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15
16 **UNITED STATES DISTRICT COURT**
17 **NORTHERN DISTRICT OF CALIFORNIA**

18 KEN HEROLD, GINA STABILE, LYNN
ELIAS, MICHAEL SIMMONS, ROBERT
19 LASIEWICZ, NINA PHAN on behalf of
themselves and all others similarly situated,

20 Plaintiffs,

21 v.

22 CHEVRON U.S.A, INC.; VALERO
MARKETING AND SUPPLY COMPANY;
23 PBF ENERGY INC.; MARTINEZ REFINING
COMPANY LLC; TORRANCE REFINING
24 COMPANY LLC; MARATHON PETROLEUM
COMPANY LP; and PHILLIPS 66 COMPANY,

25 Defendants.
26
27

CASE NO. 3:25-CV-10282-TLT

**FIRST AMENDED CLASS ACTION
COMPLAINT FOR VIOLATIONS OF THE**

- 20 **1. UNFAIR COMPETITION LAW
(BUS. & PROF. CODE § 17200 et
seq.)**
- 21 **2. CARTWRIGHT ACT
(BUS. & PROF. CODE § 16700 et
seq.)**
- 22 **3. SECTION 1 OF THE SHERMAN
ANTITRUST ACT (15 U.S.C. § 1)**

JURY TRIAL DEMANDED

28 **FIRST AMENDED CLASS ACTION COMPLAINT**

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 FIRST CAUSE OF ACTION
 Violations of the California Unfair Competition Law
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1 Ken Herold, Gina Stabile, Lynn Elias, Michael Simmons, Bob Lasiewicz, and Nina Phan,
2 individually and on behalf of all others similarly situated, bring this action against Defendants
3 Chevron U.S.A. Inc. (“Chevron”), Valero Marketing and Supply Company (“Valero”), PBF Energy
4 Inc., Martinez Refining Company LLC, and Torrance Refining Company LLC (collectively,
5 “PBF”), Marathon Petroleum Company LP (“Marathon”), and Phillips 66 Company (“Phillips 66”)
6 (collectively, “Defendants”). Plaintiffs’ allegations against Defendants are based upon information
7 and belief and upon investigation of Plaintiffs’ counsel, except for allegations specifically pertaining
8 to Plaintiffs, which are based upon Plaintiffs’ personal knowledge.

9 **I. INTRODUCTION**

10 1. This putative class action challenges an unlawful scheme by the five largest oil
11 refiners operating in California to inflate the reported compliance cost of the state’s Low Carbon
12 Fuel Standard (“LCFS”) program, and to pass those inflated costs on to California consumers
13 through increased gasoline prices. Each month, Defendants Chevron, Valero, PBF, Marathon, and
14 Phillips 66 are required to submit data about that month’s gasoline refining margins, including the
15 specific costs associated with California’s LCFS program. Volume-weighted reports compiled from
16 Defendants’ monthly submissions show a sudden increase of approximately 7 cents per gallon in
17 LCFS-related costs beginning January 1, 2025, despite no change in actual LCFS market credit
18 prices at that time and no change in regulatory obligations. This hidden overcharge implemented by
19 each Defendant has added hundreds of millions of dollars to the cost of gasoline for California
20 consumers, in direct violation of antitrust and California consumer protection laws.

21 2. The LCFS program is one of the most important regulatory tools in California’s fight
22 for a clean environment. It is designed to encourage the use of cleaner low-carbon transportation
23 fuels in California, encourage the production of those fuels, and, thereby, reduce greenhouse gas
24 emissions. In simple terms, it creates a market-based incentive to reduce greenhouse gas emissions
25 from transportation fuels by rewarding cleaner alternatives and penalizing carbon-intensive fuels
26 like gasoline.

27 3. When functioning properly, the LCFS program ensures that fuel providers pay the
28 true cost of their carbon pollution and that consumers and businesses are encouraged to adopt lower-

1 carbon emission options. But this system depends entirely on accurate cost accounting. When oil
2 companies inflate their reported LCFS costs, they distort the market signal. The inflated cost burdens
3 from the corresponding increase in gas prices fall on consumers who are then saddled with
4 unjustified price increases, not polluters, and the effectiveness of the LCFS program as a climate
5 pricing mechanism is diminished. Moreover, if the public comes to see the LCFS program as a driver
6 of unexplained fuel-price spikes, it risks eroding political support for one of the state’s most effective
7 and carefully calibrated climate programs. In short, misreporting LCFS costs harms California
8 consumers, hinders California’s climate strategy, and interferes with California’s global leadership
9 on carbon regulation.

10 4. In 2022, Consumer Watchdog sponsored, and the California Legislature enacted,
11 SB 1322 to bring long-overdue transparency to the opaque gasoline market. The law requires each
12 refiner to file monthly reports with the California Energy Commission (“CEC”) disclosing its actual
13 refining, distribution, and regulatory compliance costs—including costs associated with the LCFS
14 program. These reports, required by regulation to be “true, accurate, and complete,” are signed under
15 penalty of perjury and made public. SB 1322 was designed to allow consumers, regulators, and
16 policymakers to “follow the money” and understand why California’s gasoline prices are
17 consistently among the highest in the nation.

18 5. Under SB 1322, refiners must report monthly per-gallon LCFS costs to the CEC
19 within 30 days of the end of each calendar month. However, no 2025 figures were published until
20 May 2025. By June 2025, CEC staff publicly confirmed they were investigating those self-reported
21 figures and both CARB and the CEC possessed data and analysis which showed that refiners were
22 embedding LCFS compliance costs into gasoline prices months before the 2025 LCFS amendments
23 took effect. CARB’s June 27, 2025 press release acknowledged that independent experts projected
24 that the incremental cost impact of the LCFS amendments that became effective July 1, 2025 would
25 be 5–8 cents per gallon. Yet analysis of SB 1322 data reported to the CEC—as confirmed by CARB
26 in a July 16 memo—concluded that these 5–8 cents per gallon of amendment-related LCFS costs
27 had already been embedded in retail fuel prices as of January 1, 2025, months before the amendments
28 became effective. CARB specifically determined that “[s]tarting January 1, 2025, the reported

1 compliance cost increased by 7 cents per gallon above the previously reported compliance cost pass-
2 through,” and “[t]his reported increase in LCFS compliance cost pass-through related to LCFS came
3 during a time over which the LCFS credit price decreased and before the most recent LCFS
4 amendments became effective.” In other words, refiners were embedding future projected
5 compliance costs into current pricing and reporting, collecting the value of credits even though those
6 costs had not yet been incurred and the new regulatory standard was not yet in effect.

7 6. The impact of this inflated cost is staggering. California consumers purchase more
8 than 13 billion gallons of gasoline annually. The Defendants’ 5- to 8-cent per gallon overcharges
9 provided them with a statewide windfall of hundreds of millions of dollars over the five-month
10 overcharge period—money siphoned from families, commuters, and small businesses already
11 struggling with high transportation costs, high inflation, and high tariffs.

