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20 *and the Proposed Class*

21 **UNITED STATES DISTRICT COURT**
22 **NORTHERN DISTRICT OF CALIFORNIA**

23 LEVELFIELDS, INC., individually
24 and on behalf of all others similarly
25 situated,

26 Plaintiffs,

27 vs.

28 REDDIT, INC., a California
Corporation,

Defendants.

Case No.

CLASS ACTION COMPLAINT

JURY TRIAL DEMANDED

1 Plaintiff LevelFields, Inc. (“LevelFields” or “Plaintiff”), individually and on behalf
2 of all others similarly situated, makes the following allegations based upon information
3 and belief, except as to those allegations specifically pertaining to Plaintiff and its counsel,
4 which are based on personal knowledge. Plaintiff brings this action for restitution and
5 monetary damages against defendant Reddit, Inc. (“Defendant” or “Reddit”), demanding a
6 trial by jury.

7 **THE PARTIES**

8 1. Plaintiff LevelFields, Inc. (“LevelFields” or “Plaintiff”) is a Virginia
9 Corporation with its principal offices located at 1934 Old Gallows Road, Vienna, Virginia,
10 22182.

11 2. Reddit, Inc. (“Reddit”) is a California corporation with its principal place of
12 business at 548 Market Street, San Francisco, California 94104. Reddit is a social media
13 website. Reddit operates several websites, including “reddit.com” which allows users to
14 view and share links or text posts for others to see.

15 **JURISDICTION AND VENUE**

16 3. This Court has jurisdiction over this action pursuant to 28 U.S.C. §1332(d)(2).
17 If a class is certified in this action, the amount in controversy will exceed \$5,000,000.00,
18 exclusive of interest and costs, and this is a class action in which at least one member of
19 the Class is a citizen of a state different from any defendant.

20 4. Pursuant to 28 U.S.C. § 1391, this Court is the proper venue for this action
21 because a substantial part of the events, omissions, and acts giving rise to the claims herein
22 occurred in this District: Defendants gain significant revenue and profits from doing
23 business in this District,

24 5. Class Members affected by the practices asserted herein reside in this District,
25 and Defendants employ numerous people in this District. Each Defendant has transacted
26 business, maintained substantial contacts, and/or committed overt acts in furtherance of the
27 illegal scheme and conspiracy throughout the United States, including in this District.
28 Defendants’ conduct had the intended and foreseeable effect of causing injury to persons

1 residing in this District.

2 **FACTUAL ALLEGATIONS**

3 **A. Reddit’s Advertising Policies**

4 6. Reddit is a social news aggregation, content rating, and forum social network.
5 It is a platform that allows users to share news stories, images, and videos, and engage in
6 discussions with other users.

7 7. Reddit also permits Reddit’s advertising customers to purchase advertising
8 that links from Reddit’s website to the customer’s website.

9 8. Reddit’s advertising platform allows businesses to create and display ads on
10 the platform. Reddit offers a range of ad formats, including banner ads, video ads, and
11 sponsored posts. These ads can be targeted to specific subreddits (communities) or
12 demographic groups, allowing businesses to reach the right audience for their products or
13 services.

14 **B. Click-Through Fraud**

15 9. “Click-through fraud” is the term the industry uses to describe clicks on a
16 search advertisement with no intention of doing business with the advertiser and for some
17 purpose other than that contemplated by the posted ad. It is not “fraud” as such is
18 understood at common law nor under the pleading requirements of the federal rules; rather,
19 it merely describes purposeful clicks on advertisements by someone other than a potential
20 customer.

21 10. Click-through fraud perpetrators exploit the nature of pay-per-click
22 advertising to increase the pay-per-click fees paid by competitors and boost the placement
23 of their own advertisements. Many of these fraudulent clickers use software programs that
24 automatically click on ads hundreds or thousands of times.

25 11. Click-through fraud can be prevented by tracking the use of a pay-per-click
26 advertisement, including the identity and/or source of those clicking on the
27 advertisement/link and the frequency of such activity. Such tracking can be
28 accomplished by computer programs that count the number and timing of clicks

1 originating from a single source and whether those clicks result in a sale.

2 12. Tracking fraudulent clicks at the source—that is, the website on which the
3 advertisement clicked on appears--is even more effective since websites that host
4 advertisements provide tracking data to Reddit with every click.

5 13. Reddit appears to be at least partially able to ascertain which “clicks”
6 constitute “invalid clicks” or “click-through fraud” insofar as it has provided a small
7 number of rebates to advertisers who have complained of being charged for “invalid
8 clicks.”

