

# EXHIBIT A

**JURY DEMAND**  
**IN THE STATE COURT OF GWINNETT COUNTY**  
**STATE OF GEORGIA**

BENJAMIN BURGESS, RHONDA )  
 BURGESS, HEIDI HOWARD, )  
 JOYCE MARTIN, BETH )  
 KARAMELAS, TERRI DACY, and )  
 MICHAEL DACY, individually )  
 and on behalf of all others similarly situated, )  
 )  
 Plaintiffs, )  
 )  
 v. )  
 )  
 RELIGIOUS TECHNOLOGY CENTER, INC., )  
 ASSOCIATION FOR BETTER LIVING )  
 AND EDUCATION INTERNATIONAL, )  
 NARCONON INTERNATIONAL, and )  
 NARCONON OF GEORGIA, INC., )  
 )  
 Defendants. )

13 C 0359  
Civil Action No. \_\_\_\_\_

FILED IN OFFICE OF  
 CLERK STATE COURT  
 GWINNETT COUNTY, GA  
 2013 JUN -4 PM 12:10  
 RICHARD ALEXANDER, CLERK

**JURY TRIAL DEMANDED**

**ORIGINAL**

**CLASS ACTION COMPLAINT**

**I. INTRODUCTION**

This action is brought by Plaintiffs, Benjamin Burgess, Rhonda Burgess, Heidi Howard, Joyce Martin, Beth Karampelas, Terri Dacy, and Michael Dacy, individually and on behalf of the class of others similarly situated, against the Religious Technology Center, Inc. ("RTC"), Association for Better Living and Education International ("ABLE"), Narconon International ("International"), and Narconon of Georgia, Inc. ("NNGA"), and asserts claims for fraud and misrepresentation, breach of contract, unjust enrichment, detrimental reliance, negligence *per se*, and violations of O.C.G.A. § 16-14-1, *et seq.*

**II. PARTIES**

**A. Plaintiffs**

**1. Burgess Plaintiffs**

1.

Plaintiffs Benjamin Burgess (“Mr. Burgess”) and Rhonda Burgess (“Mrs. Burgess”) are citizens of the State of Georgia.

2.

In 2011, Mr. Burgess and Ms. Burgess sought the services of an in-patient drug and alcohol rehabilitation center for Joshua Burgess, their son. The Burgesses found NNGA through an internet search, and, before choosing to enroll Joshua in the program, they spoke with one or more employees of NNGA and/or International, and/or were provided with marketing materials regarding NNGA’s program.

3.

The Burgesses relied upon the following representations made by NNGA and/or International in choosing to enroll Joshua in the NNGA program:

- a. that NNGA was a properly licensed, “in-patient,” residential facility;
- b. that NNGA had a success rate of over 70%;
- c. that the Narconon “New Life Detoxification Program” would remove drug residues and other toxic substances from the patient’s body;
- d. that NNGA provided a drug-free environment;
- e. that NNGA provided drug and alcohol rehabilitation and treatment; and
- f. that NNGA had properly trained staff.

4.

Without their permission, employees and/or agents of NNGA opened several high interest credit cards in the Burgesses’ names, and charged the Burgesses approximately \$19,000 for the enrollment of their son.

**2. Howard Plaintiff**

5.

Plaintiff Heidi Howard (“Ms. Howard”) is a citizen of the State of North Carolina.

6.

In 2011, Ms. Howard sought the services of an in-patient drug and alcohol rehabilitation center for her son, Mr. Jordon Alexander (“Mr. Alexander”). Ms. Howard found NNGA through an Internet search. Before choosing to enroll Mr. Alexander in the program, Ms. Howard spoke with one or more employees of NNGA and/or International, and/or was provided with marketing materials regarding NNGA’s program.

7.

Ms. Howard relied upon the following representations made by NNGA and/or International in choosing to enroll Mr. Alexander in the NNGA program:

- a. that NNGA was a properly licensed, “in-patient,” residential facility;
- b. that NNGA had a success rate of over 70%;
- c. that the Narconon “New Life Detoxification Program” would remove drug residues and other toxic substances from the patient’s body;
- d. that NNGA provided a drug-free environment;
- e. that NNGA provided drug and alcohol rehabilitation and treatment; and
- f. that NNGA had properly trained staff.

8.

NNGA charged Ms. Howard \$18,000 for Mr. Alexander’s enrollment, which was paid in full.

**3. Martin Plaintiff**

9.

Plaintiff Joyce Martin (“Ms. Martin”) is a citizen of the State of Georgia.

10.

In 2012, Eric Martin (“Mr. Martin”) sought the services of an in-patient drug and alcohol rehabilitation center for his own treatment. Mr. Martin found NNGA through an Internet search, and, before choosing to enroll in the program, both he and Ms. Martin spoke with one or more

employees of NNGA and/or International, and/or were provided with marketing materials regarding NNGA's program.

11.

Ms. Martin relied upon the following representations made by NNGA and/or International in choosing to enroll Mr. Martin in the NNGA program:

- a. that NNGA was a properly licensed, "in-patient," residential facility;
- b. that NNGA had a success rate of over 70%;
- c. that the Narconon "New Life Detoxification Program" would remove drug residues and other toxic substances from the patient's body;
- d. that NNGA provided a drug-free environment;
- e. that NNGA provided drug and alcohol rehabilitation and treatment; and
- f. that NNGA had properly trained staff.

12.

NNGA charged Ms. Martin \$15,000 for Mr. Martin's enrollment, which was paid in full.

#### **4. Karamelas Plaintiff**

13.

Plaintiff Beth Karamelas ("Ms. Karamelas") is a citizen of the State of North Carolina.

14.

In February 2013, Ms. Karamelas sought the services of an in-patient drug and alcohol rehabilitation center for her son, Kirk Waters ("Mr. Waters"). Ms. Karamelas found NNGA through an Internet search and, before choosing to enroll Mr. Waters in the program, she spoke with one or more employees of NNGA and/or International, and/or was provided with marketing materials regarding NNGA's program.

Ms. Karamelas relied upon the following representations made by NNGA and/or International in choosing to enroll Mr. Waters in the NNGA program:

- a. that NNGA was a properly licensed, "in-patient," residential facility;
- b. that NNGA had a success rate of over 70%;

- c. that the Narconon “New Life Detoxification Program” would remove drug residues and other toxic substances from the patient’s body;
- d. that NNGA provided a drug-free environment;
- e. that NNGA provided drug and alcohol rehabilitation and treatment; and
- f. that NNGA had properly trained staff.

15.

NNGA charged Ms. Karampelas \$10,000 for the enrollment of Mr. Waters, which was paid in full.

**5. Dacy Plaintiffs**

16.

Plaintiff Terri Dacy (“Ms. Dacy”) is a citizen of the State of Florida. Plaintiff Michael Dacy (“Mr. Dacy”) is a citizen of the State of Georgia.

