complaint to allege their true names and capacities when ascertained. Plaintiffs  
20 are informed and believe and thereon allege that each of these fictitiously named defendants is  
21 responsible in some manner for the occurrences, acts, and omissions alleged herein and that  
22 Plaintiffs' injuries as alleged herein were proximately caused by such aforementioned defendants.  
23

24 12. Plaintiffs are informed and believe and thereon allege that at all times mentioned herein,  
25 each of the defendants was acting as the partner, agent, servant, and employee of each remaining  
26 defendant, and in doing the things alleged herein was acting within the course and scope of such  
27 agency and with the knowledge of the remaining defendants, and that each defendant is  
28

1 responsible for the occurrences, acts, and omissions of each other defendant complained of  
2 herein.

3  
4 **CLASS ACTION ALLEGATIONS**

5 13. This action is brought by Plaintiffs on behalf of themselves and other similarly situated as  
6 a class action pursuant to Cal. Code Civ. Proc. § 382.

7 14. The class consists of all current and former non-Caucasian vendors who, from April 23,  
8 2014 to the present, have been subjected to the same pattern of conduct by the RCEB, including  
9 but not limited to: falsely claiming not to have received correspondence; failing to inform  
10 consumers and their families of available services of non-Caucasian vendors; failing to refer  
11 consumers to non-Caucasian vendors; manipulating the rating of consumers and/or diverting  
12 referrals to friendly entities (“funnel vendors”); assigning only high-risk consumers to non-  
13 Caucasian vendors; failing to provide written denials of service requests and the basis therefore;  
14 improperly combining services; falsely claiming that services do not exist; denying travel  
15 reimbursement; creating non-transparent, ad hoc “Special Exceptions” committees that respond  
16 neither to family inquiries nor to case manager failures to renew paperwork, resulting in non-  
17 Caucasian vendors providing services for a period of months without compensation despite  
18 attempts by Plaintiffs and other class members to communicate; failing to issue African-  
19 American vendors with receipts or other forms of acknowledgments for documentation dropped  
20 off at the RCEB, thereby eliminating “paper trails” and enabling Defendant to claim non-receipt  
21 of vendor documentation with plausible deniability; categorizing services as “generic” in order to  
22 deny and/or stall providing those services; and creating the illusion of market competition.

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26 15. Numerosity: The potential members of the class are numerous, and joinder of all of the  
27 potential members is impracticable. While the exact number of class members can only be  
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1 ascertained through discovery, plaintiffs are informed and believe and thereon allege that over 30  
2 non-Caucasian vendors have been negatively impacted by RCEB's unfair business practices.

3 16. Superiority/Risk of Separate Actions: Class action treatment is superior to any alternative  
4 to ensure the fair and efficient adjudication of the controversy alleged herein. Such treatment  
5 will permit a large number of similarly situated persons to prosecute their common claims in a  
6 single forum simultaneously, efficiently, and without the duplication of effort and expense that  
7 numerous individual actions would entail. No difficulties are likely to be encountered in the  
8 management of this class action that would preclude its maintenance as a class action, and no  
9 superior alternative exists for the fair and efficient adjudication of this controversy. The  
10 likelihood of individual class members prosecuting separate claims is remote, and individual  
11 class members do not have a significant interest in controlling the prosecution of separate  
12 actions. Additionally, the prosecution of separate actions by individual class members would  
13 create a risk of inconsistent and varying adjudications concerning the subject of this action  
14 which, in turn, would establish incompatible standards of conduct for Defendant.

17 17. Commonality: Common questions of law and fact exist as to all members of the class and  
18 predominate over any questions affecting only individual members of the class, thereby making a  
19 class action superior to the available methods for the fair and efficient adjudication of the  
20 controversy. Among the questions of law and fact common to Plaintiffs and the class members  
21 are whether, as alleged herein:  
22

- 23 • Whether the RCEB actually did not receive requests;
- 24 • Whether the RCEB fails to respond to e-mails and/or claims that e-mails have not been  
25 received;
- 26 • Whether the RCEB fails to inform consumers and their families of class members'  
27 Lanterman Act services;
- 28 • Whether the RCEB diverts service requests for class members' services to funnel  
vendors;