12 7. California’s gasoline market is uniquely susceptible to anti-competitive conduct.
13 Unlike most U.S. states, California requires a special cleaner-burning gasoline blend, which
14 complies with strict air-quality standards but can only be produced by a small number of refineries
15 worldwide. This makes California a virtual “gasoline island,” heavily dependent on in-state refining
16 and vulnerable to localized supply disruptions or coordinated pricing behavior. This means out-of-
17 state or overseas suppliers cannot easily fill supply gaps or moderate in-state price hikes.

18 8. As of 2014, seven companies controlled most of California’s in-state gasoline
19 refining capacity—including all five Defendants in this action or their corporate predecessors. Since
20 then, industry consolidation has only increased that dominance. Following several refinery sales,
21 closures, and mergers—including PBF’s acquisition of major California refineries from
22 ExxonMobil and Shell—just five companies reportedly now control about 98% of California’s
23 gasoline supply: Defendants Chevron, Valero, Marathon, Phillips 66, and PBF and affiliated
24 entities.¹

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27 ¹ Div. of Petroleum Mkt. Oversight, Cal. Energy Comm’n, 2024 Annual Report 17 Ex. 9 (2025),
28 available at [https://www.energy.ca.gov/publications/2025/division-petroleum-market-oversight-2024-annual-report#:~:text=Documents,California%20Energy%20Commission%20\(CEC\).](https://www.energy.ca.gov/publications/2025/division-petroleum-market-oversight-2024-annual-report#:~:text=Documents,California%20Energy%20Commission%20(CEC).)

1 9. This extreme market concentration means that when these companies act in
2 parallel—whether by reducing supply, raising prices, or, as here, simultaneously inflating cost
3 reports—the effect on consumers is immediate and unavoidable. California drivers of gas-powered
4 vehicles have virtually no competitive alternatives. Refiners know this, and the pricing data reflects
5 it: In early 2024, California gasoline prices were roughly \$1.35 per gallon higher than the national
6 average, according to the California Governor’s Office. Even after accounting for higher taxes and
7 climate program costs, regulators have consistently found a large, unexplained “mystery gasoline
8 surcharge” that cannot be justified by normal market dynamics. This price premium—borne
9 disproportionately by working families and small businesses—has fueled longstanding concerns that
10 California’s gasoline market is being manipulated by firms that know they can agree to move in
11 lockstep without consequence. The LCFS overcharge alleged here fits precisely into that pattern.

12 10. Defendants’ misrepresentation of LCFS costs is part of a broader pattern of market
13 manipulation that has harmed California consumers for years. In October 2025, the California
14 Division of Petroleum Market Oversight released a report finding that from 2015 to 2024, California
15 gas prices have included mysterious surcharges of roughly 41 cents per gallon. The report estimates
16 these overcharges have cost California gas consumers roughly \$59 billion over that time. The report
17 concludes that gas producers have consistently reported different operating costs to investors than
18 to the CEC. As a result of this conduct, among other things, gross refining margins for gas sold in
19 California have significantly exceeded refining margins in other states and internationally. Thus,
20 Defendants’ phantom LCFS surcharge is just one aspect of the long-running unjustified price
21 inflation Defendants have imposed on California consumers.

22 11. Defendants’ conduct violates Section 1 of the Sherman Act (15 U.S.C. § 1), the
23 Unfair Competition Law (Bus. & Prof. Code § 17200 et seq.) and the Cartwright Act (§ 16700 et
24 seq.). It is unlawful, among other reasons, because it contravenes express reporting regulations and
25 public transparency duties under SB 1322. It is unfair, among other reasons, because it forces
26 consumers to pay for regulatory costs when they do not exist. It is also anticompetitive, because each
27 Defendant agreed to mirror the same unjustified price increase—a textbook case of collusion or
28 unlawful agreement to inflate prices.

1 12. Plaintiffs seek to stop these practices and make California consumers whole. Under
2 the Unfair Competition Law (“UCL”), Plaintiffs seek injunctive relief to compel Defendants to
3 correct their ongoing unlawful reporting and pricing practices (including an injunction requiring
4 truthful cost reports, an independent audit of past LCFS cost reporting, and the removal or rollback
5 of the inflated charges). Plaintiffs also seek restitution and disgorgement of the unlawful
6 overcharges—hundreds of millions of dollars in aggregate (approximately 5–8 cents per gallon on
7 billions of gallons) for the initial five-month period of 2025 alone. Under the Cartwright Act,
8 Plaintiffs seek, among other relief, treble damages for Defendants’ anticompetitive overcharges.
9 Finally, Plaintiffs seek an award of attorneys’ fees under Code of Civil Procedure § 1021.5 (the
10 private attorney-general doctrine) and any other applicable law, because this action enforces
11 important public rights and will confer a significant benefit on the general public by saving them
12 hundreds of millions of dollars in unlawful overcharges, promoting honest reporting and fair
13 gasoline pricing, and supporting California’s climate action policy, including the LCFS, to fight
14 climate change.

15 **II. PARTIES**

16 **A. Plaintiffs**

17 13. Ken Herold is a citizen of California, residing in South Pasadena. Between January
18 1, 2025 and May 31, 2025, Mr. Herold purchased gasoline in California from an ARCO gas station
19 in South Pasadena. Unbeknownst to Mr. Herold at the time, the price he paid for gasoline was higher
20 by approximately 5–8 cents per gallon due to Defendants’ wrongful inflation of fuel costs under the
21 guise of LCFS compliance. Mr. Herold was economically injured by these overcharges.

22 14. Gina Stabile is a citizen of California, residing in Ventura. Between January 1, 2025
23 and May 31, 2025, Ms. Stabile purchased gasoline from a Chevron gas station in Ventura; ARCO
24 gas stations in Santa Barbara and Ventura; a Shell gas station in Ventura; a Speedway gas station in
25 Ventura; a Turnpike Fuel gas station in Santa Barbara; a World Oil gas station in Ventura; a USA
26 Petroleum gas station in Santa Barbara; a United Pacific gas station in Santa Barbara; 7-Eleven gas
27 stations in Valencia and Los Angeles; and a USA Gas station in Ventura. Unbeknownst to Ms.
28 Stabile at the time, the price she paid for gasoline was higher by approximately 5–8 cents per gallon

1 due to Defendants' wrongful inflation of fuel costs under the guise of LCFS compliance. Ms. Stabile
2 was economically injured by these overcharges.

3 15. Lynn Elias is a citizen of California, residing in Los Angeles. Between January 1,
4 2025 and May 31, 2025, Ms. Elias purchased gasoline from Chevron gas stations in San Luis Obispo,
5 Los Angeles, Pasadena, and Marina Del Rey; a 76 gas station in Los Angeles; a Costco gas station
6 in Alhambra; Shell gas stations in Eagle Rock, Glendale, Los Angeles, and Pacific Grove; a Von's
7 gas station in La Verne; and a Circle K gas station in Lompoc. Unbeknownst to Ms. Elias at the
8 time, the price she paid for gasoline was higher by approximately 5–8 cents per gallon due to
9 Defendants' wrongful inflation of fuel costs under the guise of LCFS compliance. Ms. Elias was
10 economically injured by these overcharges.

