

DEC 31 2001

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ATTORNEYS FOR ALL PLAINTIFFS

SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF LOS ANGELES, CENTRAL DISTRICT

60265551

HOMIE DAVALOO, an individual

Plaintiff(s),

vs.

STATE FARM INSURANCE COMPANY,
and, DOES 1 through 100 inclusive,

Defendants.

Case No.:

COMPLAINT FOR

1. DECLARATORY RELIEF
2. BREACH OF WRITTEN INSURANCE CONTRACT
3. BREACH OF COVENANT OF GOOD FAITH AND FAIR DEALING
4. FRAUD
5. NEGLIGENCE
6. VIOLATION OF BUSINESS & PROFESSIONS CODE SECTION 17200

Demand Over \$25,000.00

FIRST CAUSE OF ACTION

DECLARATORY RELIEF

1. At all relevant times mentioned herein, Plaintiffs were residents of the County of Los Angeles, state of California.

COMPLAINT FOR DAMAGES

CIT/CASE: NC/AS/EL/ST/;
RECEIPT #: 000015007
DATE PAID: 01/07/02 10:46:15 PM
PAYMENT: \$100.00
RECEIVED: 0012
CHECK: 104.00
CASH:
CHARGE:
1/7/02

- 1 2. The exact identity of the plaintiffs may not be known due to defendants calculated decision in not
2 providing the identities of such Plaintiffs to them or their counsel.
- 3 3. Plaintiffs are informed and believe and thereon allege that the Defendants and each of them and
4 Does 1 through 100 inclusive and each of them are and at all times mentioned herein, and more
5 specifically on January 17, 1994, were business entities of unknown nature duly authorized to do
6 business in California as insurance companies and subject to the laws of the State of California.
- 7 4. The true names and capacities, whether individual, corporate, associate or otherwise, of Defendants
8 Does 1 through 100, inclusive, are unknown to Plaintiffs, who therefore sue said Defendants by such
9 fictitious names, and Plaintiffs will seek leave of Court to amend this Complaint to show the true
10 names and capacities thereof when the same have been ascertained.
- 11 5. Plaintiffs are informed and believe and thereon allege that each of the Defendants designated herein
12 as a DOE is responsible, negligently or in some other manner for the events and happenings herein
13 referred to, and thereby proximately caused injuries and damages to the Plaintiffs as hereinafter
14 alleged.
- 15 6. Defendants at all times mentioned herein were the agents, servants, employees, independent
16 contractors, adjusters, agents, contractors, engineers, experts, partners, members, shareholders,
17 officers, directors, joint venturers, co-conspirators, and alter egos of each other, and in doing or
18 failing to do the things hereinafter mentioned were acting within the purpose and scope of their
19 agency and employment and with the knowledge and consent of each other.
- 20 7. As used herein the term "Defendants" means all Defendants, both jointly and severally, and
21 references by name to any named Defendant shall include all Defendants, both jointly and severally.
- 22 8. Prior to January 17, 1994, Defendants issued policies of homeowners insurance to Plaintiffs which
23 included coverage loss from various perils, including but not limited to the peril of earthquake.
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COMPLAINT FOR DAMAGES