9 14. Reddit is in a unique position to track click-through fraud that originates
10 through its own advertising program since these advertisements are displayed on Reddit’s
11 platform.

12 **C. Plaintiff’s Experience**

13 15. On or about September 9, 2022, Plaintiff contracted with Reddit to authorize
14 Reddit to place its Ads on reddit.com. A true and correct copy of the contract is attached
15 hereto as Exhibit A.

16 16. Section 1 of the contract states that the agreement “is subject to the IAB
17 Standard Terms And Conditions Version 3.0.” The Terms and Conditions, in the pertinent
18 part, state as follows:

19 When serving your Ad, Reddit will use reasonable means to ensure
20 that the Ad is delivered according to your criteria, but Reddit does not
21 guarantee in every instance that your Ad will reach users with your
22 selected criteria, reach the users that you intended when you selected
23 the criteria, and/or deliver any specific result. You will pay for your
24 use of the Platform after your Ad is delivered based on Reddit’s
25 calculation of amounts due and Reddit’s measurement of the
26 applicable billing metrics, such as impressions, views or clicks.
27 Amounts due are exclusive of taxes.

28 You will not and will not authorize any third party to generate invalid
or fraudulent impressions, clicks, or other desired actions with respect
to the Platform or to use any unauthorized means to extract advertising
or performance-related data from the Platform. You acknowledge that
third parties may generate impressions, clicks, or other desired actions
with respect to your advertisements for prohibited or improper
purposes.

1 17. Reddit began charging Plaintiff for clicks, but Plaintiff's system did not log
2 traffic which corresponded with the clicks they were charged for.

3 18. Plaintiff contacted Reddit to request their click logs which would show
4 associated IP addresses. Reddit, however, provided click logs without IP addresses. Reddit
5 represented that it was not able to provide IP addresses. Plaintiff is informed and believes
6 that representation is false, because Reddit has to know where traffic was coming from for
7 security and monitoring purposes. Alternatively, Reddit is failing to provide minimal levels
8 of security and monitoring of clicks on its platform, in violation of its duties. As a result,
9 Plaintiff is informed and believes, and on that basis alleges, that Plaintiff, and other Class
10 Members, were charged by Defendant for fraudulent clicks.

11 **CLASS ALLEGATIONS**

12 19. Plaintiff brings this action on behalf of itself and as representative of all
13 others who are similarly situated. Plaintiff brings this action on behalf of himself and as
14 representatives of all others similarly situated. Pursuant to Rules 23(a), (b)(2), and/or
15 (b)(3) of the Federal Rules of Civil Procedure, Plaintiff seeks certification of the
16 following class initially defined as follows:

17 *All persons residing in the United States who, from*
18 *May 8, 2020 until the date that notice of this class*
19 *action is disseminated to the class, paid Reddit for*
20 *Ads (the "Class").*

21 20. Excluded from each of the above classes are Defendants, including any entity
22 in which Defendants have a controlling interest, are a parent or subsidiary, or which are
23 controlled by Defendants, as well as the officers, directors, affiliates, legal representatives,
24 predecessors, successors, and assigns of Defendants. Also excluded are the judges and
25 court personnel in this case and any members of their immediate families.

26 21. Plaintiff reserves the right to amend or modify the above class definitions with
27 greater specificity or division into subclasses after having had an opportunity to conduct
28 discovery.

1 22. This action has been brought and may be properly maintained on behalf of
2 the Class proposed herein under Rule 23 of the Federal Rules of Civil Procedure.

3 23. Numerosity. Fed. R. Civ. P. 23(a)(1). The members the Class are so
4 numerous that joinder of all members is impractical. Plaintiff is informed and believes that
5 there are thousands of members of each of the classes. The precise number of class
6 members can be ascertained from Defendants' records.

7 24. Commonality and Predominance. Fed. R. Civ. P. 23(a)(2) and (b)(3). There
8 are questions of law and fact common to each class, which predominate over any questions
9 affecting individual members of each respective class. These common questions of law
10 and fact include, without limitation:

- 11 a. Whether Defendants entered into contracts with Plaintiff and members of the
12 Class;
- 13 b. The construction of the agreement between Defendants on the one hand and
14 Plaintiff and members of the Class on the other;
- 15 c. Whether Defendants breached their agreements with Plaintiff and the Class;
- 16 d. Whether Defendants breached the covenant of good faith and fair dealing;
- 17 e. Whether Defendants' conduct as alleged herein is unfair, unlawful and or
18 fraudulent in violation of California's Unfair Competition Law (Bus. & Prof.
19 Code, §§ 17200, *et seq.*); and
- 20 f. Whether Plaintiff and the members of the Class have been damaged by the
21 wrongs complained of herein, and if so, the measure of those damages and the
22 nature and extent of other relief that should be afforded.