- 1 • Whether the RCEB assign only high-risk consumers to certain class member vendors;
- 2 • Whether the RCEB does not provide written denials of requests for services;
- 3
- 4 • Whether the RCEB attempts to force the provision of Independent Living Services during
- 5 day programs;
- 6 • Whether RCEB case workers falsely inform consumers' families that no services exist;
- 7 • Whether RCEB case workers deny reimbursement for travel;
- 8 • Whether the RCEB creates non-transparent, ad hoc “Special Exceptions” committees that
- 9 fail to respond to family inquiries or to case manager failures to renew paperwork,
- 10 resulting in non-Caucasian vendors providing services for a period of months without
- 11 compensation despite attempts by Plaintiffs and other class members to communicate;
- 12 • Whether the RCEB fails to issue African-American vendors with receipts or other forms
- 13 of acknowledgments for documentation dropped off at the RCEB in order to claim non-
- 14 receipt of vendor documentation with plausible deniability;
- 15 • Whether the RCEB categorizes services as “generic” in order to deny and/or stall
- 16 providing those services; and
- 17 • Whether the RCEB creates illusory “open houses” to give the appearance of competition.

18 18. Typicality: The claims of the named Plaintiffs are typical of the claims of the class  
19 because they, like the other members of the class, sustained damages arising out of Defendant's  
20 unfair business practices of deterring consumers from doing business with minority vendors and  
21 paying minority vendors less than Caucasian vendors for similar services.

22 19. Adequacy of Representation: Plaintiffs will fairly and adequately represent and protect  
23 the interests of the class members. Counsel who represent the Plaintiffs are competent and  
24 experienced litigations attorneys with experience handling class actions.

25 20. Ascertainability: Although the specific identities of all of the class members are not  
26 known at this time, the class is ascertainable from Defendant’s own records. Upon information  
27 and belief, Plaintiffs allege that Defendant’s own records will demonstrate that the RCEB  
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1 engaged in the unfair business practices of deterring consumers from doing business with  
2 minority vendors and paying minority vendors less than Caucasian vendors for similar services.

3 21. Defendant has acted in a manner generally applicable to the class, thereby making  
4 appropriate final injunctive relief and corresponding declaratory relief with respect to the class as  
5 a whole.

### 6 7 **BACKGROUND INFORMATION**

8 22. Fundamentally, the Lanterman Act creates an entitlement to services for persons with  
9 developmental disabilities in the State of California and establishes how these services are to be  
10 delivered. In the seminal decision, *Association for Retarded Citizens v. Department of*  
11 *Developmental Services* (1985) 38 Cal. 3d 384, the California Supreme Court stated that persons  
12 with developmental disabilities have been granted a statutory “right to treatment and habilitation  
13 services at state expense.” (*Id.* at 389 (emphasis added).) In the Lanterman Act, “[the] State of  
14 California accepts a responsibility for its developmentally disabled citizens and an obligation to  
15 them which it must discharge.” (*Id.* (quoting Cal. Welf. & Inst. Code § 4501).) This language  
16 and legislative intent imposes a mandatory, affirmative duty on CDDS to ensure that services are  
17 provided to all eligible persons with developmental disabilities, according to the provisions of  
18 their Individual Program Plans (“IPP”), as required by the Lanterman Act. (*See e.g.*, Cal. Welf.  
19 & Inst. Code § 4512(b).)

20 23. The State of California does not provide services directly to persons with developmental  
21 disabilities. CDDS instead contracts with twenty-one (21) private, non-profit corporations  
22 known as “Regional Centers.” (*See* Cal. Welf. & Inst. Code § 4620.) Each Regional Center  
23 provides services to all persons with developmental disabilities, termed “consumers,” within its  
24 geographic (“catchment”) area, and receives funding from the State of California to purchase the  
25 necessary services from providers. The specific services to which a consumer is entitled are  
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1 determined on an individual basis through the IPP process, which involves the consumer, family,  
2 conservator, regional center representatives, and other specified persons as appropriate. (*See*  
3 *e.g.*, Cal. Welf. & Inst. Code § 4646.) Once those services are determined, the Regional Center  
4 contracts with specific provider(s) to provide those services to the consumer.