17.

In 2009, Mr. Dacy and Ms. Dacy sought the services of an in-patient drug and alcohol rehabilitation center for their son, Plaintiff Jonathan Dacy (deceased). Mr. Dacy and Ms. Dacy found NNGA through an Internet search, and, before choosing to enroll Jonathan in the program, they spoke with one or more employees of NNGA and/or International, and/or were provided with marketing materials regarding NNGA’s program.

18.

Mr. Dacy and Ms. Dacy relied upon the following representations made by NNGA and/or International in choosing to enroll their son in the NNGA program:

- a. that NNGA was a properly licensed, “in-patient,” residential facility;
- b. that NNGA had a success rate of over 70%;
- c. that the Narconon “New Life Detoxification Program” would remove drug residues and other toxic substances from the patient’s body;
- d. that NNGA provided a drug-free environment;
- e. that NNGA provided drug and alcohol rehabilitation and treatment; and

f. that NNGA had properly trained staff.

19.

Without their permission, employees and/or agents of NNGA opened several high-interest credit cards in the Dacys' names and charged approximately \$10,300 for Jonathan's enrollment.

**B. Defendants**

**1. RTC**

20.

Defendant Religious Technology Center, Inc. ("RTC") is a foreign, nonprofit corporation registered in the State of California with its headquarters in Los Angeles, California.

21.

RTC oversees Church of Scientology activities and serves as the final arbiter and enforcer of orthodoxy for all Scientology-related activities and organizations. RTC oversees and approves the activities of International and NNGA, and also licenses the "technology" used in Narconon centers through its subsidiary, ABLE, as discussed herein.

22.

At all relevant times, RTC assumed control over the time, manner, and method of NNGA's operations, and RTC was doing business in the State of Georgia by and through its agents, ABLE, International, and NNGA. As such, RTC is subject to this Court's jurisdiction through the Georgia Long-Arm Statute, O.C.G.A. § 9-10-90 *et seq.* RTC may be served with process through its registered agent, Sherman D. Lenske, 6400 Canoga Ave., Suite 315, Woodland Hills, CA 91367.

**2. ABLE**

23.

Defendant Association for Better Living and Education International ("ABLE") is a foreign, nonprofit corporation registered in the State of California, with its headquarters in Los Angeles, California.

24.

ABLE is a subsidiary of RTC and operates as an umbrella group that oversees the drug and alcohol rehabilitation, education, and criminal-justice activities of the Church of Scientology. ABLE controls the time, manner, and method of International's and NNGA's businesses by actively managing their daily operations, which includes conducting inspections of Narconon centers and creating, licensing, and approving International's and NNGA's marketing materials.

25.

Pursuant to the Georgia Long-Arm Statute, O.C.G.A. § 9-10-90 *et seq.*, ABLE is subject to the jurisdiction of this Court, as it transacts business in the State of Georgia by and through its agents, International and NNGA. ABLE may be served with process through its registered agent, Sherman D. Lenske, 6400 Canoga Ave., Suite 315, Woodland Hills, CA 91367.

**3. International**

26.

Defendant Narconon International ("International"), a subsidiary of ABLE, is a foreign, California corporation with its headquarters in Los Angeles, CA.

27.

International is the parent/licensor of Defendant NNGA. International exercises direct control over the time, manner, and method of NNGA's operations. At all relevant times, International was doing business in the State of Georgia by and through its subsidiary/licensee, NNGA, and is subject to this Court's jurisdiction through the Georgia Long-Arm Statute, O.C.G.A. § 9-10-90 *et seq.* International may be served with process through its registered agent, Helena Kobrin, 3500 W. Olive Ave., Suite 300, Burbank, CA 91505.

**4. NNGA**

28.

Defendant Narconon of Georgia, Inc. ("NNGA") is a nonprofit corporation registered in the State of Georgia with its principal office in Norcross, Gwinnett County, Georgia. NNGA is

subject to this Court's jurisdiction. NNGA may be served with process through its registered agent, Mathew C. Hines, 150 Bankhead Highway, Carrollton, Carroll County, GA 30117.

### **III. JURISDICTION AND VENUE**

29.

Jurisdiction is proper because all of the Defendants are residents of Georgia or subject to exercise of long-arm jurisdiction. Venue is proper as to all of the Defendants, pursuant to O.C.G.A. §§ 9-10-93 and 14-2-510, as NNGA's principal office is in Gwinnett County.

### **IV. CLASS ALLEGATIONS**

30.

The above-referenced Plaintiffs bring this action on their own behalf and on behalf of all persons similarly situated, pursuant to O.C.G.A. § 9-11-23.

31.

The class which Plaintiffs seek to represent consists of all individuals who have paid money to one or more of the Defendants to procure drug or alcohol rehabilitation services at NNGA for themselves or others, and to cover costs associated with books, housing, and other related or ancillary goods and services. Plaintiffs reserve the right to amend the description of the class following discovery.

32.

Hundreds of patients enroll in NNGA every year. Thus, the class which Plaintiffs seek to represent consists of at least 100 persons and is so numerous that joinder of each member of the class is impracticable.

33.

Questions of law and fact of common and general interest to the class exist as to all class members and predominate over any questions affecting only individual members of the class. Said common questions include, but are not limited to:

- a. the nature of the Defendants' representations, statements, advertising, and other business practices at issue;

- b. whether the Defendants' business practices were false, deceptive, or misleading;
- c. whether the Defendants knew or should have known that their practices were false, deceptive, or misleading;
- d. whether the Defendants intended to induce the class members' reliance thereon; and
- e. whether Defendants' conduct described herein violates Georgia's RICO statute, O.C.G.A. § 16-14-1 *et seq.*

These questions are such that proof of a set of facts common to the class members that Plaintiffs seek to represent will entitle each class member to the relief requested in this Complaint.

34.

Plaintiffs' claims are typical of the claims of other class members, as Plaintiffs and other class members suffered a common injury arising out of the Defendants' common course of conduct. Specifically, Plaintiffs relied on the Defendants' false, deceptive, or misleading business practices and suffered actual physical, mental, and economic harm.

35.

Plaintiffs will fairly and adequately protect the interests of the class, as Plaintiffs are members of the class and have no interest antagonistic to or in conflict with those of class members. Moreover, Plaintiffs have retained skilled and experienced counsel to represent them in this class action.

36.

The interests of judicial economy favor adjudicating the claims of the Plaintiffs' class on a class, rather than individual, basis. The common questions of law or fact pertinent to the claims raised herein predominate over any questions affecting only individual members of the class, and the Defendants' conduct related to these claims applies generally to the class as a whole. Further, joinder of all members of the class is impractical, rendering a class action superior to other available methods for a fair and efficient adjudication of this controversy.

37.