11 16. Michael Simmons is a citizen of California, residing in Los Angeles. Between
12 January 1, 2025 and May 31, 2025, Mr. Simmons purchased gasoline from a Conserv gas station in
13 Los Angeles. Unbeknownst to Mr. Simmons at the time, the price he paid for gasoline was higher
14 by approximately 5–8 cents per gallon due to Defendants' wrongful inflation of fuel costs under the
15 guise of LCFS compliance. Mr. Simmons was economically injured by these overcharges.

16 17. Robert Lasiewicz is a citizen of California, residing in La Canada. Between January
17 1, 2025 and May 31, 2025, Mr. Lasiewicz purchased gasoline from Union 76 gas stations in La
18 Canada; a Shell gas station in Davis; an Arco gas station in Kings City; and an Exxon gas station in
19 Los Angeles. Unbeknownst to Mr. Lasiewicz at the time, the price he paid for gasoline was higher
20 by approximately 5–8 cents per gallon due to Defendants' wrongful inflation of fuel costs under the
21 guise of LCFS compliance. Mr. Lasiewicz was economically injured by these overcharges.

22 18. Nina Phan is a citizen of California, residing in San Mateo. Between January 1, 2025
23 and May 31, 2025, Ms. Phan purchased gasoline from a Valero gas station in Burlingame; a Shell
24 gas station in San Mateo; a Chevron gas station in San Mateo; a 76 gas station in San Mateo; and a
25 Costco gas station in South San Francisco. Unbeknownst to Ms. Phan at the time, the price she paid
26 for gasoline was higher by approximately 5–8 cents per gallon due to Defendants' wrongful inflation
27 of fuel costs under the guise of LCFS compliance. Ms. Phan was economically injured by these
28 overcharges.

1 **B. Defendants**

2 19. Chevron: Defendant Chevron U.S.A. Inc. is a corporation organized under the laws
3 of Pennsylvania with its principal place of business in Texas that is registered to do business in
4 California. In connection with the Chevron major oil refineries in Richmond and El Segundo,
5 California, Chevron U.S.A. Inc. submits monthly cost reports under SB 1322 and, as alleged herein,
6 reported inflated LCFS compliance costs and charged inflated prices as part of the scheme at issue
7 starting on or around January 2025. On information and belief, Chevron refineries supply gasoline
8 to Chevron and Texaco gas stations, in addition to wholesale markets.

9 20. Valero: Defendant Valero Marketing and Supply Company is a corporation
10 organized under the laws of Delaware with its principal place of business in Texas that is registered
11 to do business in California. On information and belief, Valero Marketing and Supply Company is
12 responsible for submitting monthly cost reports under SB 1322 and, as alleged herein, reported
13 inflated LCFS compliance costs and charged inflated prices as part of the scheme at issue starting
14 on or around January 2025. On information and belief, Valero refineries supply gasoline to Valero
15 gas stations, in addition to wholesale markets, including but not limited to Costco gas stations.

16 21. PBF: Defendant PBF Energy Inc. is a corporation organized under Delaware law with
17 headquarters in New Jersey that is registered to do business in California. Defendant Martinez
18 Refining Company LLC is a corporation organized under Delaware law with headquarters in New
19 Jersey. Defendant Torrance Refining Company LLC is a corporation organized under Delaware law
20 with headquarters in New Jersey. Martinez Refining Company LLC operates a major refinery in
21 Martinez, California and Torrance Refining Company LLC operates a major refinery in Torrance,
22 California. On information and belief, PBF Energy Inc., Martinez Refining Company LLC, and
23 Torrance Refining Company LLC are responsible for submit monthly cost reports under SB 1322
24 and, as alleged herein, reported inflated LCFS compliance costs and charged inflated prices as part
25 of the scheme at issue starting on or around January 2025. PBF’s refineries supply gasoline to Shell
26 gas stations, in addition to wholesale markets.

27 22. Marathon: Defendant Marathon Petroleum Company LP is a limited partnership
28 organized under Delaware laws with its principal place of business in Ohio that is registered to do

1 business in California. Marathon operates a major refinery in Los Angeles County, California.
2 Marathon is required to submit monthly cost reports under SB 1322 and, as alleged herein, reported
3 inflated LCFS compliance costs and charged inflated prices as part of the scheme at issue starting
4 on or around January 2025. Marathon's refineries supply gasoline to ARCO and Marathon gas
5 stations, in addition to wholesale markets.

6 23. Phillips 66: Defendant Phillips 66 Company is a corporation organized under
7 Delaware law with its principal place of business in Texas that is registered to do business in
8 California. Phillips 66 operates a major refinery in Los Angeles County, California. Phillips 66 is
9 required to submit monthly cost reports under SB 1322 and, as alleged herein, reported inflated
10 LCFS compliance costs and charged inflated prices as part of the scheme at issue starting on or
11 around January 2025. Phillips 66's refinery supplies gasoline to 76 and Phillips 66 brand gas stations,
12 in addition to wholesale markets.

13 24. Defendants Chevron, Valero, PBF, Marathon, and Phillips 66 collectively control
14 about 97% of California's gasoline supply. Defendants are therefore responsible for the inflated
15 costs of gasoline at the gas stations discussed in paragraphs 12 to 16. For example, as detailed above,
16 Chevron gas stations get their gasoline from Defendant Chevron; ARCO gas stations get their
17 gasoline from Defendant Marathon; 76 gas stations get their gasoline from Defendant Phillips 66;
18 Shell gas stations get their gasoline from PBF, and Costco gas stations get their gasoline from a
19 variety of refineries including Valero and PBF.

20 25. At all relevant times, each Defendant was the agent, representative, or co-conspirator
21 of the others in effectuating the misconduct alleged, or otherwise acted in concert with or with
22 knowledge of the other Defendants' actions. The five Defendants refine and market most of
23 California's in-state gasoline. Each Defendant files a separate SB 1322 report each month, and their
24 volume-weighted reports reflected a premature LCFS surcharge starting January 1, 2025, which was
25 also directly reflected in higher gas prices at the pump. The wrongful acts were undertaken by all
26 Defendants in a parallel manner and resulted in a uniform impact on California's gasoline purchasers
27 statewide. Defendants are collectively responsible for the overcharges imposed on Plaintiffs and the
28

1 Class. Whenever this Complaint refers to an act or omission of Defendants, that allegation shall be
2 deemed to mean all Defendants acting jointly or through their officers, agents, or employees.

3 26. Whenever this Complaint refers to any act, deed, or transaction of any corporation or
4 other business entity, the allegation means that the corporation or business entity engaged in the act,
5 deed, or transaction by or through its officers, directors, agents, employees, or representatives while
6 they were actively engaged in the management, direction, control, or transaction of its business or
7 affairs.

8 27. Each Defendant acted as the agent or joint venturer of, or for, the other Defendants
9 with respect to the acts, violations, and common course of conduct alleged in this Complaint. The
10 acts alleged were done through Defendants and their use of Defendants' subsidiaries, affiliates,
11 divisions, or other related entities and through their respective officers, directors, employees, agents,
12 or representatives, who were acting within the scope of their authority and for the benefit of their
13 respective principals.