5 24. Individual providers are “vendorized” by each Regional Center to provide specified  
6 services, and are generally paid for those services at rates that are established by CDDS pursuant  
7 to statute. (*See* Cal. Welf. & Inst. Code § 4848(3)(B).) Specific rates for some types of various  
8 services are established annually by regulation through a statutory methodology, while others are  
9 set directly by statute. (*See* Cal. Welf. & Inst. Code §§ 4680-93.) Unless a “vendor”  
10 affirmatively and voluntarily agrees to accept a lower rate, rates generally cannot be changed  
11 until the next year’s rate-setting process.

12 25. Under the Lanterman Act, Regional Centers are responsible for, *inter alia*, the purchase  
13 of services and supports for consumers, as stated in each consumer’s IPP. (Cal. Welf. & Inst.  
14 Code §§ 4647-48.) Accordingly, the Regional Centers are directly responsible for purchasing  
15 services and supports from service providers (“vendors”), which include Plaintiffs.

16 26. As stated above, the RCEB is a private, non-profit corporation under contract with  
17 CDDS, the agency through which the State of California provides services and supports to  
18 consumers, i.e., individuals with developmental disabilities.

19 27. Regional Centers provide diagnosis and assessment of eligibility for the consumers. A  
20 vendorizing Regional Center is also responsible for ensuring that a vendor's application meets  
21 licensing and Title 17 requirements for vendorization, determining the appropriate vendor  
22 category for the service to be provided, and approving or disapproving vendorization based upon  
23 their review of the documentation submitted by the applicant. However, placement of  
24 consumers with any particular vendor is not guaranteed.  
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1 28. Based on information and belief, the RCEB has one of the worst reputations—if not *the*  
2 worst reputation—among Regional Centers in the State of California. DARRELL and LESA are  
3 aware of the RCEB having placed consumers in motels and otherwise unlicensed facilities in  
4 extremely low-income neighborhoods in Oakland, California, where some of the consumers  
5 roam the streets to procure recreational street drugs and/or engage in prostitution.  
6

7 **FACTS COMMON TO ALL CAUSES OF ACTION**

8 29. DARRELL and LESA's work with individuals with developmental disabilities began as a  
9 family business started by DARRELL's mother.

10 30. At all relevant times alleged herein, DARRELL and LESA have owned and operated  
11 residential and daycare facilities for individuals with developmental disabilities. Plaintiffs serve  
12 as “vendors” to the RCEB, which currently refers consumers to them for three types of services:  
13 as “vendors” to the RCEB, which currently refers consumers to them for three types of services:  
14 (1) residential care; (2) daycare programs; and (3) Independent Living Services (“ILS”).

15 Residential care incorporates assisted living services for consumers who cannot live  
16 independently. Daycare programs consist of services and activities for consumers who are not  
17 full-time residents of one of Plaintiffs' residential care facilities. ILS entails skills training for  
18 consumers so that they are able to maximize their social and economic participation in their  
19 community, as well as enhance their sense of independence and daily living skills.  
20

21 31. As vendors, Plaintiffs are in a relationship of “independent contractors” to the RCEB  
22 rather than “employees.”

23 32. In or about 1979, Plaintiffs entered into a contract of service with the RCEB (hereinafter,  
24 the “RCEB Contract”). The RCEB Contract complies with the California Code of Regulations,  
25 Title 17 requirements for Regional Center Contracting Requirements and Contract Duties and  
26 Responsibilities. (*See* 17 C.C.R. §§ 50607-08.)  
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1 33. In order to provide the services under the RCEB Contract, Plaintiffs currently operates  
2 two residential care facilities, known as “BROADMOOR HOUSE # 1” and “BROADMOOR  
3 HOUSE # 2.” Plaintiffs operated a third house which they were forced to close in on March 1,  
4 2010 due to RCEB's failure to refer consumers to them under the RCEB Contract, despite  
5 Plaintiffs' satisfactory vendor credentials and, on information and belief, the large numbers of  
6 eligible consumers. Plaintiffs began to provide daycare services about 20 years ago.

7  
8 34. The RCEB is under a statutory obligation to refer consumers to vendorized facilities on  
9 the basis of the consumers’ needs for service pursuant to their IPPs, and the level of care the  
10 vendor is able to provide.