- 1 9. Plaintiffs purchased said policy from the defendants to cover their property located here in the State
2 of California to buy peace of mind and protection, believing that they would be covered for damages
3 to their properties as a result of any earthquake or aftershocks
4
5 10. Plaintiffs do not have a copy of such policy in their possession.
6
7 11. The policy was entered into and the required payments for premiums, were made within the
8 jurisdiction of the above-entitled court.
9
10 12. On January 17, 1994, an earthquake commonly known as Northridge earthquake occurred in Los
11 Angeles which caused sever damages to the property of the Plaintiffs. This was the worst natural
12 disaster in the state of California in more than 50 years.
13
14 13. At all times mentioned, Plaintiff paid all premiums on the policy as they became due and payable
15 and have otherwise performed all the terms and conditions of the policy on Plaintiff's part to be
16 performed. At all relevant times herein mentioned, the policy was, in full force and effect on
17 January 17, 1994.
18
19 14. Plaintiffs suffered insured losses as a result of the earthquake and its aftershocks and made timely
20 claims to or had contact with the Defendants in regard to their damages.
21
22 15. From and after the date of the aforementioned loss, Defendants have failed and refused, and continue
23 to fail and refuse, to pay Plaintiffs a sum or any part of it, and there is now due, owing, and unpaid
24 from Defendants to Plaintiffs the sum totaling the reasonable value of the benefits Plaintiffs are
25 owed under the policy. Defendants Insurer contends that it is not liable under the policy.
26
27 16. An actual controversy has arisen between the parties as to whether certain damages of the plaintiffs,
28 are covered damages in Plaintiffs' policy.
17. As the direct and proximate result of the action of the above named Defendants, and each of them,
Plaintiffs were deprived of the benefits they are entitled to under the contract. The exact amount of

COMPLAINT FOR DAMAGES

1 such damages is presently unknown to Plaintiffs and Plaintiffs will seek leave of Court to amend this
2 complaint to set forth the exact amount thereof when the same has been ascertained.

3 18. As the direct and proximate result of the action of the above named Defendants, and each of them,
4 Plaintiffs have lost the use of the sums of money so owed to them and therefore Plaintiffs are entitled
5 to interest on the sums of money not paid at the legal rate of 10% per annum.
6

7 19. As the direct and proximate result of the action of the above named Defendants, and each of them,
8 Plaintiffs sustained the loss of or diminution to their property's value. The exact amount of such
9 damages is presently unknown to Plaintiffs and Plaintiffs will seek leave of Court to amend this
10 complaint to set forth the exact amount thereof when the same has been ascertained.
11

12 20. As the direct and proximate result of the action of the above named Defendants, and each of them,
13 Plaintiffs were deprived of the use and quiet enjoyment of their property, loss of suitable, safe and
14 reasonably maintained property. The exact amount of such damages is presently unknown to
15 Plaintiffs and Plaintiffs will seek leave of Court to amend this Complaint to set forth the exact
16 amount thereof when the same has been ascertained.
17

18 21. As the direct and proximate result of the action of the above named Defendants, and each of them,
19 Plaintiffs have suffered notice of filing costs, code upgrade costs, demolition costs, engineering
20 costs, contractor's cost and other similar and related costs. The exact amount of such damages is
21 presently unknown to Plaintiffs and Plaintiffs will seek leave of Court to amend this Complaint to set
22 forth the exact amount thereof when the same has been ascertained.
23

24 22. As the direct and proximate result of the action of the above named Defendants, and each of them,
25 Plaintiffs were hurt and injured in their health, strength and activity, sustaining emotional and mental
26 distress and anguish, embarrassment, mortification, humiliation, indignity, body and shock and
27 injuries to the nervous system and person, all of which injuries have caused and continue to cause
28

COMPLAINT FOR DAMAGES

1 Plaintiffs great mental, physical and nervous pain and suffering, all to the Plaintiffs' general
2 damages in an amount in excess of the jurisdictional minimum of this Court.

3 23. As the direct and proximate result of the action of the above named Defendants, and each of them,
4 Plaintiffs will, for a period of time in the future, be required to employ physicians and incur
5 additional medical and incidental expenses thereby. The exact amount of such expenses is presently
6 unknown to Plaintiffs and Plaintiffs will seek leave of Court to amend this Complaint to set forth the
7 exact amount thereof when the same has been ascertained.
8

9 24. As the direct and proximate result of the action of the above named Defendants, and each of them,
10 Plaintiffs were unable to attend to their usual employment and have lost income. The exact amount
11 of such damages is presently unknown to Plaintiffs and Plaintiffs will seek leave of Court to amend
12 this complaint to set forth the exact amount thereof when the same has been ascertained.
13

