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UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA, WESTERN DIVISION

924 BEL AIR ROAD, LLC a California
Limited Liability Company,

Plaintiffs,

vs.

ZILLOW GROUP, INC., a Washington
Corporation; and ZILLOW, INC., a
Washington Corporation; and DOES 1
through 10, inclusive

Defendants.

CASE NO.

COMPLAINT FOR DAMAGES:

1. Negligence

DEMAND FOR JURY TRIAL

COME NOW Plaintiff 924 BEL AIR ROAD, LLC, (“Plaintiff”) and alleges as follows:

JURISDICTIONAL ALLEGATIONS

1. This Court has Federal subject matter jurisdiction over this matter pursuant to 28 U.S.C. §1332 because the parties are completely diverse in citizenship and the amount in controversy exceeds \$75,000. Plaintiff’s sole member is a California citizen and both defendants are corporations incorporated in Washington and citizens of Washington for diversity purposes.

2. Venue is proper under 28 U.S.C. §§1391(b), (c), and (d), because on information and belief, one or more of the Defendants reside in, are licensed to do

1 business in, are doing business in, had agents in, or are found or transact business
2 in this District, a substantial part of the events giving rise to Plaintiffs' claims
3 occurred in this District, and a substantial portion of the affected interstate trade
4 and commerce has been carried out in this District. Defendants' listings are and
5 have been used for thousands of real estate transactions in this District.

6 3. This Court has personal jurisdiction over the Defendants because each,
7 either directly, or through the ownership and/or control of their subsidiaries, *inter*
8 *alia*: (a) transacted business in California, including in this District; (b) directly or
9 indirectly sold or marketed real estate listing services in California, including in
10 this District; or (c) had substantial aggregate contacts with California, including in
11 this District. Defendants also conduct business throughout the United States,
12 including in California and this District, and have purposefully availed themselves
13 of the laws of California.

14 **THE PARTIES**

15 4. Plaintiff 924 Bel Air Road, LLC is a California limited liability company
16 with its principal place of business in Los Angeles, California.

17 5. Plaintiff is informed and believes, and based thereon alleges, that Defendant
18 Zillow, Inc. is a corporation formed under the laws of the State of Washington,
19 with its headquarters located in Seattle, Washington.

20 6. Plaintiff is informed and believes, and based thereon alleges, that Defendant
21 Zillow Group, Inc., is a corporation formed under the laws of the State of
22 Washington, with its headquarters located in Seattle, Washington. Zillow is a
23 wholly owned subsidiary of Zillow Group.

24 7. Plaintiff does not know the true names of Defendants 1 through 10 and
25 therefore sue them by those fictitious names. Plaintiff will seek leave of the Court
26 to insert their true names and capacities when ascertained. Plaintiff is informed and
27 believes that each of the fictitiously designated defendants is responsible to it in the
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1 same fashion as the identified defendants. Plaintiff is informed and believes, and
2 based upon such information and belief alleges, that each of the fictitiously named
3 DOE Defendant is responsible in some manner, way, or form, and to some extent
4 for acts, events, breaches and occurrences hereinafter alleged, and that Plaintiff's
5 damages as hereinafter alleged were proximately caused by their conduct.

6 Wherever appearing in this complaint, each and every reference to "Defendant"
7 and/or "Defendants" is intended and shall be a reference to all Defendants in this
8 action, and each of them, including all fictitiously named DOE Defendants.

9 8. Plaintiff is informed and believes, and based upon such information and
10 belief alleges, that at all times relevant to this action, each of the Defendants
11 named herein were the agent, principal, representative, joint-venturer, alter ego,
12 and/or partner (of any kind) of each and every other Defendant and, in doing the
13 things hereinafter alleged, was acting within the course and/or scope of such
14 authority as the agent, principal, representative, joint-venturer, and/or partner (of
15 any kind) with the permission and consent of the remaining Defendants.

16 **GENERAL ALLEGATIONS**

17 9. The Zillow Defendants are real estate companies that operate, among other
18 ventures, an online residential real estate database, which is publicly available at
19 the URL www.zillow.com and its subpages (hereinafter the "Zillow Website").
20 The Zillow Website is the market leader in the online real estate database space.

21 10. The Zillow Website publishes information on over 110 million homes across
22 the United States, with a page ("Residence Page") designated for each of the 110-
23 million plus homes, including homes listed for sale and off-market homes. Each
24 Residence Page displays information about the subject residence, such as property
25 taxes information, public school districting, and lot dimensions. The Residence
26 Page also displays price and tax history.

27 11. Zillow markets itself as "the leading real estate and rental marketplace
28

1 dedicated to empowering consumers with data, inspiration and knowledge around
2 the place they call home”¹.

3 12. Plaintiff owns and is presenting, and marketing property located at 924 Bel
4 Air Road, Los Angeles, California 90077 (the “Property”) through brokers, Nest
5 Seekers International and Hilton & Hyland. The listing price for the Property is
6 \$150,000,000. The property is perched on top of one of Los Angeles’s most
7 prestigious streets with 360-degree breathtaking views of the ocean.