11 35. The RCEB categorizes vendor facilities according to the level of care they are able to  
12 provide consumers, who have varying care requirements. These Consumer Service Levels  
13 (“CSLs”) are organized by numbers “1” to “4” and by letters “A” to “I.” CSL Level 4 is  
14 subdivided into Levels “4A” through “4I,” with “4I” being the highest level of care, and bearing  
15 what is supposed to be the highest reimbursement rate.  
16

17 36. Since 1995, Plaintiffs have achieved high scores on their performance reviews during so-  
18 called “Title 17” Annual Reviews. Their performance reviews have consistently reflected scores  
19 of 100% in eight or nine (out of 10) categories.  
20

21 37. Plaintiffs are widely considered by other vendors in the community as high-quality  
22 providers and often field requests from other facilities for advice in their paperwork and other  
23 administrative matters.

24 38. Pursuant to regulation, Regional Centers are permitted to designate so-called “negotiated  
25 rates” (*see* 17 C.C.R. §§ 57300, *et seq.*), which are not subject to standard statutory financial  
26 limitations. Upon information and belief, negotiated rate consumers fit no particular description  
27 in terms of CSLs, and the RCEB exercises unfettered and unreviewable discretion in designating  
28

1 consumers as such. Many times, RCEB's negotiated rates are much higher than the rates set  
2 within the CSLs pursuant to statute, even if the consumer requires the same or a lower level of  
3 care than a CSL fixed-rate consumer.

4 39. Since April 23, 2014, the RCEB has engaged in aforementioned categories of unfair  
5 business practices that have additionally denied Plaintiffs full and equal consumer referrals  
6 because of DARRELL and LESA's race.  
7

8  
9 **FIRST CAUSE OF ACTION**  
10 **VIOLATION OF CAL. BUS. & PROF. CODE § 17200, *et seq.***  
11 **(Alleged by Plaintiffs on Behalf of Themselves and**  
12 **All Others Similarly Situated against all Defendants)**

13 40. As a first, separate and distinct cause of action, Plaintiffs on behalf of themselves and all  
14 others similarly situated complain of Defendants, and for a cause of action, allege:

15 41. The factual allegations of Paragraphs 1 through 39 above, are re-alleged and incorporated  
16 herein by reference.

17 42. This cause of action is brought pursuant to Unfair Competition Law at Cal. Bus. & Prof.  
18 Code § 17200, *et seq.* Defendants' conduct constitutes unfair, unlawful, and/or fraudulent  
19 business practices within the meaning of Cal. Bus. & Prof. Code § 17200.

20 43. Defendant engaged in, and continues to engage in, unlawful and unfair business acts and  
21 practices prohibited by Cal. Bus. & Prof. Code § 17200, *et seq.* by deterring consumers from  
22 doing business with minority vendors and paying minority vendors less than Caucasian vendors  
23 for similar services. Defendant achieves the aforementioned unfair results by falsely claiming  
24 not to have received correspondence; failing to inform consumers of available services;  
25 manipulating the rate of services and diverting referrals to friendly entities; assigning only high-  
26 risk consumers; failing to provide written denials of service requests; improperly combining  
27 services; falsely claiming that services do not exist; denying travel reimbursement; creating non-  
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1 transparent, ad hoc “Special Exceptions” committees that respond neither to family inquiries nor  
2 to case manager failures to renew paperwork, resulting in non-Caucasian vendors providing  
3 services for a period of months without compensation despite attempts by Plaintiffs and other  
4 class members to communicate; failing to issue African-American vendors with receipts or other  
5 forms of acknowledgments for documentation dropped off at the RCEB, thereby eliminating  
6 “paper trails” and enabling Defendant to claim non-receipt of vendor documentation with  
7 plausible deniability; categorizing services as “generic” in order to deny and/or stall providing  
8 those services; and creating the illusion of market competition.  
9

10 44. Plaintiffs have suffered injury in fact as a result of Defendant’s unfair and unlawful  
11 business acts and practices alleged herein and can therefore bring this action for relief pursuant  
12 to Cal. Bus. & Prof. Code § 17200, *et seq.*, and can seek and obtain injunctive relief.