14 25. As the direct and proximate result of the action of the above named Defendants, and each of them,
15 Plaintiffs will, for a period of time in the future, be unable to attend and/or obtain gainful
16 employment or that their ability to obtain gainful employment is diminished and/or their earning
17 capacity has been diminished. The exact amount of such losses is presently unknown to Plaintiffs
18 and Plaintiffs will seek leave of Court to amend this Complaint to set forth the exact amount thereof
19 when the same has been ascertained.
20

21 26. As the direct and proximate result of the action of the above named Defendants, and each of them,
22 Plaintiffs have been and for a period of time in the future will be losing the fair rental value of their
23 property. The exact amount of such losses is presently unknown to Plaintiffs and Plaintiffs will seek
24 leave of Court to amend this Complaint to set forth the exact amount thereof when the same has been
25 ascertained.
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COMPLAINT FOR DAMAGES

1 27. As the direct and proximate result of the action of the above named Defendants, and each of them,
2 Plaintiffs have suffered the loss of funds used to pay for premiums for insurance which was not
3 actually honored by the Defendants. Plaintiffs were further deprived of the opportunity to purchase
4 the appropriate and desired coverage and to receive benefits there-under. The exact amount of such
5 losses is presently unknown to Plaintiffs and Plaintiffs will seek leave of Court to amend this
6 Complaint to set forth the exact amount thereof when the same has been ascertained.
7

8 28. As the direct and proximate result of the action of the above named Defendants, and each of them,
9 Plaintiffs were forced to employ the services of an attorney in an attempt to secure payments to
10 which Plaintiffs were entitled to all to Plaintiffs' detriment. The exact amount of such losses is
11 presently unknown to Plaintiffs and Plaintiffs will seek leave of Court to amend this Complaint to set
12 forth the exact amount thereof when the same has been ascertained.
13

14 29. Defendants utilized unfair, unlawful, unethical, deceptive, wrongful, and fraudulent practice in
15 handling the plaintiff's claim.
16

17 30. The representations made by Defendants, prior to the Earthquake of January 17, 1994, to pay
18 Plaintiffs benefits under the policy in the event of an earthquake loss, were in fact false and
19 fraudulent. The true facts were that Defendants did not intend to cover the losses of Plaintiff's, and
20 further that Defendants insurer intended to deal with Plaintiffs and other insureds in bad faith and
21 with the intention of using any methods at their disposal to avoid legitimate payments under the
22 policy.
23

24 31. When Defendants made the representations, they knew them to be false. The statements were made
25 with the intent to defraud and deceive Plaintiffs and to induce Plaintiffs to purchase the policy, as
26 alleged.
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COMPLAINT FOR DAMAGES

1 32. Plaintiffs, at the time the representations were made, were ignorant of their falsity and believed them
2 to be true. In reliance on them Plaintiffs were induced to and did enter into the contract purchasing
3 such policy of insurance. Plaintiffs' were justified in believing the truth of defendant's
4 representation in reliance thereon. Had Plaintiffs known the true facts, Plaintiffs would not have
5 purchased the additional coverage from Defendants.
6

7 33. Defendants failed to investigate or perform a complete and diligent investigation of the Plaintiffs'
8 claim in furtherance of their duties under the law and the contract. They did so in an effort not to
9 discover the comprehensive extent of Plaintiffs' damages and to over look such damages.
10

11 34. Defendants advised Plaintiffs that their deductible would exceed their damages and they should not
12 render a claim.

13 35. Defendants advised Plaintiffs that their damages were cosmetic and therefore not worth pursuing.

14 36. Defendants advised Plaintiffs that they did not carry a policy of insurance with the Defendants.

15 37. Defendants advised Plaintiffs that their insurance policy did not extend to their losses, while in fact
16 such representations were false.
17

18 38. Such representations were made in an effort to dissuade Plaintiffs from claiming their legitimate
19 rights under the policy.