14 28. To the extent that any parent companies, subsidiaries, or affiliates of Defendants
15 participated in, facilitated, or benefitted from the conduct alleged herein, Plaintiffs reserve the right
16 to name them as additional Defendants as their identities and roles become known through
17 discovery.

18 **III. JURISDICTION, VENUE, AND INTRADISTRICT ASSIGNMENT**

19 29. This Court has subject matter jurisdiction over this action pursuant to 28 U.S.C. §
20 1332(d) because this is a class action in which the amount in controversy exceeds \$5,000,000
21 exclusive of interest and costs, there are more than 100 putative class members as defined below,
22 and minimal diversity exists; 28 U.S.C. § 1331 with respect to the cause of action arising under
23 Section 1 of the Sherman Antitrust Act (15 U.S.C. § 1); and 28 U.S.C. § 1367 with respect to the
24 causes of action arising under state law.

25 30. The Court has personal jurisdiction over each Defendant because each conducts
26 substantial business in California, has purposely availed itself of the California market, and
27 committed the unlawful acts in California that are the subject of this Complaint. Defendants'
28 misconduct—including the submission of false cost reports to California regulators and the sale of

1 gasoline within California at inflated prices—occurred in and was directed at California. Each
2 Defendant’s California refining and sales operations (e.g., refineries in Los Angeles County, El
3 Segundo, Richmond, Torrance, Martinez, Benicia, and Wilmington) establish continuous and
4 systematic contacts with this state, and the claims herein arise from those contacts.

5 31. Venue is proper in this District pursuant to 28 U.S.C. § 1391 and Civil L.R. 3-2(c)
6 because a substantial portion of the acts or omissions giving rise to the claims in this Complaint
7 occurred in this District, and because Defendants are subject to the Court’s personal jurisdiction with
8 respect to this action. Indeed, over one-third of California’s crude oil capacity comes from refineries
9 in Richmond, Martinez, and Benicia, all located in this District.

10 **IV. FACTUAL ALLEGATIONS**

11 **A. California’s LCFS Program**

12 32. California’s Low Carbon Fuel Standard program is a regulatory program intended to
13 reduce the carbon intensity of transportation fuels. It requires fuel producers (like Defendants) to
14 ensure that their fuel mix meets annual carbon intensity targets, often by blending lower-carbon fuels
15 or purchasing LCFS credits. If a refiner’s fuel is above the target carbon intensity, it must purchase
16 LCFS credits (from providers of cleaner fuels) to cover the excess emissions. The cost of LCFS
17 credits fluctuates based on market trading and LCFS program requirements. This cost is effectively
18 a per-gallon compliance cost for gasoline sold in the state.

19 33. The cost of LCFS credits generally has not increased in the past few years. Data from
20 CARB’s Weekly LCFS Credit Transfer Activity Report shows that from January 1, 2023 to
21 December 29, 2024, LCFS credits traded for a weekly credit price of between \$46.54 and \$85.44
22 per metric ton of carbon dioxide, with a mean price of \$68.51 and a median price of \$69.62 per
23 metric ton of carbon dioxide. From December 30, 2024 to June 1, 2025, LCFS credits traded for a
24 weekly credit price of between \$55.62 and \$71.54, with a mean price of \$65.07 and a median price
25 of \$65.82 per metric ton of carbon dioxide.²

26
27
28 ² California Air Resources Board, Weekly LCFS Credit Transfer Activity Reports (updated Aug. 17, 2025), <https://ww2.arb.ca.gov/resources/documents/weekly-lcfs-credit-transfer-activity-reports>.

1 34. **Changes to LCFS:** In late 2024, CARB approved amendments to the LCFS program
2 to better meet its objectives to transition to lower-carbon fuel sources, at which point it needed to
3 submit final regulations to the California Office of Administrative Law (“OAL”) for review. CARB
4 submitted its proposed amendments to OAL for approval on January 3, 2025. OAL gave notice that
5 it disapproved of CARB’s regulatory action on February 18, 2025, and CARB submitted a revised
6 regulatory action to OAL on May 16, 2025 requesting an early effective date of July 1, 2025. On
7 June 27, 2025, CARB announced that the amended LCFS program would be effective starting July
8 1, 2025. This means that from January to June 2025, refiners were still operating under the then-
9 existing LCFS rules and credit obligations, and any increased burden from amended LCFS rules
10 would only apply starting July 1, 2025. Since the market price of credits also did not increase, there
11 was no regulatory justification for an increase in reported per-gallon LCFS cost in the first half of
12 2025.

13 **B. California’s SB 1322 Reporting Requirements**

14 35. **Oil Refinery Cost Disclosure:** To promote transparency in fuel pricing, California
15 enacted Senate Bill 1322 (SB 1322), the Oil Refinery Cost Disclosure Act, effective January 1, 2023.
16 SB 1322 (codified in California’s Public Resources Code and implemented by regulations at 20 CCR
17 § 1301 et seq.), which requires all refiners operating in California to submit monthly reports to the
18 CEC detailing specified cost, pricing, and volume information. These reports include data on the
19 refiner’s cost of crude oil, refining and production costs, gross refining margins (profits per gallon),
20 and costs attributed to complying with state regulations such as the cap-and-trade program and the
21 LCFS. *See, e.g.*, Cal. Pub. Res. Code § 25355(b)(6). The legislative intent behind SB 1322 was to
22 “force the oil refiners to open their books” and allow regulators and the public to “follow the money”
23 behind California’s gasoline prices. Transparency was a tool the legislature selected to help to
24 prevent excessive profits or price gouging that might be concealed behind claimed expenses like
25 environmental fees.

26 36. **Reporting of LCFS Costs:** Among the line items in the SB 1322 monthly report is
27 the cost per gallon attributable to compliance with the LCFS. Cal. Pub. Res. Code § 25355. Refiners
28 calculate this by taking the net cost of acquiring LCFS credits (or the benefit of surplus credits sold)