Class action treatment is also proper because the risks of separate actions by individual members of the class would create a risk of adjudications with respect to the individual members of the class which would, as a practical matter, be dispositive of the interests of the other members not parties to the adjudication or substantially impair or impede their ability to protect their interest.

## V. FACTUAL ALLEGATIONS

### A. Background

38.

International owns, licenses, operates, and otherwise directs drug and alcohol rehabilitation services (“Narconon”) at Narconon centers, including NNGA, throughout the United States and around the world.

39.

Narconon was established in 1966 as a drug rehabilitation program based on the writings of L. Ron Hubbard, a science-fiction writer and the founder of the Church of Scientology. The program was created by William C. Benitez, a former inmate of Arizona State Prison who had served time for narcotics offenses. Hubbard supported Benitez’s work, and in 1972, Hubbard sponsored the incorporation of Narconon International as an organization co-founded by Benitez and two Scientologists.

40.

Even before the establishment of International, the ideas and practices underlying Scientology had been promoted as providing a cure for drug addiction.

41.

Narconon is based exclusively on Hubbard’s writings, also known as “technology” or “tech.”

42.

Narconon's own materials portray Narconon as the initial step toward conversion to Scientology, or "The Bridge to the Bridge."

43.

In the early days of Narconon, no distinction was made between Scientology's "religious" and "secular" branches. Narconon was considered by Scientologists to be an example of Scientology in action, and Scientology claimed that it held the only workable technology to eradicate addiction. Scientologists have touted Narconon as a program based solely on the philosophy and tenets of Scientology.

44.

As the founder of Scientology, Hubbard forbade intelligent debate about Scientology doctrine and required all studying the doctrine to do so directly from his writings. Any discussions outside his writings is considered unsanctioned "verbal tech."

45.

Consistently with this requirement, all Narconon centers are forbidden from deviating from the Hubbard "technology" in their care for and treatment of patients enrolled in the program. In fact, the Narconon training manual, "How to Run an Effective Narconon," states that a Narconon center's director will rapidly correct any variation, misapplication, or failure to use Narconon technology and administrative techniques.

46.

Narconon's proponents believe that strict adherence to the Hubbard technology alone will completely address the rehabilitation needs of its patients. Therefore, patients receive no counseling or education in drug and alcohol rehabilitation, and the therapeutic discussion of drugs and their effects is actually discouraged.

**B. The Narconon “Rehabilitation” Program**

47.

The Narconon “technology” includes two components: (1) a purification component known as the “New Life Detoxification Program” or the “sauna and vitamin” program; and (2) written course materials.

**1. The New Life Detoxification Program**

48.

The New Life Detoxification Program is an intensive “purification ritual” that is identical to Hubbard’s “Purification Rundown,” a required component of Scientology training. Hubbard theorized that small amounts of drugs and their metabolites were stored in fat and then released at a later time, causing the individual to re-experience the effects of the drugs and the desire to use again. The New Life Detoxification Program purports to be a cleansing process that will remove the drugs that supposedly have been stored in the individual’s body fat.

49.

The New Life Detoxification Program purification process consists of running and other exercise, taking mega-doses of vitamins and minerals, sweating in a sauna for hours every day, getting adequate sleep, and following a regular diet with fresh vegetables and sufficient liquids. According to Narconon, exercise helps to release toxins from body fat as the fat is burned for energy, while chemicals are released concurrently through sweat, sebum, and regular bowel movements. Narconon asserts that methadone, amphetamines, morphine, and a variety of other toxins, some consumed years earlier, leave the body by means of sweating.

50.

Narconon further asserts that vitamins and minerals are necessary to offset nutrient loss due to sweating. In particular, the vitamin regimen includes large doses of niacin of up to 5000 mg per day. Hubbard believed that niacin would increase the level of free fatty acids in the blood, which, in turn, would increase the excretion rate of some long-stored toxins. The medically recommended dose of niacin is 10 mg per day, up to a maximum of 1000 mg per day.

Thus, the dosage given by Narconon to its patients is five times the maximum recommended daily allowance.

51.

RTC, ABLE, and International require the individual Narconon centers to adhere to the New Life Program exactly as written.

52.

The New Life Detoxification Program does nothing to treat addiction. Mainstream medicine identifies substance addiction as a psychological or neurological disorder. There is no scientific support for Hubbard's theory that addiction is a craving caused by the release of drugs stored in body fat. Furthermore, mainstream science has shown that most recreational drugs leave the body within a few days to a few weeks. This is contrary to Hubbard's assertion that drugs could remain stored in the body for years.

53.

Experts in mainstream medicine and toxicology have repeatedly concluded that sweating does not expel drugs from the body. Dr. Louis A. Casal, a medical expert retained by International and NNGA in another lawsuit, testified in a deposition in that suit that there is no scientific basis to support the contention that sweating in a sauna detoxifies a person's body or treats addiction. Dr. Casal further testified that the vitamin regimen has "very likely no bearing whatsoever on the treatment of addiction." Dr. Casal's deposition is attached hereto as Exhibit A.

54.

Hubbard's theory that niacin would promote the release of free fatty acids also has been disproved by mainstream science. Niacin actually inhibits fat breakdown and commonly is prescribed by doctors to reduce, not increase, the level of lipids in the blood. In fact, high niacin dosages are associated with possible side effects such as hyperglycemia, cardiac arrhythmia, flushing, rash, nausea, vomiting, abdominal pain, and liver failure.

55.

Because Narconon staff members are not typically qualified in medicine or orthodox drug rehabilitation, there is a risk they will not recognize or be able adequately to address the symptoms of niacin overdose, hyperthermia, or drug withdrawal.

56.

At least one Narconon center in North America has been shut down by government authorities due to concerns over the medical dangers posed to patients by the sauna and vitamins program.

57.

Despite the mainstream evidence discrediting Hubbard's theories about drug detoxification and demonstrating the danger of the Narconon techniques, Narconon centers, including NNGA, continue to treat their patients according to Hubbard's regimen and to advertise its rehabilitation services as safe and effective.

## **2. Written Course Materials**

58.

The written course materials are devoted to requiring patients to undergo various "Training Routines," or "TRs," that focus on conditioning patients to either give or receive orders. For example, one TR requires the individual to command an ashtray to "stand up" and "sit down," and to thank it for doing so, as loudly as possible. Former Scientologists say that the purpose of this drill is for the individual to "beam" his intent into the ashtray to make it move.

59.

Hubbard originally devised the TRs to teach communications skills to Scientologists. The Narconon program claims that the courses were designed to rehabilitate drug users.

60.

Narconon courses are "self-taught" by the patients and overseen by counselors. The counselors have little or no training other than the training offered by Narconon or the Church of Scientology.

61.

Narconon courses include no counseling or education in drug and alcohol rehabilitation and no therapeutic discussion of drugs and their effects.

**C. Relationship Between Defendants**

62.