20 39. Defendants hired experts, adjuster, engineers and other professionals to render expert opinion in
21 regard to the nature and extent of Plaintiffs' damages. Defendants' applied undue influence and
22 pressure on these so-called experts to prepare false reports in an effort to defraud the Plaintiffs as to
23 the exact nature of these damages.
24

25 40. Defendants altered, modified and changed such reports so as not to reflect the true nature and extent
26 of the damages and falsely reflect lesser damages. Often these changes were made by Defendants
27
28

COMPLAINT FOR DAMAGES

1 employees who did not have the sufficient knowledge, expertise, experience, training, or licensure
2 that permit them to make such changes and in doing so they violated the law.

3 41. Defendants falsely calculated the amount of deductible that should have applied to Plaintiffs' claim
4 in order to pay the Plaintiffs a lesser sum than that which was owed to them.
5

6 42. Defendants wrongfully held back certain sums of money that Defendants agreed was due to the
7 Plaintiffs. Defendants falsely justified such hold-backs as betterment, depreciation, or contractor's
8 profit and overhead. Such hold backs were not supported in law or under the contract, were
9 wrongful, and were not adequately explained to the Plaintiffs at the time of purchase of the policy or
10 prior to the date of loss, and were not customary. Plaintiffs had no prior expectations that such
11 amounts will be held back.
12

13 43. Defendants falsely told Plaintiffs that said sums will be paid once the repairs have been made.
14 Thereafter, Defendants failed to pay said sums to the Plaintiffs despite their demand.
15

16 44. Defendants failed to pay Plaintiffs for Loss of Use or the rental value of their property under the
17 policy. Plaintiffs were falsely told they would only receive such sums when the actual loss incurs.
18 However, due to the failure of the Defendants to pay a sufficient amount for Plaintiffs' damages,
19 Plaintiffs were unable to in fact make the repairs. As a result of such inability to make the repairs,
20 the actual loss of use or rental never occurred.
21

22 45. Defendants failed to attempt in good faith to effectuate a prompt, fair and equitable settlement of
23 Plaintiffs' claim.

24 46. Defendants failed to promptly provide sufficient explanation as to basis relied upon from the policy,
25 in relation to the applicable facts, for denial of the Plaintiffs' claim.
26

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COMPLAINT FOR DAMAGES

- 1 47. Defendants failed to inform the Plaintiffs of other benefits available to them under various riders,
2 enclosures, endorsements, and attachments to their policy and failed to pay the Plaintiffs benefits due
3 to them under such riders, endorsements, enclosures and attachments.
4
- 5 48. Defendants misled the plaintiffs as to the benefits due to them under their policy. Among other false
6 representations, Plaintiffs were told the Defendants do not have to pay the Plaintiffs a sufficient sum
7 to restore their property to its pre-earthquake condition and only major damages are covered.
8
- 9 49. Defendants falsely told Plaintiffs that their damages are due to other occurrences and not due to the
10 January 17, 1994, earthquake.
11
- 12 50. Defendants misled the Plaintiffs not to file claims on a timely basis and thereafter denied the
13 plaintiffs' claim alleging the applicable statute of limitations had passed.
14
- 15 51. Defendants misled Plaintiffs as to the applicability and the time of running the statute of limitations.
16
- 17 52. Plaintiff relied on the regulatory scheme for admitted insurance carriers such as Defendants,
18 including oversight by California department of insurance. Defendants engaged in a pattern of
19 unlawful activity by payments of fees to accounts set up by the previous Insurance Commissioner in
20 order to influence his decisions. Defendants did in fact prevail in obtaining such influence and the
21 plaintiffs were left with no recourse to the department of insurance.
22
- 23 53. Defendants engaged in a common, routine and systematic practice of defrauding the plaintiffs in the
24 manners already mentioned and in such other manners presently unknown to the plaintiffs and these
25 practice were not limited to isolated cases
26
- 27 54. Defendants did so due to greed in order to pay out less and increase the bottom line.
28
55. These actions were contemplated by the Defendants in advance of January 17, 1994, because
Defendants knew that in case an earthquake of such magnitude occurs, they will not have sufficient
reserves and ability to pay for all such claims.