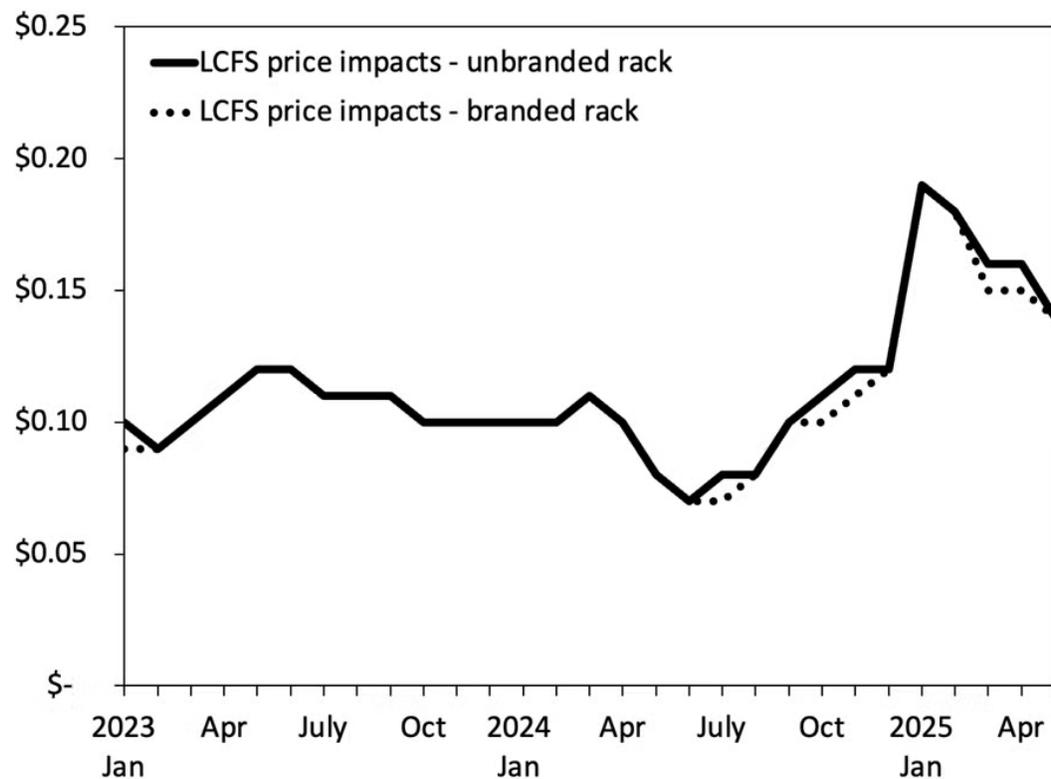
1 and dividing by the volume of fuel. The CEC reports volume-weighted average LCFS compliance
2 costs using data provided by Defendants, and from January 1, 2023 to December 31, 2024, these
3 monthly LCFS compliance costs averaged between 7 and 12 cents per gallon, which was consistent
4 with prevailing LCFS credit market prices during that time. In other words, the reports for two years
5 showed refiners were passing through actual LCFS compliance costs of around ten cents per gallon
6 directly to consumers and businesses who were purchasing gas in California.

7 **37. Duty of Truthfulness – Penalty of Perjury:** SB 1322’s implementing regulations
8 impose strict truthfulness requirements on refiners’ reports. Title 20 of the California Code of
9 Regulations, section 1303, which governs all such reports, mandates that each report must include a
10 declaration under penalty of perjury by an authorized officer of the company attesting that the
11 report’s contents are “true, accurate, [and] complete” to the best of their knowledge after diligent
12 investigation. In other words, refiners must quantify their actual costs associated with compliance
13 with the LCFS, and they have a legal duty to report those costs accurately and honestly. Improperly
14 incurring costs or submitting false costs in these reports is unlawful and can subject the company to
15 penalties and other legal consequences. Each Defendant accordingly certified the truth of its monthly
16 submissions under oath.

17 **C. Defendants’ Unlawful Scheme: Inflating LCFS Cost and Gasoline Prices**

18 **38. Abrupt Increase in January 2025:** CARB staff who reviewed the LCFS compliance
19 costs reported by individual refiners to the CEC pursuant to SB 1322 observed increased LCFS
20 compliance costs starting January 2025. The volume-weighted LCFS compliance costs Defendants
21 reported for the first few months of 2025 also showed a dramatic increase starting January 2025,
22 from an average 12 cents per gallon charged in December 2024 to an average 19 cents per gallon
23 charged in January 2025. This unexplained jump continued throughout the first five months of 2025.
24 While Defendants’ LCFS *actual* compliance costs averaged between 7 and 12 cents in 2023 and
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2024, their *reported* LCFS compliance costs from January to May 2025 averaged between 15 and 19 cents per gallon, as shown in the figure below.³



39. Critically, this increase in reported LCFS compliance costs was not accompanied by any actual change in law that would increase LCFS obligations at that time, nor by any surge in LCFS credit prices. As discussed above, LCFS credit prices in the first five months of 2025 were actually lower on average than the average prices throughout 2023 and 2024, and no new LCFS rule was in effect. Thus, on its face, the ~7-cent increase in reported costs was inexplicable and unjustified.

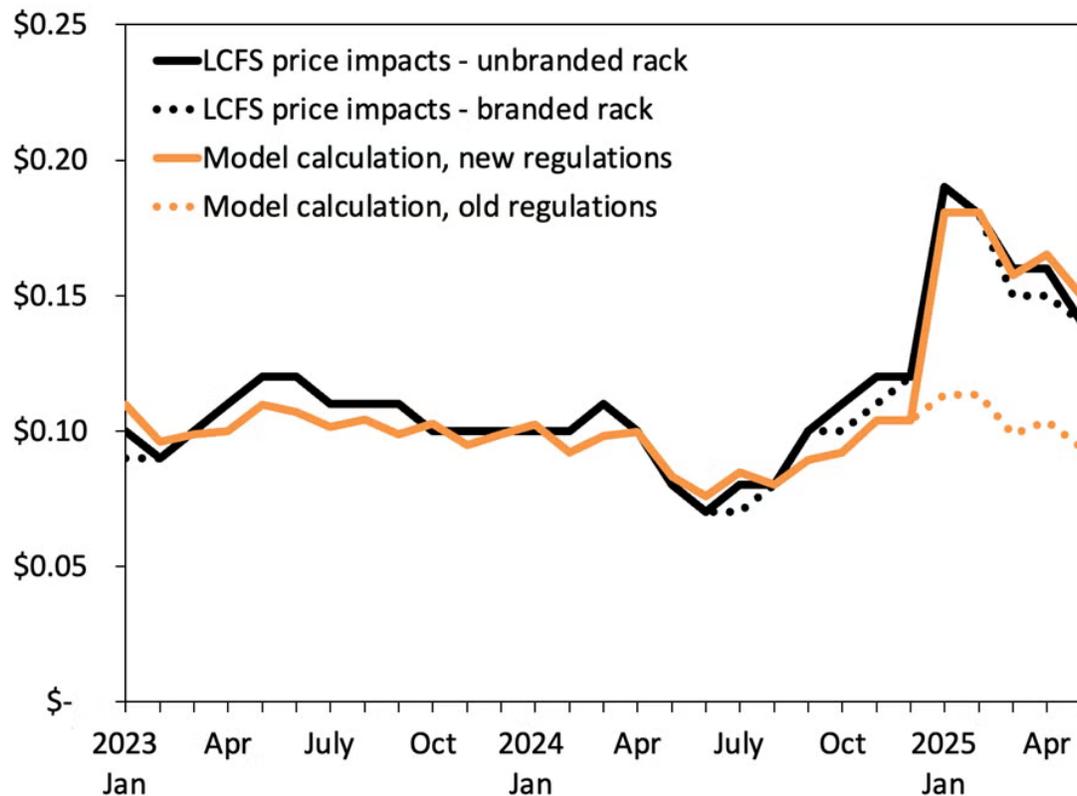
40. Defendants have never even acknowledged—much less compensated anyone for—the inflated costs they passed on to consumers, small businesses, and others during the first five months of 2025.

41. **Phantom Cost Embedment:** Subsequent investigation by state regulators revealed what happened—Defendants had started charging consumers for a regulatory cost that was not in

³ This chart was prepared by Danny Cullenward and is available at <https://kleinmanenergy.upenn.edu/commentary/blog/tracking-gasoline-price-impacts-in-california-part-1/>.