International is a subsidiary of ABLE, an umbrella group that oversees the drug rehabilitation, education, and criminal-justice activities of the Church of Scientology.

63.

ABLE, in turn, is a subsidiary of RTC, which oversees Church of Scientology activities and serves as the final arbiter and enforcer of orthodoxy for all Scientology-related activities and organizations.

64.

RTC is the branch of the Church of Scientology that holds the rights to Hubbard's writings, or "technology." RTC licenses the "technology" to ABLE, which licenses the material to International.

65.

ABLE is responsible for ensuring that programs using the names of Hubbard's technologies, including Narconon, meet the Church of Scientology's and RTC's exacting standards. To ensure that Narconon centers adhere to Hubbard "technology," ABLE conducts inspections of Narconon centers, including NNGA, to check for compliance.

66.

ABLE permits International and the local Narconon centers to use the Narconon name, subject to ABLE's ultimate supervision. ABLE provides technical and financial assistance to International and promotes Narconon through nationwide advertising and government lobbying.

67.

International, in turn, provides technical and financial assistance to individual Narconon centers, including NNGA, and promotes them through nationwide advertising and government lobbying.

68.

To use the Narconon technology, and in exchange for International's advertising and other assistance, the Narconon centers must pay a weekly fee to International and agree to use the technology in the exact manner prescribed by Hubbard. The fee generally is 10% of the Narconon center's corrected gross income for the week.

69.

In addition to the 10% fee, RTC, through its agent, ABLE, requires Narconon centers to pay additional money to the Church of Scientology by, for example, compelling the centers' participation in global book campaigns and the funding of "Ideal Orgs," a term Hubbard used to describe his plan to improve individual Scientology Churches.

70.

As part of International's contractual agreements with its subsidiaries and ABLE, International uses routine audits, including random and annual on-site inspections and weekly reporting requirements, to ensure the Narconon centers' strict compliance with the Hubbard technology and administrative concerns.

71.

Through International's enforcement of strict compliance with the Hubbard/Narconon technology, as required by RTC and ABLE, the Narconon centers operate under the exact rules related to discipline, structure, hierarchy, and training of the Church of Scientology. As such, RTC, ABLE, and International are active participants in running each Narconon treatment facility.

72.

RTC, ABLE, and International produce marketing and promotional materials for use by the Narconon centers. RTC, ABLE, and International also approve and/or recommend certain claims for the Narconon centers to use in promoting their services.

73.

ABLE and International do not permit any Narconon center to make any claims or statements it perceives as less favorable than those officially sanctioned by RTC, ABLE, and International. RTC, ABLE, and International retain final approval of all Narconon centers' websites, including NNGA, and they frequently contact the Narconon centers' staffs to require changes and issue orders.

**D. False, Misleading, and Fraudulent Marketing and Business Practices**

74.

Through its websites, marketing materials, advertising, and personnel, the Defendants have repeatedly made a vast array of false and misleading claims and have employed other deceptive techniques in their dealings with drug and alcohol addicts and their families. For example:

75.

**1. Narconon's "Success Rate"**

The Defendants regularly claim success rates of over 70% for all of the Narconon centers, including NNGA. The Defendants have published no verifiable evidence to support such success rates, and independent studies have consistently found considerably lower rates.

76.

In fact, independent studies have shown that the Narconon program has little success in treating addiction, with at least one showing a success rate of less than 7%. Dr. Casal, the medical expert retained by International and NNGA in a previous suit, testified in a deposition that he was not convinced the success rate promoted by the Defendants was true, and that it seemed like "a big number." See Exhibit A.

77.

Thus, the Defendants are well aware that the Narconon programs, including NNGA, are falsely advertising its success rates, as illustrated by an email from an employee of International and/or NNGA, in which the employee specifically admits that the Defendants “do not have scientific evidence” to support the claimed 70% success rate. That email is attached hereto as Exhibit B.

**2. Narconon’s “Treatment” for Addiction**

78.

The Defendants promote Narconon as a permanent cure for addiction, even telling patients that they will be able to drink alcohol in moderation upon completion of the program. However, mainstream science maintains that addiction is a chronic disease that cannot be completely cured and requires lifelong treatment and management.

79.

Further, the Defendants promote the New Life Detoxification System as a scientific method to help rid the body of drug residues that purportedly cause the cravings for drug and alcohol. However, this claim lacks any scientific basis.

**3. Narconon’s Connection with the Church of Scientology**

80.

The Defendants direct staff members and salespeople to lie about, misrepresent, or otherwise conceal Narconon’s connection to Scientology.

81.

The Defendants fail to disclose to members of the public that Narconon’s written course materials and the New Life Detoxification Program are nothing but exact replicates of courses in which members of the Church of Scientology are required to participate. The Defendants directly refute the claim that the Narconon program is intended to be the initial step in converting the patient to Scientology, despite its own documents which evidence otherwise.

**4. Narconon Staff Credentials**

82.

The Defendants represent that their staff members are certified and/or trained in addiction counseling. They are not. Staff members receive no certification, training, or other instruction in addiction counseling, apart from their instruction in Hubbard's teachings. Many of the staff members are former Narconon patients themselves.

83.

International and ABLE make "Certified Alcohol and Drug Counselor" certificates available to Narconon staff through subcontractors. Staff may purchase the certificates without producing any evidence of certification, training, education, or experience in addiction counseling. The subcontractors offer no courses, training, or examination in addiction counseling and perform no oversight of the individuals to whom they have issued certificates.

**5. NNGA's "Residential" Facility**

84.

The Defendants hold NNGA out to the public as a residential facility. However, since 2002, NNGA has been authorized by the State of Georgia only as an outpatient drug and alcohol treatment facility and was by law specifically limited to providing services in non-residential settings. It has never been authorized to operate any form of residential facility.

**6. Housing Conditions and Drug and Alcohol Use at NNGA**

85.

The Defendants promote that NNGA provides a drug-free environment. They have also repeatedly represented that NNGA patients will be constantly monitored, including during the residential portion of treatment.

86.

However, from the outset, NNGA's housing was fraught with problems. The housing monitors that NNGA hired were uniformly recently recovered addicts with no training or experience in supervising patients with drug problems. Patients routinely left the premises to

purchase alcohol and drugs, and oversight of the patients was lax or nonexistent. For example, there have been numerous reports of:

- a. patients drinking alcohol and sneaking out of housing;
- b. housing monitors failing to report for work;
- c. staff members using drugs and alcohol;
- d. lack of control over staff at housing;
- e. lack of supervision of patients at housing;
- f. multiple complaints from patients that drugs were too easy to obtain at housing;
- g. instances of patients overdosing on heroin;
- h. substandard living conditions; and
- i. requests from patients to NNGA for changes to housing, including apartment searches, additional housing monitors, and enforcement of a curfew.

**7. Referrals to the NNGA Program**

87.