13 45. Plaintiffs have standing to pursue representative claims and relief on behalf of the class  
14 members herein in that they meet the standing requirements of Cal. Code Civ. Proc. § 382 as set  
15 forth in their class action allegations above.  
16

17 46. Defendant engaged in unlawful and unfair business acts and practices in violation of Cal.  
18 Bus. & Prof. Code § 17200, *et seq.*

19 47. Defendant’s course of conduct, acts, and practices in violation of California laws  
20 mentioned in each paragraph above constitute separate and independent violations of Cal. Bus. &  
21 Prof. Code § 17200, *et seq.*  
22

23 48. The unlawful and unfair business practices and acts of Defendant, as described above,  
24 have injured Plaintiffs and members of the class. The harm to Plaintiffs and the class members  
25 outweighs the utility, if any, of Defendant’s acts and practices and, therefore, Defendant’s  
26 actions described herein constitute an unfair business practice or act within the meaning of Cal.  
27 Bus. & Prof. Code § 17200, *et seq.*  
28

1 49. As a result of Defendant's unlawful and unfair business acts and practices alleged herein,  
2 Plaintiffs and the class are entitled to general and special damages in amounts according to proof  
3 and in excess of the jurisdictional amount of this Court.

4 50. As a result of Defendant's unlawful and unfair business acts and practices alleged herein,  
5 Plaintiffs and the class are entitled to declaratory judgment that the practices complained of  
6 herein are unlawful and violate Cal. Bus. & Prof. Code § 17200, *et seq.*, and the UCL; a  
7 preliminary and permanent injunction against Defendant, and its officers, agents, successors,  
8 employees, representatives, and any and all persons acting in concert with them from engaging in  
9 each of the unlawful policies, practices, customs, and usages set forth herein; an order that the  
10 Defendant institute and carry out policies, practices, and programs that provide equal business  
11 opportunities for all minorities; and that Defendant eradicates the effects of its past and present  
12 unlawful business practices.

13  
14 WHEREFORE, Plaintiff has been damaged and prays judgment as set forth below.

15  
16 **SECOND CAUSE OF ACTION**  
17 **BREACH OF CONTRACT (THIRD PARTY BENEFICIARY)**  
18 **(Alleged by Plaintiffs on Behalf of Themselves and**  
19 **All Others Similarly Situated against all Defendants)**

20 51. As a second, separate and distinct cause of action, Plaintiffs on behalf of themselves and  
21 all others similarly situated complain of Defendants, and for a cause of action, allege:

22 52. The factual allegations of Paragraphs 1 through 50 above, are re-alleged and incorporated  
23 herein by reference.

24 53. California Civil Code § 1559 provides that "[a] contract, made expressly for the benefit  
25 of a third person, may be enforced by him at any time before the parties thereto rescind it."  
26 Moreover, a third parties may qualify as a beneficiary under a contract where the contracting  
27  
28

1 parties intended to benefit those individuals or entities, and such intent appears from the terms of  
2 the agreement. (See *Brinton v. Bankers Pension Services, Inc.* (1999) 76 Cal.App.4th 550, 558.)

3 54. Based on information and belief, the RCEB and the CDDS entered into the RCEB-CDDS  
4 Contract, a written contract agreement regarding the provision of services pursuant to the  
5 Lanterman Act (Cal. Welf. & Inst. Code § 4500, *et seq.*). (See Exhibit “A”.) The term of the  
6 RCEB-CDDS Contract is from July 1, 2014 through June 30, 2021. (*Id.*, p. 2, Art. I, ¶ 9.)

7  
8 55. In relevant part, the RCEB-CDDS Contract contains a nondiscrimination provision:

9 During the performance of this contract, the recipient, [the RCEB] and its subcontractors  
10 shall not deny the contract's benefits to **any person** on the basis of religion, color, ethnic-  
11 group identification, sex, age, physical or mental disability, nor shall they discriminate  
12 unlawfully against any employee or applicant for employment because of race, religion,  
13 color, national origin, ancestry, physical handicap, mental disability, medical condition,  
14 marital status, age (over 40), or sex. Contractor shall ensure that the evaluation and  
15 treatment of employees and applicants for employment are free of such discrimination.

16 (Exhibit “A,” p. 5, Art. I, ¶ 15(b) (emphasis added).)

