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IN THE SUPERIOR COURT OF THE STATE OF ARIZONA
IN AND FOR THE COUNTY OF MARICOPA

CARGUARD ADMINISTRATION, INC.,
an Arizona corporation,

Plaintiff,

v.

AMERICANS FOR ACCOUNTABILITY
IN LEADERSHIP, a federal political action
committee; PERSUADE PUBLIC
RELATIONS, LLC, a California limited
liability company; LIBERTY STRATEGIC
PARTNERS, LLC, a California limited
liability company; and John Does 1-5; Jane
Does 1-5,

Defendants.

NO.

COMPLAINT

(Commercial Assignment Requested)

For its Complaint against the Defendants, Plaintiff CarGuard Administration Inc.
("CarGuard") alleges as follows:

1. CarGuard is an Arizona corporation lawfully doing business in Maricopa
County, Arizona. CarGuard is headquartered in Scottsdale, Arizona.

2. Defendant Americans for Accountability in Leadership ("AM-PAC") is a
federal political action committee, or Super PAC, headquartered in Granite Reef, California.
The headquarters of AM-PAC is located at 9458 Treelake Rd., Granite Bay, California

1 95746. AM-PAC's Treasurer is David Bauer, who resides at the same address in Granite
2 Bay, California.

3 3. AM-PAC has recently received donations from Arizona residents, including
4 but not limited to \$75,000.00 on or about March 21, 2022 from Mary Winn-Radcliffe, a
5 resident of Paradise Valley, Arizona, for the purposes of opposing a political candidate for
6 Congress in the upcoming Arizona primary election.

7 4. Defendant Persuade Public Relations, LLC, ("PPR") is a California limited
8 liability company, in the business of online advertising headquartered at 3540 Lambeth
9 Drive, in Rescue, California 95672-9391. Pursuant to public records of the Secretary of
10 State of the state of California, the Managing Member of PPR is Jason A. Scalese. Upon
11 information and belief, PPR's headquarters is Mr. Scalese's residence, located in Rescue,
12 California.

13 5. Defendant Liberty Strategic Partners, LLC, ("LSP") is a California limited
14 liability company, in the business of consulting, headquartered at 2200B Douglas
15 Boulevard, Suite 130, in Roseville, California 95661. Pursuant to public records of the
16 Secretary of State of the state of California, the Managing Member of LSP is Jonathan Huey
17 at the same contact address as LSP at 2200B Douglas Boulevard, Suite 130, in Roseville,
18 California 95661.

19 6. AM-PAC has recently paid LSP for consulting services.

20 7. AM-PAC has recently paid PPR for online advertising services.

21 8. Upon information and belief, Defendants have consulted with one another
22 and collectively acted together, to create a web site on the internet, www.rejectnorton.com
23 (the "Web Site"), that is targeted to reach voters in Arizona. Statements made on the Web
24 Site relate to a candidate for Congress running in Arizona, but also reference CarGuard and
25 include false and defamatory information about CarGuard.

26 9. Upon information and belief, Defendants also have consulted with one
27 another and collectively acted together to operate a Twitter account that has directed
28 messages at voters in Arizona for the purpose of calling attention to the Web Site.

10. CarGuard is informed and believes that Defendants have acted in concert with one or more agents, servants, employees, or contractors in publishing false information on the Web Site. These individuals are identified herein as John Does 1-5 and Jane Does 1-5 because their true names are not presently known by CarGuard. CarGuard will amend this Complaint to identify the true names of these individuals when they have been ascertained.

11. Defendants contacts with Arizona are substantial, continuous and systematic and their activities in Arizona establish the necessary minimum contacts with Arizona to make the exercise of jurisdiction over them reasonable and just.

12. By publishing false statements about an Arizona corporation in communications targeted at Arizona residents, Defendants and their agents intentionally and purposefully availed themselves of the privilege of doing business in Arizona, and otherwise caused events to occur in Arizona that give rise to jurisdiction in the courts of Arizona.

13. This Court has jurisdiction over the parties and the subject matter of this action and venue in Maricopa County is proper.

GENERAL ALLEGATIONS

14. CarGuard is a Vehicle Service Contract administrator operating in all fifty states. A Vehicle Service Contract is an agreement to perform, or pay for, specified automobile repairs during the term of the contract.

15. As an administrator of Vehicle Service Contracts, CarGuard is subject to regulation in each State where it operates. Among other things, CarGuard is generally required to be licensed in the various States and companies where it operates and must comply with applicable licensing requirements.

16. CarGuard is a licensed service contract provider in the state of Arizona, providing services throughout the United States of America.