COMPLAINT FOR DAMAGES

- 1 56. Defendants' actions were committed at the time when Plaintiffs were weakest and susceptible to
2 undue pressure due to personal and family issues, the anxiety and mental depression that followed
3 the earthquake, their fears about losing their property, and their desperate need for any amount of
4 cash.
5
- 6 57. Plaintiffs were naïve and not sophisticated enough to know that these practices were unlawful and
7 fraudulent, they did not know and could not have been expected to know that what is rightfully theirs
8 have been taken from them.
9
- 10 58. Plaintiffs relied on Defendants' advertisements believing that they will be dealt with in good faith.
11
- 12 59. In view of special and fiduciary or quasi-fiduciary relationships between Plaintiff and Defendants,
13 Plaintiffs relied on Defendants and their representations who held themselves as having superior
14 knowledge in regard to the issues mentioned herein.
15
- 16 60. Defendants actions were for the sole purposes of compelling Plaintiffs to accept a lesser sum in
17 settlement of Plaintiffs' claim or if Plaintiffs persisted in seeking more, to incur substantial
18 detriment, delay, and additional expenditures in pursuing enforcement of Plaintiffs' claim, all during
19 which time Defendants, in breach of its covenant of good faith and fair dealing, intentionally,
20 maliciously, and oppressively refused and failed to pay Plaintiff the sum in accordance with terms of
21 the policy.
22
- 23 61. The Defendants actions as herein mentioned were conducted and continued with full knowledge of
24 the extreme risk of injury involved and in willful and conscious disregard of the safety of the public
25 and the Plaintiffs. Such action was despicable, and accordingly defendant is guilty of malice,
26 oppression, and fraud and accordingly an order for punitive damages is justified.
27
- 28 62. Plaintiffs are informed and believe that each action on the part of the Defendants alleged herein, was
performed by its agents authorized to do so, and was done with full consent, and ratification by the

COMPLAINT FOR DAMAGES

1 Defendants. Defendants' middle and upper corporate management, both locally and within the
2 Defendants' headquarters, were aware of such illegal, unethical, unfair, fraudulent and despicable
3 conduct and ordered, approved, authorized and ratified such conduct.

4
5 63. Defendants have not undertaken any affirmative action to discourage such practices, nor have they
6 taken any steps to either investigate or rectify such conduct.

7 64. Plaintiffs are entitled to a determination by the Court of the rights and obligation of the parties herein
8

9
10 **SECOND CAUSE OF ACTION**

11 **BREACH OF WRITTEN CONTRACT**

12 65. Plaintiff hereby re-alleges paragraphs 1 through 64 of the Complaint with the same force and effect
13 as if fully reinstated herein.

14 66. The agreement between Plaintiffs and Defendants constituted a written contract as orally amended
15 and a copy of a portion of said contract is not available to Plaintiffs and is in the custody and
16 possession of Defendants and thus not attached. Said contract is more commonly referred to as an
17 Insurance Policy.

18
19 67. Plaintiffs have fully performed all conditions of the policy on Plaintiffs' part to be performed, paid
20 their premium on a timely basis, and gave Defendants due and timely notice of the covered Loss.

21 68. Such loss occurred on January 17, 1994, and included losses that were covered under the policy and
22 entitled Plaintiffs to payment from the Defendants.

23
24 69. Plaintiff has demanded of Defendant payment of the benefits and but Defendants have failed and
25 refused, and continues to fail and refuse, to pay Plaintiffs the benefits, and there is now due, owing,
26 and unpaid from Defendants to Plaintiffs a certain sum.