17 56. Plaintiffs allege that Defendant has breached Art. I, ¶ 15(b) of the RCEB-CDDS Contract  
18 by having engaged in, and continuing to engage in, unlawful and unfair business acts and  
19 practices: deterring consumers from doing business with minority vendors and paying minority  
20 vendors less than Caucasian vendors for similar services. As previously alleged, Defendant  
21 achieves the aforementioned unfair results by falsely claiming not to have received  
22 correspondence; failing to inform consumers of available services; manipulating the rate of  
23 services and diverting referrals to friendly entities; assigning only high-risk consumers; failing to  
24 provide written denials of service requests; improperly combining services; falsely claiming that  
25 services do not exist; denying travel reimbursement; creating non-transparent, ad hoc “Special  
26 Exceptions” committees that respond neither to family inquiries nor to case manager failures to  
27 renew paperwork, resulting in non-Caucasian vendors providing services for a period of months  
28 without compensation despite attempts by Plaintiffs and other class members to communicate;

1 failing to issue African-American vendors with receipts or other forms of acknowledgments for  
2 documentation dropped off at the RCEB, thereby eliminating “paper trails” and enabling  
3 Defendant to claim non-receipt of vendor documentation with plausible deniability; categorizing  
4 services as “generic” in order to deny and/or stall providing those services; and creating the  
5 illusion of market competition.

6 57. Plaintiffs are not parties to the RCEB-CDDS Contract. However, Plaintiffs are entitled to  
7 damages, injunctive relief, and/or equitable relief for this breach of contract because the broad  
8 “any person” language of Art. I, ¶ 15(b) of the RCEB-CDDS Contract demonstrates that the  
9 RCEB and CDDS intended for Plaintiffs to benefit from their contract.

11 58. As described above, Plaintiffs have been harmed by the RCEB's breach of the RCEB-  
12 CDDS Contract.

13 59. Based on information and belief, Plaintiffs are aware of no conditions, covenants, and/or  
14 promises which would excuse the RCEB's performance of the RCEB-CDDS Contract, and  
15 specifically Art. I, ¶ 15(b).

17 60. As a proximate result of Defendant's above-described breach(es) of the RCEB-CDDS  
18 Contract, Plaintiffs have sustained damages in an amount to be proven at trial, together with the  
19 injunctive relief, and/or equitable relief requested.

20 WHEREFORE, Plaintiff has been damaged and prays judgment as set forth below.

21  
22 **PRAYER FOR RELIEF**

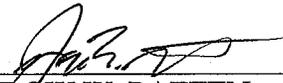
23 WHEREFORE, Plaintiffs on behalf of themselves, the class they seek to represent, and all others  
24 similarly situated who join in this action, prays for relief as follows:

- 25 1. Certification of this action as a class action;
- 26 2. Notice to the class;
- 27 3. For injunctive relief;

- 1 4. For general damages in amounts according to proof and in no event in an amount
- 2 less than the jurisdictional limit of this Court;
- 3 5. For special damages in amounts according to proof;
- 4 6. For punitive damages in amounts according to proof;
- 5 7. For attorneys' fees as provided by law;
- 6 8. For prejudgment interest and post-judgment interest where warranted;
- 7 9. For statutory damages pursuant to Cal. Civ. Code § 52;
- 8 10. For costs of suit herein; and
- 9 11. For such other and further relief as the Court deems fair and just.

10  
11 Dated: October 22, 2016

SMITH PATTEN

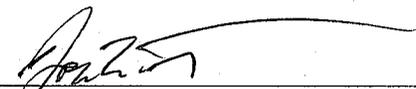
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15 \_\_\_\_\_  
16 DOW W. PATTEN  
17 DAMIEN B. TROUTMAN  
18 Attorneys for Plaintiffs, Individually and  
19 on Behalf of All Others Similarly Situated

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22 **JURY DEMAND**

23 Plaintiff hereby demand trial by jury of all matters so triable.

24  
25 Dated: October 27, 2016

SMITH PATTEN

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28 \_\_\_\_\_  
DOW W. PATTEN  
DAMIEN B. TROUTMAN  
Attorneys for Plaintiffs, Individually and  
on Behalf of All Others Similarly Situated