8 13. Plaintiff spent significant time and resources building the single-family
9 residence and grounds. Plaintiff is owned by one of Los Angeles’s most prolific
10 home builders, Bruce Makowsky.

11 14. For example, one of Bruce Makowsky’s related entities sold the highest
12 priced home ever in the City of Beverly Hills, California. Bruce Makowsky is a
13 market disrupter that has built some of Los Angeles’s most magnificent homes.

14 15. Plaintiff and it’s member have spent millions of dollars to develop “Bruce
15 Makowsky’s greatest masterpiece. Located in the confines of the ultra-exclusive
16 Bel Air Enclave. The pinnacle of splendor and luxury.”²”

17 16. On multiple occasions, Zillow admittedly published false information,
18 through its own website, namely that 1) the property sold; 2) that the Property sold
19 at a price much lower than asking; and 3) that there would be an open house.
20 These false publications occurred on multiple occasions even after they were
21 warned by counsel for the Plaintiff and by the agents for the Plaintiff.

22 17. Defendants published, but not limited to, the following false statements:

- 23 a. The Property sold on February 4, 2019 for \$110,000,000 (Exh. A);
- 24 b. The Property had an open house scheduled for Friday, February 8,
25 2019 from 1-4pm (Exh. B);

26
27 ¹ <https://www.zillow.com/corp/About.htm>

28 ² https://www.zillow.com/homedetails/924-Bel-Air-Rd-Los-Angeles-CA-90077/20529647_zpid/

1 c. The Property sold on February 9, 2019 for \$90,540,000 (Exh.C);

2 d. The Property sold on February 10, 2019 for \$94,300,000 (Exh.D);

3 18. Zillow is disseminating misleading, false, and inaccurate information that
4 has a large prominence because of Zillow's market power. Brokers, agents, and
5 real estate colleagues wrote to and called Plaintiff's agents to congratulate them on
6 the sale of the Property when, in fact, it had not been sold. Zillow published this
7 false information on multiple occasions after being told the property had in fact,
8 not been sold. Zillow negligently reported this false information to the public on
9 numerous occasions. These were not small errors. The false reporting was off
10 from ranges of \$40,000,000.00 to \$59,000,000.00. The permanent market
11 perception was that the property is now below \$100,000,000.00. This removed the
12 property out of the elite status of a \$100M plus property to something that was
13 heavily discounted.

14 19. Plaintiff's counsel demanded Defendants take down the false information on
15 multiple occasions. Defendants acknowledged that they were "aware of the issue."
16 (Exh. E.) Despite knowledge of the false information, Defendants continued to
17 publish false information on a platform that has no regard for the owners of the real
18 property it injures. The Defendants hide behind outdated Congressional laws that
19 immunize websites who allow users to publish information. However, those laws
20 do no cover websites that aid and abet criminal or illegal postings and take no
21 safeguards to protect victims of these brazen attacks on U.S. Citizen's property.
22 This lawsuit is an attempt to halt these negligent practices which are victimizing
23 U.S. property owners and specifically owners of property in the Central District of
24 California.

25 20. Defendant complained to Zillow of the false information and yet, it took
26 Defendants over a week to remedy the situation and remove the false postings and
27 false claims of ownership. Defendants were negligent in that they did not
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1 immediately take down the false information after Plaintiff complained to Zillow.
2 The Defendants have no mechanism to halt these illegal claims of ownership and
3 illegal claims of sales of property that never happened.

4 21. Attached as Exhibit F is an email thread with Zillow. Zillow was notified of
5 the problem. Defendants explained, “Any home on our website can be claimed by
6 the homeowner. There are a series of questions that must be answered, but if
7 someone attempts to claim it enough times, they will know the questions asked
8 (and be able to figure out what information they need to verify their identity.” (See
9 Exh. F.) Defendants further explained, “Our verification process is not manually
10 reviewed by an individual each time, and the person who claimed the home was
11 able to get around some of our standard required information, such as name and
12 phone number.”

13 22. Defendants were negligent in that they do not have safeguards in place to
14 prevent internet trolls, criminals, or persons designed to commit illegal acts from
15 logging into their system to post the false information. They do not have
16 safeguards to prevent fake accounts with fake emails and fake phone numbers from
17 publishing false information on their website³. Defendants knew or should have
18 known that trolls, criminals, and persons illegally claiming ownership of property
19 and falsely contending it was sold that could easily bypass their standard questions
20 to “claim a home” and post false information. It was reasonably foreseeable that
21 this would happen. Yet, the Defendants have done nothing about it and simply do
22 not care about the homeowners they hurt in the process.

23 23. At the very minimum, Defendants should require that a real email and a real
24 phone number be used. Defendants allowed someone without a real phone number
25 to hijack and steal this Property’s page and lie about a sale on multiple occasions.

27 ³ Defendants confirmed the contact information and the IP of the user that input the false
28 sales information was: Email: 910028863@qq.com; Phone: (177) 458-7597; IP Address:
27.227.61. (See Exh. F, highlighted portions.)