Patients are frequently referred to the NNGA program through services provided on Internet websites and through toll-free telephone numbers. The patients and their families are led to believe that these services objectively locate a rehabilitation program matching the patient's needs. However, in reality, these services are actually run and/or paid for, in whole or in part, by International and/or NNGA.

88.

In some cases, the individuals providing the referral services, called Field Service Members, are paid a commission for sending people to the NNGA program. International and/or NNGA specifically encourage the referral of patients and families with the financial ability to pay NNGA's fees, while patients with fewer financial assets are rerouted to other rehabilitation programs.

89.

As a result, Defendants fraudulent mislead patients and their families, concealing the fact that these purportedly objective services are actually designed to lead them directly to NNGA's program.

**E. NNGA's Licensing**

90.

All drug and alcohol rehabilitation centers in Georgia are required to be licensed by the State of Georgia. There are various levels of licenses available, each requiring a greater level of resources and oversight.

91.

Licensed programs are essentially divided between those that offer "outpatient" services devoted to counseling and education, and those that offer more intensive residential services for patients with dependency problems of a severity requiring an inpatient or residential setting.

92.

It is illegal and criminal under Georgia law to operate an unlicensed facility or to operate a facility at a level higher than authorized by a current license.

93.

Since 2002, NNGA has been authorized by the State of Georgia only as an outpatient drug and alcohol treatment facility. It has never been authorized to operate any form of residential facility.

94.

NNGA was at all relevant times licensed to operate an outpatient facility, with a sub-unit or branch ambulatory detoxification services program at a separate location, and was by law specifically limited to providing services in non-residential settings.

95.

Specifically, NNGA's license for an outpatient drug treatment program provided authorization for a "non-residential program staffed by professional and paraprofessional persons

that provides drug treatment or therapeutic services, primarily counseling and other supportive services for drug dependent persons.” Ga. Comp. R. & Regs. 290-4-2.03(q). Outpatient programs are those operated, in part, outside normal business hours so that clients who work or attend school may seek treatment at the facility. Ga. Comp. R. & Regs. 290-4-2-.23.

96.

In order to obtain the financial benefits of operating a residential facility, but without authorization from the State of Georgia in the form of a license, NNGA began to illegally operate and control a surrogate residential facility, by and through its agent, Mary Rieser, the executive director of NNGA at the time.

97.

This allowed NNGA to charge higher rates for drug and alcohol addicts who needed the higher level of care offered by an inpatient facility, despite the fact that NNGA was only authorized to operate a facility for outpatients.

98.

NNGA has submitted numerous applications for licenses and/or renewals from 2002 to the present, with each application falsely certifying the program’s compliance with the laws of the State of Georgia.

99.

For example, at all relevant times, the “sauna and vitamin” program is and has been an integral service of NNGA, which encompasses an intensive detoxification regiment during the first four to six weeks of treatment. As part of the New Life Detoxification Program, this phase requires the patient to consume 100 times the daily recommended dosage of vitamins and remain in a sauna, which is heated to a temperature of between 140 and 180 degrees Fahrenheit, for up to five hours a day.

100.

Although the sauna and vitamin program is an integral component of the Narconon program, NNGA did not have a license for an ambulatory detoxification facility, and it

fraudulently concealed the program from the State of Georgia in its 2003 license renewal for an outpatient treatment facility. State regulatory officials conducted an unannounced re-licensure survey, discovered the concealed sauna and vitamin program, and cited NNGA for failing to identify what treatment and services were provided in the form of sauna and vitamin therapy.

101.

While NNGA's main goal was to ensure strict compliance with the "technology" of L. Ron Hubbard, NNGA purposefully and fraudulently misrepresented that it was creating individualized treatment plans, carefully and attentively updated patient files with progress notes, and creating discharge and aftercare plans for its patients, as required by Georgia law applicable to outpatient and ambulatory treatment programs. Ga. Comp. R. & Regs. 290-4-2-.09(4), 290-4-.14(e), 290-4-2-.14(c), 290-4-2-.17(a), (b).

102.

Despite the certifications of compliance on each license application, regulatory officials have routinely cited NNGA for failing to create individualized treatment plans, plan updates and progress notes, and discharge and aftercare plans for its patients.

103.

At all relevant times, NNGA purposefully and fraudulently misrepresented that it was in compliance with Georgia law required the employment of a Clinical Director to be responsible for all treatment services provided by the NNGA program. Ga. Comp. R. & Regs. 290-4-2-.09(4).

104.

At all relevant times, NNGA purposefully and fraudulently misrepresented that it was in compliance with Georgia law requiring the employment of a Medical Director to perform duties including, but not limited to, assumption of responsibility for all medical services and approval of all medical policies and procedures. Ga. Comp. R. & Regs. 290-4-2-.19(b).

105.

At all relevant times, NNGA purposefully and fraudulently misrepresented that it was in compliance with Georgia law requiring all drug rehabilitation facilities to maintain a drug-free workplace by implementing policies and procedures for routinely and randomly testing employees and students for alcohol and drug use. Ga. Comp. R. & Regs. 290-4-2-.09(11).

**F. Harm Caused by the Defendants' Fraudulent Practices**

106.

Each patient at NNGA enrolls for an average of three to four months at a cost of approximately \$10,000 to \$50,000, exclusive of costs associated with books, room, board, and other related and ancillary costs. However, almost none of the patients who complete Narconon's unscientific and dangerous program will have achieved sobriety or sufficient tools for managing their addictions.

107.

NNGA has routinely permitted drugs and alcohol to be brought on the premises and circulated among the patients, actively harming the patients' attempts at recovery and, in some cases, introducing them to new, more harmful substances than they had previously used.

108.

Multiple patients have died at Narconon facilities as a result of drug overdoses or their participation in the sauna-and-vitamins program.

109.

Despite these dangers, NNGA persuaded some patients' family members to open multiple credit cards on which to charge the program's enrollment fee. In at least two instances, NNGA's agents opened credit cards without the patient's or family members' knowledge to serve as financing for the enrollment fee.

110.

Narconon billed some patients' health-insurance companies for costs associated with the program, despite having already been paid in full by the patients or their families, and having told the patients that their health insurance would not cover the costs of the program.

## **VI. ALLEGATIONS OF FRAUD**

### **Count One: Fraudulent Misrepresentation**

111.

Defendants, by and through its agents, employees or representatives, knowingly and willfully made false representations of material facts to Plaintiffs and class members.