17. CarGuard is fully insured by a Contractual Liability Insurance Policy (“CLIP”), issued by a Category XV, “A”- Rated insurance company for purposes of fully covering its service contract obligations. CarGuard is subject to regular review and

1 scrutiny by its CLIP insurers that ensure CarGuard conforms to their standards of operation
2 in order to maintain the CLIPs.

3 18. CarGuard consistently honors the terms of the contracts it administers and
4 regularly pays claims as part of its business, providing significant value to the consumers
5 who purchase its products. CarGuard has paid millions of dollars in claims since its
6 formation and has serviced thousands of customers.

7 19. CarGuard does not directly sell Vehicle Service Contracts to consumers. All
8 CarGuard administered Vehicle Service Contracts are sold by third parties, such as
9 automotive dealerships, finance institutions, and other sellers.

10 20. CarGuard does not engage in telemarketing activities that target consumers
11 and does not engage in “robocalls” of any kind.

12 21. Furthermore, the United States Court of Appeals, Ninth Circuit, held in *Jones*
13 *v. Royal Administration Services, Inc.*, 887 F3d 443 (9th Cir. 2018) that administrators such
14 as CarGuard cannot be held liable for the sales practices of independent third-party sellers
15 that sell service contracts administered by companies like CarGuard.

16 22. CarGuard was founded by Elijah Norton, who was previously also an officer
17 and director of CarGuard.

18 23. Mr. Norton is presently a candidate for office in Arizona, running for election
19 to a seat in the United States Congress.

20 24. Although the Web Site is nominally targeted at Mr. Norton, the Web Site
21 makes numerous references to CarGuard that portray the company in a false light and
22 include false and defamatory statements about the company, including the following:

- 23 a. “CARGUARD IS A SCAM ...”
- 24 b. “A total rip off I have be (sic) scammed by this company ...”
- 25 c. “All they do is collect your money and then deny your claim. Great
26 Hustle Carguard.”
- 27 d. “Beware! Do not Buy a Policy From This Company! SCAM!”

25. The Web Site also repeats false information about CarGuard that was alleged in one or more lawsuits, including the false allegation that CarGuard made illegal telemarketing calls.

26. The Web Site and Twitter account both reference a lawsuit filed by Andrew Quiat, whereby a news article in the Aspen newspaper is referenced. The AM-PAC twitter account also states that Quiat is suing CarGuard for over \$8MM. Quiat is a known vexatious litigator, has been temporarily disbarred for filing bogus claims, and has faced disciplinary action against him by the Colorado bar. Defendants are casting “false light” on CarGuard by making Quiat’s claims appear legitimate and trying to further paint CarGuard as a “scam” as a result of this litigation.

27. The statements about CarGuard on the Web Site are false and defamatory, highly disparaging of the company, and have caused damage to the company's reputation.

28. The statements about CarGuard on the Web Site are highly offensive to a reasonable person.

FIRST CLAIM FOR RELIEF

(Defamation)

29. CarGuard realleges all of the preceding allegations, which are incorporated herein.

30. Defendants and their agents knew or should have known that CarGuard does not engage in telemarketing activities or make robocalls – let alone “illegal robocalls” – but accused CarGuard of doing so despite the falsity of these claims.

31. Defendants and their agents also knew or should have known that CarGuard does not defraud or scam its customers.

32. In making such assertions about CarGuard, AM-PAC and its agents acted in reckless disregard of the falsity of their messaging. At the very least, they were negligent in failing to ascertain the truth about CarGuard.

33. Defendants and their agents further acted with spite and ill will in their disparagement of CarGuard.

34. CarGuard has been damaged by Defendants disparaging statements in an amount to be proven at trial.

35. In addition to actual damages, CarGuard is entitled to presumptive damages and punitive damages.

SECOND CLAIM FOR RELIEF

(False Light Invasion of Privacy)

36. CarGuard realleges all of the preceding allegations, which are incorporated herein.

37. Defendants and their agents made false statements about CarGuard to the public, on the Web Site, that were highly offensive to a reasonable person and damaging to the company's reputation.

38. Defendants and their agents knew or should have known that their statements about CarGuard were false and/or would present CarGuard in a false light.

39. CarGuard has been damaged in an amount to be proven at trial.

WHEREFORE, CarGuard prays for relief against the Defendants as follows:

A. For damages in an amount to be proven at trial.

B. For recovery of its costs pursuant to A.R.S. § 12-341.

C. For such other and further relief as the Court deems just and warranted.

Dated this 29th day of May, 2022

Kutak Rock LLP

By */s/ Paul S. Gerding, Jr.*

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