1 effect. CARB officials examining the data in early 2025 found that since January 2025, refiners have
 2 been including an additional roughly 5–8 cents in retail fuel prices which they have reported as
 3 LCFS compliance costs in anticipation of stricter LCFS rules that were not in effect at the time. In
 4 other words, each Defendant prematurely treated the not-yet-effective LCFS obligations as if they
 5 were already in force, and started incorporating the amended LCFS obligations into their prices.
 6 This extra margin (5–8 cents per gallon) was pure profit and not actually expended on any current
 7 LCFS credits or compliance activity.

8 42. Indeed, according to a model prepared by economist Danny Cullenward as shown in
 9 the figure below, the observed LCFS price increase in January 2025 directly matches the predicted
 10 LCFS price if new regulations were in place, rather than the predicted price without them.⁴



24 43. While the nation on average saw lower gas prices between January and June of 2025,
 25 retail prices in California increased during the same period that the Defendants reported inflated
 26 LCFS compliance costs:

27 _____
 28 ⁴ This model is available at <https://kleinmanenergy.upenn.edu/commentary/blog/tracking-gasoline-price-impacts-in-california-part-2/>.

- 1 i. The U.S. Energy Information Administration reported average monthly gas prices
2 across the United States of between \$3.018 and \$3.389 for the last five months of
3 2024, or an average price of \$3.1622 across those five months. In the first five months
4 of 2025, gas prices were generally lower, ranging from \$3.076 to \$3.150, for an
5 average price of \$3.1228 per gallon across those five months.⁵ In other words,
6 national gas prices decreased in the first five months of 2025.
- 7 ii. In contrast, California gas prices ranged from \$4.243 to \$4.574 for the last five
8 months of 2024, or an average price of \$4.4272 across those five months. Prices then
9 increased for the first five months of 2025, ranging from \$4.310 to \$4.764, or an
10 average price of \$4.603 per gallon.⁶ In other words, California gas prices increased
11 by on average almost 18 cents per gallon in the first five months of 2025.
- 12 iii. On information and belief, Defendants thus incorporated their improperly inflated
13 LCFS compliance costs into increased gas prices.

14 44. **Coordinated Conduct:** SB 1322 reports showed a marked spike for LCFS
15 compliance costs from January through May 2025, and during this same time, Californians faced
16 inflated gas prices that did not match national trends. This evidence points to all five Defendants
17 acting in concert to inflate their LCFS compliance costs and pass these inflated costs onto consumers.
18 Defendants' conduct resulted in a uniform impact: gasoline prices statewide incorporated a line item
19 inflated by ~5–8 cents without any basis. Defendants thereby distorted the market price of gasoline
20 in California, causing an industry-wide price increase that consumers had no choice but to pay as
21 they collectively controlled essentially the entire gasoline market in California.

22 45. **Misleading Justifications:** By each embedding a phantom cost in the “LCFS
23 compliance cost” line of official reports, Defendants gave the appearance that their increased prices
24 were legitimately tied to higher regulatory costs. This misrepresentation led regulators,
25 policymakers, and the public to believe that California’s climate policy was responsible for adding

26 ⁵ U.S. Energy Information Administration, U.S. Regular All Formulations Retail Gasoline Prices,
27 https://www.eia.gov/dnav/pet/hist/leafhandler.ashx?n=p&s=emm_eprn_pte_nus_dpg&f=m.

28 ⁶ U.S. Energy Information Administration, California All Formulations Retail Gasoline Prices,
https://www.eia.gov/dnav/pet/hist/leafhandler.ashx?n=p&s=emm_eprn0_pte_sca_dpg&f=m.

1 ~18 cents to each gallon of gas, shifting the blame for pricier gasoline onto environmental
2 regulations rather than refiner profit margins. In reality, as noted above, actual LCFS costs remained
3 much lower (likely under 10 cents per gallon). Defendants' overstatement of their respective LCFS
4 costs thus created a false narrative that could fan public discontent over California's carbon
5 regulations and deflect scrutiny away from Defendants' own pricing decisions.

6 **46. Consumers Harmed:** California drivers began 2025 by paying more at the pump
7 than warranted. Even at just 5 cents extra per gallon across an enormous volume of sales, the
8 economic impact on consumers has been enormous. California's annual gasoline consumption is
9 over 13 billion gallons, so a 5 cents per gallon overcharge equates to roughly \$650 million per year—
10 over \$54 million per month—siphoned from Californians' pockets (and at 7 to 8 cents per gallon,
11 the figure is well over \$900 million per year). Defendants' phantom carbon surcharge was not money
12 Defendants spent to comply with California's LCFS—instead, it went straight from consumers to
13 Defendants' bottom line as excess profit. The burden of these hidden costs falls disproportionately
14 on lower-income households which spend a greater share of their income on fuel and have few
15 alternatives, making this practice highly regressive and harmful to those least able to afford it.

16 **47. Public Interest Impacts:** Beyond direct and significant monetary harm to
17 consumers, Defendants' falsification of cost data undermines various public interests. The point of
18 SB 1322's transparency mandate is to illuminate the true causes of fuel price changes, so that
19 policymakers and the public can respond appropriately. Defendants' conduct frustrates that
20 transparency by falsely shifting blame for high pump prices onto climate policy. These unlawful
21 claims risk eroding public support for vital environmental programs like the LCFS program by
22 feeding a false narrative that such programs are unjustifiably costly. It also corrupts the data that
23 agencies and researchers rely on to analyze LCFS's cost-effectiveness and distorts energy economic
24 modeling used for planning infrastructure and climate strategy. In short, Defendants' misreporting
25 doesn't just harm consumers financially; it harms the integrity of California's energy policy
26 discourse and decision-making and prevents regulators and legislators from receiving accurate
27 information that is needed to address issues associated with gas price increases.

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1 **D. Overcharge Timeline**

2 48. The following timeline summarizes the key events and evidence from late 2024
3 through mid-2025 that reveal Defendants' overcharge scheme, as compiled from agency findings
4 and market analyses:

- 5 • **Late 2024:** CARB approves a regulation to implement amendments to the LCFS program at
6 a time when LCFS credit prices are trending downward. This regulation still needs to be
7 approved by the OAL and no effective date has been provided. Defendants' SB 1322 reports
8 for 2024 continue to show LCFS costs in the single to low-double digits (7 to 12 cents per
9 gallon), consistent with actual market costs.
- 10 • **January 1, 2025:** Defendants implement a ~7 cents per gallon increase in reported LCFS
11 compliance cost (raising the reported costs to ~19 cents per gallon) despite falling credit
12 prices and no rule change in effect. Gasoline prices reflect this phantom surcharge. This is a
13 prima facie unlawful price increase with no legitimate basis.
- 14 • **January 3, 2025:** CARB transmits its regulation to OAL for approval.
- 15 • **February 18, 2025:** OAL disapproves of CARB's proposed amendments.
- 16 • **January to May 2025:** Defendants charge increased LCFS compliance costs, which
17 becomes apparent when their mandatory SB 1322 reports are later published, even as CARB
18 submits and then resubmits its proposed new rule to OAL for approval. A later CARB
19 investigation finds that 5–8 cents per gallon of the reported LCFS cost during this time
20 corresponds to future LCFS requirements not yet in force, concluding that refiners are
21 prematurely passing through costs that they are not actually incurring at the time.
- 22 • **May 16, 2025:** CARB transmits its regulation to OAL again and requests an effective date
23 of July 1, 2025.
- 24 • **June 27, 2025:** OAL approves of the amendments with an effective date of July 1, 2025.
- 25 • **June 2025:** After the overcharge is publicized, refiners reduce the LCFS compliance cost
26 down to 8 cents, which matches the credit price and regulatory requirements at the time.
- 27 • **July 2025:** Regulations take effect and LCFS compliance cost returns to 13 cents, the new
28 cost of compliance under the new regulations.