Specifically, the Defendants:

- a. misrepresented their connection to Scientology and the origins of Narconon "technology," including the origins of the New Life Detoxification Program and the written course materials;
- b. manipulated the law and provided false information to regulators in order to avoid meaningful oversight, while continuing to represent to potential patients that NNGA was fully compliant with all applicable laws and regulations;
- c. misrepresented the health effects and addiction-treating properties of the sauna, the mega-doses of niacin, and other components of the New Life Detoxification Program;
- d. falsely represented that scientific evidence supported the effectiveness of the New Life Detoxification Program;
- e. misrepresented the success rate of the Narconon program;
- f. misrepresented that Narconon offered a "complete cure" for addiction;
- g. misrepresented the nature of the training given to their staff members;
- h. falsely represented that its staff members were certified in addiction counseling;
- i. misrepresented that the Narconon program is more effective than any other rehab program and/or that it is the only program that can "cure" addiction;

- j. falsely represented that NNGA would provide its patients with a drug-free environment; and
- k. manipulated referrals to NNGA through Internet websites and toll-free numbers, leading Plaintiffs and class members to believe, falsely, that they were receiving objective referral services to rehabilitation programs.

112.

Plaintiffs and all class members were unaware of the falsities of Defendants' material statements and misrepresentations, and actually relied upon those statements and misrepresentations.

113.

By reason of their justified reliance on Defendants' false statements and material misrepresentations, Plaintiffs and all class members suffered actual physical, mental, and economic harm.

114.

Defendants' fraudulent false statements and material misrepresentations were the proximate cause of the injuries suffered by Plaintiffs and all class members.

## **VII. ALLEGATIONS OF BREACH OF CONTRACT/QUASI-CONTRACT**

### **Count Two: Breach of Contract**

115.

Defendants, by and through its agents, employees, or representatives, entered into a written contract with the Plaintiffs and the class members. Plaintiffs and the class members performed under the contract by providing one or more of the defendants with payment for drug or alcohol rehabilitation services at NNGA.

116.

In exchange, Defendants had a contractual duty to provide services, specifically by providing proper alcohol and drug rehabilitation to its patients, assisting them in achieving sobriety, and helping them obtain sufficient tools for managing their addictions.

117.

Defendants, by and through its agents, employees or representatives, breached their contractual duties by:

- a. misrepresenting their connection to Scientology and the origins of Narconon “technology,” including the origins of the New Life Detoxification Program and the written course materials;
- b. manipulating the law and providing false information to regulators in order to avoid meaningful oversight, while continuing to represent to potential patients that NNGA was fully compliant with all applicable laws and regulations;
- c. misrepresenting the health effects and addiction-treating properties of the sauna, the mega-doses of niacin, and other components of the New Life Detoxification Program;
- d. falsely representing that scientific evidence supported the effectiveness of the New Life Detoxification Program;
- e. misrepresenting the success rate of the Narconon program;
- f. misrepresenting that Narconon offered a “complete cure” for addiction;
- g. misrepresenting the nature of the training given to their staff members;
- h. falsely representing that its staff members were certified in addiction counseling;
- i. misrepresenting that the Narconon program is more effective than any other rehab program and/or that it is the only program that can “cure” addiction; and
- j. failing to provide a drug-free environment for its patients.

118.

Defendants’ breach of the contractual duties owed to the Plaintiffs and the class members deprived them of the benefit for which they contracted. As a result, Defendant’s breach proximately caused substantial damage to the Plaintiffs and the class, and Plaintiffs and the class members are entitled to recover damages.

**Count Three: Unjust Enrichment**

119.

Plaintiffs and the class members paid money to one or more of the Defendants to procure drug or alcohol rehabilitation services at NNGA for themselves or others, and to cover costs associated with books, housing, and other related or ancillary goods and services.

120.

Defendants unlawfully and unjustly obtained this payment. Specifically, without the knowledge of the Plaintiffs and the class members, the Defendants acted unconscionably by knowingly and willfully:

- a. misrepresenting their connection to Scientology and the origins of Narconon “technology,” including the origins of the New Life Detoxification Program and the written course materials;
- b. manipulating the law and providing false information to regulators in order to avoid meaningful oversight, while continuing to represent to potential patients that NNGA was fully compliant with all applicable laws and regulations;
- c. misrepresenting the health effects and addiction-treating properties of the sauna, the mega-doses of niacin, and other components of the New Life Detoxification Program;
- d. falsely representing that scientific evidence supported the effectiveness of the New Life Detoxification Program;
- e. misrepresenting the success rate of the Narconon program;
- f. misrepresenting that Narconon offered a “complete cure” for addiction;
- g. misrepresenting the nature of the training given to their staff members;
- h. falsely representing that its staff members were certified in addiction counseling;
- i. misrepresenting that the Narconon program is more effective than any other rehab program and/or that it is the only program that can “cure” addiction;
- j. failing to provide a drug-free environment for its patients; and

- k. manipulating referrals to NNGA through Internet websites and toll-free numbers, leading Plaintiffs and class members to believe, falsely, that they were receiving objective referral services to rehabilitation programs.

121.

As a result of their wrongful and illegal conduct, Defendants received income to which they had no legal right and were therefore unjustly enriched at the expense of the Plaintiffs and the class members. Accordingly, Plaintiffs and the class members are entitled to recover damages.

**Count Four: Detrimental Reliance**

122.

Defendants, by and through its agents, employees, or representatives, represented to the Plaintiffs and the class members that NNGA patients would receive drug or alcohol rehabilitation services, assistance in achieving sobriety, and help obtaining sufficient tools for managing addiction.

123.

Plaintiffs reasonably relied on these representations, signed a written contract with one or more of the Defendants, and performed under the contract by rendering payment for NNGA's services.

124.

Defendants failed to perform its duties under the contract, as, by or through its agents, employees, and representatives, they:

- a. misrepresented their connection to Scientology and the origins of Narconon "technology," including the origins of the New Life Detoxification Program and the written course materials;
- b. manipulated the law and provided false information to regulators in order to avoid meaningful oversight, while continuing to represent to potential patients that NNGA was fully compliant with all applicable laws and regulations;

- c. misrepresented the health effects and addiction-treating properties of the sauna, the mega-doses of niacin, and other components of the New Life Detoxification Program;
- d. falsely represented that scientific evidence supported the effectiveness of the New Life Detoxification Program;
- e. misrepresented the success rate of the Narconon program;
- f. misrepresented that Narconon offered a “complete cure” for addiction;
- g. misrepresented the nature of the training given to their staff members;
- h. falsely represented that its staff members were certified in addiction counseling;
- i. misrepresented that the Narconon program is more effective than any other rehab program and/or that it is the only program that can “cure” addiction; and
- j. falsely represented that NNGA would provide its patients with a drug-free environment.

125.

Plaintiffs and the class members have been harmed by their reliance on the Defendants’ promise to perform under the contract and are entitled to recover damages.

### **VIII. ALLEGATIONS OF NEGLIGENCE**

#### **Count Five: Negligence Per Se**

126.

NNGA was licensed to operate an outpatient facility with a sub-unit or branch ambulatory detoxification services program at a separate location, and was by law specifically limited to providing services in non-residential settings.

127.