27
28 **COMPLAINT FOR DAMAGES**

1 70. As a proximate result of Defendants' failure and refusal as herein alleged, Plaintiffs have been
2 damaged as herein mentioned.
3

4
5 **THIRD CAUSE OF ACTION**

6 **BREACH OF COVENTANT OF GOOD FAITH**

7 71. Plaintiff hereby re-alleges paragraphs 1 through 70 of the Complaint with the same force and effect
8 as if fully reinstated herein.
9

10 72. The agreement between Plaintiffs and Defendants included a covenant to act with each other in good
11 faith and deal fairly.

12 73. Defendants, by their actions, have breached such covenant.

13 74. As a proximate result of Defendants' failure and refusal as herein alleged, Plaintiffs have been
14 damaged as herein mentioned.
15

16
17 **FOURTH CAUSE OF ACTION**

18 **FRAUD**

19 75. Plaintiffs hereby re-alleges paragraphs 1 through 74 of the complaint with the same force and effect
20 as if fully reinstated herein.
21

22 76. Defendants, by their actions and as previously mentioned have committed fraud upon the plaintiffs.

23 77. As a proximate result of Defendants' failure and refusal as herein alleged, Plaintiffs have been
24 damaged as herein mentioned.
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COMPLAINT FOR DAMAGES

1 **FIFTH CAUSE OF ACTION**

2 **NEGLIGENCE**

3 78. Plaintiffs hereby re-alleges paragraphs 1 through 75 of the Complaint with the same force and effect
4 as if fully reinstated herein.
5

6 79. In the event that Defendants' conduct as herein mentioned did not rise to the level of fraud, it was
7 done in such negligent and reckless manner to amount to negligence and negligent
8 misrepresentation, and Defendants owed a duty of due care to Plaintiffs to refrain from
9 misrepresenting material facts to the Plaintiffs, that defendant breached its duty to Plaintiff by its
10 conduct as mentioned herein. Defendants' actions caused Plaintiffs to justifiably and to their
11 detriment rely upon such misrepresentations.
12

13 80. As a proximate result of Defendants' failure and refusal as herein alleged, Plaintiffs have been
14 damaged as herein mentioned.
15

16 **SIXTH CAUSE OF ACTION**

17 **VIOLATION OF BUSINESS AND PROFESSIONAL CODE SECTION 17200**

18 81. Plaintiffs hereby re-alleges paragraphs 1 through 80 of the complaint with the same force and effect
19 as if fully reinstated herein.
20

21 82. Defendants, by their actions and as previously mentioned have committed acts of fraud and unfair
22 competition as defined by Business and Profession Code section 17200 and such acts were wrong,
23 unfair, unethical, and in bad faith all to the detriment of Plaintiffs and the general public.
24

25 83. Defendants have also committed other such wrongful acts of which Plaintiffs are currently unaware
26 of.
27
28

COMPLAINT FOR DAMAGES

1 84. As a proximate result of Defendants' failure and refusal as herein alleged, Plaintiffs have been
2 damaged as herein mentioned.
3

4
5 WHEREFORE, Plaintiff prays for judgment against Defendant, as follows:

- 6 1. Damages for failure to provide benefits under the policy, plus interest, pre-judgment interest and
7 other consequential damages according to proof
8 2. General damages, according to proof and in an amount in excess of the jurisdictional minimum
9 of this Court;
10 3. All special damages, consequential and incidental expenses and all additional economical losses
11 proximately caused by Defendants' action according to proof;
12 4. An order disgorging illicit profits wrongfully obtained through the use of illegal practices;
13 5. Punitive damages;
14 6. Treble damages as allowed by law;
15 7. Attorney's fees as allowed by law;
16 8. Injunctive relief;
17 9. Costs of suit incurred herein; and
18 10. Such other and further relief as the Court may deem just and proper
19
20
21
22

23 Dated: December 27, 2001

LAW OFFICES OF RAMIN R. YOUNESSI
A PROFESSIONAL LAW CORPORATION

24
25
26
27 By: 
28 Ramin R. Younessi, Esq.

COMPLAINT FOR DAMAGES