1 49. **Ongoing Conduct:** Defendants’ overstatement and overcharging behavior has still
2 not been corrected. As of the filing of this Complaint, Defendants have not issued any corrections
3 to their SB 1322 reports for the first five months of 2025, nor have they refunded any portion of
4 gasoline prices to account for the phantom falsified costs. Unless enjoined by this Court, there is a
5 reasonable likelihood that Defendants will continue to mislead consumers. The public injunctive
6 relief sought in this action is necessary to put a stop to this unlawful practice, to restore honest cost
7 accounting in California’s fuel markets, and to protect California consumers from millions of dollars
8 in overcharges.

9 50. **Defendants’ Knowledge and Intent:** At all relevant times, Defendants knew or
10 should have known that their actions were wrongful. They are sophisticated companies intimately
11 familiar with the LCFS program and their compliance timelines. They knew that no new LCFS costs
12 were actually being incurred on January 1, 2025, yet they deliberately chose to include future costs
13 for proposed regulations that had not yet been approved. The fact that both Defendants’ reported
14 LCFS costs and gas prices increased throughout the state suggests Defendants acted in concert to
15 quietly implement the price increase.

16 51. Defendants knew their reports were public and filed under penalty of perjury. They
17 nonetheless inflated LCFS compliance costs for five months both in public reports and charged
18 prices, and they did not issue a correction even when these inflated prices came to light. Defendants’
19 conduct was coordinated, willful, and knowing.

20 52. Because Defendants reported data, pursuant to SB 1322, which they knew to be false,
21 under penalty of perjury, they violated California Penal Code § 118 each time they submitted a report
22 to the CEC.

23 53. **Summary of Wrongdoing:** In sum, Defendants orchestrated a scheme to unjustly
24 enrich themselves at consumers’ expense by falsifying a cost component in required reports and
25 passing on to consumers this “phantom” environmental compliance cost that was not actually
26 incurred. This scheme violated Defendants’ legal obligations (including SB 1322’s reporting rules),
27 undermined the very purpose of California’s fuel pricing transparency regime, and constituted an
28 egregious unlawful and unfair business practice. Through this action, Plaintiffs seek to hold

1 Defendants accountable, to reclaim the ill-gotten funds for California drivers, and to ensure that
2 going forward, fuel prices reflect actual regulatory costs.

3 **E. Plus Factors Corroborate Defendants' Agreement To Artificially Inflate LCFS**
4 **Compliance Costs**

5 54. Plus factors are economic actions and outcomes, above and beyond parallel conduct
6 by oligopolistic firms, that are largely inconsistent with unilateral conduct but largely consistent
7 with explicitly coordinated action, and support an inference of a conspiracy. Defendants'
8 coordinated efforts to artificially inflate LCFS compliance costs are supported by the following plus
9 factors:

10 55. **Unexplained Price Increase:** From January to May 2025, reported volume-weighted
11 LCFS compliance costs increased by ~5-8 cents per gallon. During the same five months, gas prices
12 in California increased by on average almost 18 cents per gallon while gas prices nationally
13 decreased. Such a marked increase in reported LCFS compliance costs and overall gas prices
14 strongly supports lockstep and coordinated behavior and is unlikely to occur by chance, especially
15 given varying corporate strategies. It reflects a coordinated plan.

16 56. **Action Against Independent Self-Interest:** If any single Defendant had unilaterally
17 overstated costs and raised its price by ~5-8 cents while others did not, it would risk losing sales in
18 the competitive wholesale market or seeing its branded stations undercut by others. Thus, acting
19 alone would be economically risky. The conduct only makes sense if each Defendant expected its
20 rivals to do the same, implying an agreement or at least advance assurance of parallel action.

21 57. **Opportunities to Conspire:** Defendants, as a tight-knit group of industry players,
22 have many opportunities to communicate. They interact through industry conferences, joint
23 ventures, trade association meetings, and possibly information exchange via price reporting
24 agencies. WSPA provides a forum where refining companies discuss regulatory and market issues,
25 and when Defendants were previously invited by the CEC to participate at a hearing on November
26 29, 2022, they opted instead to have the WSPA participate on their behalf. Plaintiffs will ascertain
27 through discovery where Defendants used such forums or informal contacts to discuss the upcoming
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1 LCFS rule change and coordinated a strategy to include the changed rule in their reported LCFS
2 costs before it went into effect.

3 58. **Shared Motive:** All Defendants had a common motive to increase profits and to
4 preemptively frame anticipated updates to California's carbon regulations as the cause for higher
5 prices. By acting together, they could increase industry profits by hundreds of millions without any
6 one firm taking blame or losing share. Each Defendant stood to gain from the scheme as long as all
7 participated. This common motive facilitated collusion.

8 59. **Prior Gas Price Spikes:** There have historically been concerns about California gas
9 price hikes caused by refineries acting in parallel. For example, on September 30, 2022, CEC Chair
10 David Hochschild sent a letter to the executives of each of the Defendants regarding the sudden and
11 unprecedented increase in California gas prices at the same time crude oil prices were down. In
12 response to the gas price spike, Governor Newsom called a Special Legislature in December 2022,
13 which created a first-of-its-kind Division of Petroleum Market Oversight within the CEC to monitor
14 and investigate activity in the energy markets that could impact fuel prices in March 2023. Newsom
15 also signed SB 1322, which required monthly disclosures of gasoline pricing and profits, in
16 September 2022 to combat gasoline price spikes. While prior allegations are not adjudicated here,
17 the context is an industry with a known history of potential price collusion. The events of early 2025
18 follow a pattern where refiners in California often move in unison on price-related decisions.

19 **F. Economic Evidence Further Demonstrates Defendants' Coordinated Conduct**
20 **in the Relevant Market**

21 60. The relevant market for analyzing Defendants' conduct is the market for gasoline
22 sold in California (specifically CARB-compliant gasoline). California is a distinct geographic
23 market for CARB-compliant gasoline, due to its unique fuel specifications and limited import
24 infrastructure, effectively isolating it from outside competition. All Defendants operate within this
25 market. The market is highly concentrated, with Defendants collectively controlling almost 97% of
26 CARB-compliant gasoline production. There are high barriers to entry as refining is capital-intensive
27 and environmental regulations limit new entrants. Consumers cannot easily substitute gasoline with
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1 other fuels for existing vehicles, so demand is relatively inelastic in the short term. This market
2 structure is conducive to collusion.