NNGA’s operation of unlicensed housing programs for its drug and alcohol rehabilitation patients constituted negligence per se in the following particulars:

- a. violation of its licensure and O.C.G.A. § 26-5-3; Ga. Comp. R. & Regs. §§ 290-4-2-.03(s), (t), (u), 290-4-2.11 (8), 290-4-2-.16, 290-4-2-.19, 290-4-2-.20, 290-4-2-.21;
- b. violation of the limitations set upon it by its license pursuant to Ga. Comp. R. & Regs § 290-4-2-.03 (a); and
- c. violation of its duty to disclose its housing programs to licensing and regulatory authorities pursuant to Ga. Comp. R. & Regs §§ 290-4-2-.05 and 290-4-2-.07(2).

128.

NNGA's actions and omissions proximately caused the injuries suffered by Plaintiffs and all class members.

## **IX. ALLEGATIONS OF CIVIL RACKETEERING**

### **Count Six: Civil RICO for Theft by Deception**

129.

Defendants violated Georgia's Racketeer Influence and Corrupt Organizations ("RICO") statute, O.C.G.A. § 16-14-1, *et seq.*, in the following manner.

130.

Defendants, by and through their agents, are associated in fact, constituting an "enterprise" as defined by O.C.G.A. § 16-14-3.

131.

Defendants, by and through their agents, unlawfully acquired, maintained a financial or other interest in, and/or had control over, an enterprise or property of any nature, including money, through a "pattern of racketeering activity," as defined in O.C.G.A. §§ 16-14-3 and 16-14-4.

132.

Defendants, by and through their agents, unlawfully sought employment by or associated with an enterprise to either conduct or participate in, either directly or indirectly, the enterprise through a pattern of racketeering activity.

133.

Defendants engaged in at least two acts of racketeering activity by committing theft by deception, in violation of O.C.G.A. § 16-8-3, by obtaining money through deceitful means or artful practice with the intention of depriving the owner of the property. Defendants did so by creating or confirming a false impression, and/or failing to correct the false impression, and/or promising to perform services which NNGA did not provide, to Plaintiffs and all class members.

134.

Specifically, Defendants deceived Plaintiffs and all members of the class by creating or confirming a false impression, and/or failing to correct the false impression, that:

- a. NNGA was fully compliant with all applicable laws and regulations;
- b. NNGA was an “in-patient,” residential facility;
- c. Narconon’s New Life Detoxification Program would remove drug residues and other toxic substances from the patient’s body;
- d. NNGA had a success rate of over 70%;;
- e. Narconon offered a “complete cure” for addiction;
- f. NNGA provided a drug-free environment;
- g. NNGA provided drug and alcohol counseling and treatment;
- h. NNGA had properly trained staff; and
- i. patients and their families were referred to NNGA by objective Internet website and toll-free telephone services.

135.

Defendants’ pattern of racketeering activity shared a common target, or victim: Plaintiffs and the class members. Plaintiffs and all class members were unaware of the falsities of Defendants’ material statements and misrepresentations, and actually relied upon those statements and misrepresentations.

136.

By reason of their justified reliance on Defendants' false statements and material misrepresentations, and as a direct and proximate result of Defendants' unlawful and deceptive criminal scheme, Plaintiffs and all class members suffered actual physical, mental, and economic harm, and are entitled to damages.

**Count Seven: Civil RICO for Mail and Wire Fraud**

137.

Defendants violated Georgia's RICO statute in the following manner.

138.

Defendants, by and through their agents, are associated in fact, constituting an "enterprise" as defined by O.C.G.A. § 16-14-3.

139.

Defendants, by and through their agents, unlawfully acquired, maintained a financial or interest in, and/or had control over, an enterprise or property of any nature, including money, through a "pattern of racketeering activity," as defined in O.C.G.A. §§ 16-14-3 and 16-14-4.

140.

Defendants, by and through their agents, unlawfully sought employment by or associated with an enterprise to either conduct or participate in, either directly or indirectly, the enterprise through a pattern of racketeering activity.

141.

Defendants engaged in at least two acts of racketeering activity by committing numerous counts of mail and wire fraud, as defined in 18 U.S.C. §§ 1341 and 1343, in violation of O.C.G.A. § 16-14-3. Defendants knowingly and willfully transmitted written communication by wire or mail that was devised in a scheme to defraud and/or constituted an attempt to obtain money or property by means of false or fraudulent pretenses, representations, or promises.

142.

Specifically, Defendants distributed the following false statements and/or representations to Plaintiffs and the class members through the mail, telephone wire facilities, and /or Internet:

- a. NNGA was fully compliant with all applicable laws and regulations;
- b. NNGA was an “in-patient,” residential facility;
- c. Narconon’s New Life Detoxification Program would remove drug residues and other toxic substances from the patient’s body;
- d. NNGA had a success rate of over 70%;
- e. Narconon offered a “complete cure” for addiction;
- f. NNGA provided a drug-free environment;
- g. NNGA provided drug and alcohol counseling and treatment;
- h. NNGA had properly trained staff; and
- i. patients and their families were referred to NNGA by objective Internet website and toll-free telephone referral services.

143.

Defendants’ pattern of racketeering activity shared a common target, or victim: Plaintiffs and the class members. Plaintiffs and all class members were unaware of the falsities of Defendants’ material statements and misrepresentations, and actually relied upon those statements and misrepresentations.

144.

By reason of their justified reliance on Defendants’ false statements and material misrepresentations, and as a direct and proximate result of Defendants’ unlawful and deceptive criminal scheme, Plaintiffs and all class members suffered actual physical, mental, and economic harm, and are entitled to damages.

**Count Eight: Civil RICO for False Statements to a Government Agency**

145.

Defendants violated Georgia’s RICO statute in the following manner.

146.

Defendants, by and through their agents, are associated in fact, constituting an “enterprise” as defined by O.C.G.A. § 16-14-3.

147.

Defendants, by and through their agents, unlawfully acquired, maintained a financial or other interest in, and/or had control over, an enterprise or property of any nature, including money, through a “pattern of racketeering activity,” as defined in O.C.G.A. §§ 16-14-3 and 16-14-4.

148.

Defendants, by and through their agents, unlawfully sought employment by or associated with an enterprise to either conduct or participate in, either directly or indirectly, the enterprise through a pattern of racketeering activity.

149.

Defendants engaged in at least two acts of racketeering activity by committing numerous counts of providing false statements and writings to a government agency, as defined by O.C.G.A. § 16-10-20, and in violation of O.C.G.A. § 16-14-3.

150.