1 The area code of the phone number does not exist. Had Defendants had proper
2 safety protocols in place, this would not have happened. Their system should not
3 allow a fake user to commandeer someone else's home and post false information,
4 thereby causing damage and lie about the sales price by a range from \$40M to
5 \$59M. It is patently wrong, and Congress could have never envisioned
6 immunizing a company from this type of negligence. This complaint is about
7 careless business practices that harbors criminals, cheats, illegal persons designed
8 to ruin a property's value, not about free speech or user reviews.

9 24. Zillow simply does not have safeguards in place to prevent who can falsely
10 report this information nor does it safeguard false reporting. It is simply
11 astounding that on three separate occasions it could falsely report errors totaling
12 over \$60,000,000.

13 25. Most buyers of real estate go online to look up various homes. Zillow's
14 negligence interferes with Plaintiff's business and marketing by disseminating
15 false and misleading information. Zillow is disrupting the flow of information and
16 impeding buyers' access to an accurate list of for sale homes. The greatest harm
17 that Zillow can inflict on a home is a false sales price \$60,000,000 below listing
18 price.

19 26. Zillow falsely reported numerous sales tens of millions of dollars below the
20 actual listing price, causing measurable and serious loss to Plaintiff's asset and
21 ability to market the Property. Zillow did not immediately remove the false
22 postings after Plaintiff notified Defendants of the fraud because they only have an
23 email address or an online complaint form. Plaintiff has been unable to sell the
24 Property. Potential buyers believe that the Property in fact was sold and the market
25 is now permanently infected with false information that the property sold below
26 \$100M, \$60M under the listing price. It is a very small market in this space. For
27 the Property to be labeled sold numerous times million of dollars below the listing
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1 price corrupts the listing price dramatically.

2 27. As a result of Zillow’s publication of false information, Plaintiffs have been
3 injured.

4 **FIRST CAUSE OF ACTION**

5 **Negligence**

6 **(Against all Defendants)**

7 1. Plaintiff incorporates each and every Paragraph above as though fully
8 set forth herein.

9 2. Defendants owed Plaintiff a duty of due care because it was
10 foreseeable that Plaintiff would be harmed by Defendants’ publication of false
11 information and the degree of certainty that Plaintiff suffered harm. Public policy
12 is in favor of imposing a duty of care on Defendants because of the nature of their
13 business, which carries consequences to the community. Public policy clearly
14 supports imposing a duty of care on Zillow, as the market leader in the online real
15 estate database space, which consumers rely on for real estate information.

16 3. Defendants knew or should have known that the information was false
17 because the Property was not sold. Defendants know that their “tools and
18 processes designed to ensure the accuracy, quality, and legality of such content
19 may not always be effective.”⁴ Defendants know that they may be subject to legal
20 liability because of their errors in publishing inaccurate information. Defendants
21 knew or should have known that publishing false information on the Zillow
22 Website would cause Plaintiff injury because a reasonably person would rely on
23 the information published on the Zillow Website.

24 4. Defendants knew or should have known that trolls could easily bypass
25 their standard questions to “claim a home” and post false information. It was
26 reasonably foreseeable that this would happen. Defendants knew or should have
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28 ⁴ United States Securities and Exchange Commission, Form 10-K for Zillow Group, Inc.

1 known that anyone could try guessing the answers to their standard questions a
2 couple times before figuring out the correct answers.

3 5. Defendants knew or should have known that a fake account with a
4 fake email address was posting false information. It is impossible that the person
5 and the phone number be real because the area code is fake.

6 6. Defendants were negligent in that they allowed someone without a
7 real phone number to hijack the Residence Page.

8 7. The fake account did this on multiple occasions and yet, Defendant
9 did not stop the account. Had Defendants implemented a proper safeguard, it
10 would have prevented the harm caused to Plaintiff. Instead, the fake posting from
11 the fake account continued and the damage to Plaintiff worsened.

12 8. Defendants failed to take reasonable steps to protect the consumers,
13 buyers and sellers.

14 9. Defendants breached the duty of care. Defendants negligently
15 reported this false information. In the alternative, Zillow is was negligent because
16 Zillow does not have safeguards as to who can falsely report this information.

17 10. Defendants knew or should have known Plaintiff would suffer
18 damages. Plaintiff was harmed as a proximate result of the breach of duty.

19 11. As a direct and proximate result of Defendants' negligent conduct,
20 Plaintiffs have not been able to sell the Property. Nor can Plaintiff properly market
21 and advertise the Property. Additionally, by labeling the Property sold numerous
22 times millions of dollars below the listing price corrupts the listing price
23 dramatically.

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1 WHEREFORE, Plaintiff prays for judgment against Defendants as follows:

- 2 1. For damages of \$60,000,000.00;
- 3 2. For prejudgment interest;
- 4 3. For costs of suit; and
- 5 4. For such other and further legal and equitable relief as the Court

6 deems just and proper.

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11 DATED: February 24, 2019

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ASSOCIATES, A.P.C

/s/ Ronald Richards

14 By:

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