23 25. Typicality. Fed. R. Civ. P. 23 (a)(3). Plaintiff's claims are typical of the
24 claims of the Class they seek to represent. Plaintiff and all Class members were exposed
25 to uniform practices and sustained injuries arising out of and caused by Defendants'
26 conduct.

27 26. Adequacy of Representation. Fed. R. Civ. P. 23(a)(4). Plaintiff is committed
28 to the vigorous prosecution of this action and has retained competent counsel experienced

1 37. Defendants’ scheme, as delineated herein, constitutes unlawful, unfair, or
2 fraudulent business practices in violation of California Business and Professions Code
3 sections 17200, *et seq.*

4 38. Defendants’ business practices, as alleged herein, violate the “unfair” prong
5 of California Business & Professions Code sections 17200, *et seq.* because: (i) the utility
6 of Defendants’ scheme is significantly outweighed by the gravity of the harm the scheme
7 imposes on Plaintiff and the Class; (ii) the injury suffered by Plaintiff and the Class as a
8 result of Defendants’ scheme is not one that Plaintiff and the Class could have reasonably
9 avoided; and (iii) Defendants’ scheme runs counter to legislatively declared and public
10 policy.

11 39. Defendants’ business practices, as alleged herein, violate the “unlawful”
12 prong of California Business & Professions Code sections 17200, *et seq.* because they
13 constitute a breach of the contracts between Plaintiff and Class members on the one hand
14 and Defendants on the other and because Defendants have been unjustly enriched.

15 40. Defendants’ business practices, as alleged herein, violate the “fraudulent”
16 prong of California Business & Professions Code section 17200, *et seq.* because they are
17 likely to deceive a reasonable consumer.

18 41. Accordingly, Defendants violated, and continue to violate, California
19 Business and Professions Code section 17200’s proscription against engaging in unlawful
20 business acts or practices.

21 42. As a direct and proximate result of Defendants’ unlawful, unfair, and
22 fraudulent business practices, Plaintiff and the Class have suffered injury in fact and lost
23 money or property in that they purchased and paid for clicks that produced no website
24 traffic and as a result, were useless.

25 43. Pursuant to California Business and Professions Code section 17203, Plaintiff
26 and the Class seek an order of this court enjoining Defendants from continuing to engage
27 in unlawful, unfair, or deceptive business practices and any other act prohibited by law,
28 including those acts set forth in the complaint.

1 44. Plaintiff and the Class also seek an order requiring Defendants to make full
2 restitution of all monies they wrongfully obtained from Plaintiff and the Class.

3 WHEREFORE, Plaintiff and the Class pray judgment against Defendants as
4 hereafter set forth.

5 **PRAYER FOR RELIEF**

6 WHEREFORE, Plaintiff, individually and on behalf of all others similarly situated,
7 respectfully requests that the Court enter judgment against Defendants, as follows:

8 1. An order certifying appropriate classes and/or subclasses, designating
9 Plaintiff as the class representative and its counsel as class counsel;

10 2. An order enjoining Defendants from continuing to engage in the practices
11 complained of herein;

12 3. An award of restitution, damages, and disgorgement to Plaintiff and the Class
13 in an amount to be determined at trial;

14 4. An order requiring Defendants to pay both pre- and post-judgment interest on
15 any amounts awarded, as allowed by law;

16 5. An award of costs and attorneys' fees, as allowed by law; and

17 6. Such other or further relief as may be appropriate.

18
19 DATED: May 8, 2024

HAFFNER LAW PC

20
21 By: /s/ Trevor Weinberg
22 Joshua H. Haffner
23 Alfredo Torrijos
24 Trevor Weinberg
25 Attorneys for Plaintiff
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27
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DEMAND FOR JURY TRIAL

Plaintiff, individually and on behalf of all others similarly situated, hereby demands a trial by jury of any and all issues in this action so triable of right.

DATED: May 8, 2024

HAFFNER LAW PC

By: /s/ Trevor Weinberg
Joshua H. Haffner
Alfredo Torrijos
Trevor Weinberg
Attorneys for Plaintiff