Specifically, Defendants, by and through their agents, knowingly and willfully falsified, concealed, or covered up by trick, scheme, or other device, material facts in the following manner:

- a. knowingly and willfully falsifying and/or concealing from the State of Georgia on all license applications NNGA’s illegal operation of a residential drug and rehabilitation facility without the proper licensing;
- b. knowingly and willfully concealing from the State of Georgia the detoxification component of NNGA’s treatment regimen in its license application solely for an outpatient facility;

- c. knowingly and willfully concealing on all license applications NNGA's failure to create individualized treatment plans, routinely update patient files, and create discharge and aftercare plans;
- d. knowingly and willfully falsifying on all license applications that NNGA had retained a Clinical Director, and/or concealing from the State of Georgia the true nature and scope of its Clinical Director's role, which was contrary to that required by applicable regulatory law;
- e. knowingly and willfully falsifying on all license applications that NNGA had retained a Medical Director, and/or concealing from the State of Georgia the true nature and scope of its Medical Director's role, which was contrary to that required by applicable regulatory law; and
- f. falsifying and/or concealing from the State of Georgia on all license applications NNGA's failure to ensure a drug-free workplace.

151.

The State of Georgia, through its regulatory agencies, relied on Defendants' false statements when licensing NNGA's program.

152.

Defendants' pattern of racketeering activity shared a common target, or victim: Plaintiffs and the class members. Plaintiffs and all class members were unaware of the falsity of, and reasonably relied upon, the Defendants' false statements to the government of the State of Georgia.

153.

As a direct and proximate result of Defendants' unlawful and deceptive criminal scheme, Plaintiffs and all class members suffered actual physical, mental, and economic harm, and are entitled to damages.

**Count Nine: Civil RICO for Credit Card Fraud**

154.

Defendants violated Georgia's RICO statute in the following manner.

155.

Defendants, by and through their agents, are associated in fact, constituting an "enterprise" as defined by O.C.G.A. § 16-14-3.

156.

Defendants, by and through their agents, unlawfully acquired, maintained a financial or other interest in, and/or had control over, an enterprise or property of any nature, including money, through a "pattern of racketeering activity," as defined in O.C.G.A. §§ 16-14-3 and 16-14-4.

157.

Defendants, by and through their agents, unlawfully sought employment by or associated with an enterprise to either conduct or participate in, either directly or indirectly, the enterprise through a pattern of racketeering activity.

158.

Defendants engaged in at least two acts of racketeering activity by committing at least two acts of unlawful use of financial transaction cards, as defined by O.C.G.A. §§ 16-9-31 through 16-9-33, and in violation of O.C.G.A. § 16-14-3.

159.

Specifically, Defendants, by and through their agents, with the intent to defraud the credit card issuer, opened several high interest credit cards in the name of NNGA's patients and/or patients' family members, without their permission, and used those credit cards to pay for NNGA's fees.

160.

Defendants' pattern of racketeering activity shared a common target, or victim: Plaintiffs and the class members.

161.

As a direct and proximate result of Defendants' unlawful and deceptive criminal scheme, Plaintiffs and the class suffered actual physical, mental, and economic harm, and are entitled to damages.

**Count Ten: Civil RICO for Identity Fraud**

162.

Defendants violated Georgia's RICO statute in the following manner.

163.

Defendants, by and through their agents, are associated in fact, constituting an "enterprise" as defined by O.C.G.A. § 16-14-3.

164.

Defendants, by and through their agents, unlawfully acquired, maintained an interest in, and/or had control over, an enterprise or property of any nature, including money, through a "pattern of racketeering activity," as defined in O.C.G.A. §§ 16-14-3 and 16-14-4.

165.

Defendants, by and through their agents, unlawfully sought employment by or associated with an enterprise to either conduct or participate in, either directly or indirectly, the enterprise through a pattern of racketeering activity.

166.

Defendants engaged in at least two acts of racketeering activity by committing at least two acts of identity fraud, as defined by O.C.G.A. § 16-9-121, and in violation of O.C.G.A. § 16-14-3.

167.

Specifically, Defendants, by and through their agents, willfully and fraudulently used the identities of NNGA's patients and/or patients' family members, without permission, and opened several high interest credit cards, in order to charge NNGA's enrollment fees on those credit cards.

168.

Defendants' pattern of racketeering activity shared a common target, or victim: Plaintiffs and the class members.

169.

As a direct and proximate result of Defendants' unlawful and deceptive criminal scheme, Plaintiffs and the class suffered actual physical, mental, and economic harm, and are entitled to damages.

## **X. DAMAGES**

170.

Plaintiffs request that they be awarded restitution of all money and other property received by Defendants, pursuant to their contracts with the class members.

171.

Further, Defendants showed willful misconduct, wantonness, oppression, or that entire want of care which raises the presumption of conscious indifference to consequences. Accordingly, Plaintiffs and the class members are entitled to an award of punitive damages, pursuant to O.C.G.A. § 51-12-5.1.

172.

Plaintiffs and members of the class also seek the trebling of all compensatory damages (including all damages, costs, pre-judgment interest, post-judgment interest, and reasonable attorneys' fees) and punitive damages, as demanded by the provisions of Georgia's RICO statute.

**WHEREFORE**, Plaintiffs prays for the following relief:

1. That summons and process be issued requiring these Defendants to appear as provided by law to answer the allegations of this Complaint;
2. For an order that this action is properly maintainable under O.C.G.A. § 9-11-23 and appointing the Plaintiffs to represent the class;

3. For an order appointing as class counsel in this action Jeffrey R. Harris and Rebecca C. Franklin, as well as their respective law firms, Harris Penn Lowry, LLP, and Franklin Law, LLC.
4. That Plaintiffs and class members have a **TRIAL BY JURY** of all issues so triable;
5. Restitution of all money and other property received by Defendants from the Plaintiffs and class members;
6. Actual and general damages in an amount to be determined by the jury;
7. Punitive damages in an amount to be determined by the jury;
8. Payment of any authorized attorneys' fees, interest, and costs;
9. That Plaintiffs and class members have and recover all damages to which they are entitled to recover under Georgia law; and
10. For such other and further relief as this Court deems just and appropriate.

Respectfully submitted this <sup>4<sup>th</sup></sup> day of June, 2013.

HARRIS PENN LOWRY LLP

---

JEFFREY L. HARRIS  
Georgia Bar No. 830315  
DARREN W. PENN  
Georgia Bar No. 571322  
STEPHEN G. LOWRY  
Georgia Bar No: 460289  
JED D. MANTON  
Georgia Bar No. 868587  
YVONNE GODFREY  
Georgia Bar No. 318567

1201 Peachtree Street, N.E.  
400 Colony Square, Suite 900  
Atlanta, GA 30361  
Telephone: (404) 961-7650  
Facsimile: (404) 961-7651

REBECCA C. FRANKLIN  
Georgia Bar No. 141350

FRANKLIN LAW, LLC  
1201 Peachtree Street, N.E.  
400 Colony Square, Suite 900  
Atlanta, GA 30361  
Telephone: (404) 961-5333  
Facsimile: (404) 961-4503

*Attorneys for Plaintiff*