3 **V. CLASS ACTION ALLEGATIONS**

4 61. Plaintiffs incorporate by reference all preceding allegations as though fully set forth
5 herein.

6 62. This action is brought by Plaintiffs individually and as a class action pursuant to
7 Federal Rule of Civil Procedure 23 on behalf of themselves and the following class of similarly
8 situated persons (the “Class”):

9 All persons and entities who indirectly purchased gasoline that was
10 supplied by at least one Defendant in the State of California at any
11 time from January 1, 2025 until May 31, 2025. The Class includes
12 individual consumers as well as businesses or other entities that
13 indirectly purchased gasoline for end use within California. Excluded
14 from the Class are: (a) Defendants, their officers, directors, and
15 employees; (b) any entities in which Defendants have a controlling
16 interest; (c) the Court and its personnel; and (d) any persons who
17 timely and validly opt out of the Class.

18 63. Plaintiffs reserve the right under Federal Rule of Civil Procedure 23 to amend or
19 modify the Class description and/or add one or more subclasses based on information obtained in
20 the course of this litigation.

21 64. All persons who are members of the proposed Class (“Class Members”) have
22 suffered injury during the applicable limitations period, or are realistically threatened with future or
23 ongoing injury, caused by Defendants’ wrongful acts and omissions alleged herein.

24 65. This action is properly brought and may be properly maintained as a class action
25 against Defendants pursuant to the following provisions of Rule 23:

- 26 i. **Numerosity (Rule 23(a)(1)):** The Class is so numerous that joinder of all members
27 is impracticable. California is the largest gasoline market in the U.S., with over 13
28 billion gallons of gasoline sold annually. The U.S. Department of Energy reports that
over 31 million gas-powered vehicles were registered in California as of 2023.
Plaintiffs estimate that the Class includes millions of consumers statewide who
bought gasoline during the relevant time period and paid the inflated price. Joinder

1 of all such persons is impractical, and class treatment is the only feasible method to
2 adjudicate their claims.

3 ii. **Commonality and Predominance (Rule 23(a)(2) and 23(b)(3)):** There are
4 questions of law and fact common to the members of the Class that predominate over
5 any questions affecting only individual members, including:

6 i. Whether Defendants reported and represented inflated LCFS compliance
7 costs in 2025 even though these additional costs were not incurred at that
8 time;

9 ii. Whether Defendants entered an unlawful agreement to artificially inflate
10 the price of gasoline by misrepresenting LCFS compliance costs in
11 violation of antitrust laws;

12 iii. Whether Defendants’ conduct of embedding a phantom 5–8 cents per gallon
13 “LCFS cost” into gasoline prices constitutes an unlawful business practice
14 (violating SB 1322’s reporting requirements or other laws);

15 iv. Whether such conduct is unfair (in that it harms consumers and competition
16 without countervailing benefits);

17 v. Whether such conduct is fraudulent or deceptive, likely to mislead
18 regulators, consumers, or the public about the true components of gasoline
19 prices;

20 vi. Whether and to what extent gasoline prices in California were higher than
21 they would have been absent Defendants’ misrepresented LCFS costs (i.e.,
22 the amount of the per-gallon overcharge, and the period of the overcharge);

23 vii. What relief is necessary to enjoin Defendants from continuing the alleged
24 misconduct, and to compel accurate cost reporting and pricing (including
25 the nature of appropriate public injunctive relief); and

26 viii. What amount of restitution, disgorgement, and/or damages are Class
27 Members entitled to, and how such relief should be calculated or
28 distributed.

1 iii. **Typicality (Rule 23(a)(3)):** Plaintiffs' claims are typical of those of all other Class
2 Members. Plaintiffs, like all other Class Members, purchased gasoline in California
3 during the relevant time period and were subjected to the **same overcharge** of
4 roughly 5–8 cents per gallon that resulted from Defendants' uniform conduct. The
5 injuries of all Class Members, including Plaintiffs, arise from a common course of
6 conduct by Defendants: the artificial inflation of reported and actual gasoline pricing
7 through a bogus LCFS cost. Thus, Plaintiffs and Class Members have the same or
8 similar grievances, and their claims are based on the same legal theories (violations
9 of the UCL and antitrust laws). There are no defenses unique to Plaintiffs that would
10 not apply equally to other Class Members.

11 iv. **Adequacy of Representation (Rule 23(a)(4)):** Plaintiffs will fairly and adequately
12 protect the interests of the Class. Plaintiffs have no interests that conflict with or are
13 antagonistic to the interests of other Class Members. Plaintiffs understand their duties
14 and responsibilities to the Class and have retained counsel experienced in complex
15 consumer class actions and public interest litigation. Plaintiffs' counsel are prepared
16 to vigorously prosecute this action and have successfully litigated and resolved
17 numerous consumer protection class actions. Together, Plaintiffs and their counsel
18 will adequately represent the Class and ensure that the interests of all Class Members
19 are protected.

20 66. This action is properly brought and may be properly maintained as a class action
21 pursuant to Rule 23(b) for the following reasons:

22 i. **Declaratory and Injunctive Relief (Rule 23(b)(2)):** Certification under Rule
23 23(b)(2) is appropriate because Defendants, on the same or substantively similar
24 grounds, violated Class Members' common law and statutory rights, thereby making
25 appropriate final injunctive, declaratory, or other appropriate equitable relief with
26 respect to the Class as a whole.

27 ii. **Predominance and Superiority (Rule 23(b)(3)):** Certification is also appropriate
28 under Rule 23(b)(3) because questions of law or fact common to the proposed Class

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predominate over any questions affecting only individual members of the proposed Class, and because a class action is superior to other available methods for fair and efficient adjudication of this controversy, including because:

- i. Defendants’ common practices subjected the proposed Class to additional costs wrongly attributed to California’s environmental regulations;
- ii. Without a class action, most Class Members would likely remain unaware of Defendants’ misconduct and obtain no relief at all, whereas class litigation can provide notice and remedies to the entire affected population;
- iii. The core issues in this case are common to all Class Members and predominate over any individual issues, ensuring that a class action will yield determinations that apply to everyone;
- iv. Because Plaintiffs seek relief to benefit all consumers (not just those who might individually sue), a class action is the most effective method to achieve the broad remedial impact required;
- v. This action will ensure an orderly and expeditious administration of Class Members’ claims and foster economies of time, effort, and expense, and ensure uniformity of decisions;
- vi. This action does not present any undue difficulties that would impede its management by the Court as a class action; and
- vii. The harm caused to each individual Class Member, while significant in the aggregate, is relatively small on a per-gallon or per-transaction basis (e.g., a few cents per gallon, translating to perhaps a dollar or two per fill-up), making it economically impractical for individual consumers to pursue separate lawsuits to recover the small overcharge on their own. Class treatment allows those numerous small injuries to be combined into a viable claim, thereby leveling the playing field and holding Defendants accountable at scale.

67. **Superiority of Class Action:** A class action is superior to other available means for the fair and efficient adjudication of the claims of Plaintiffs and the Class. Each proposed member

1 of the Class has been damaged and is entitled to recovery by reason of Defendants’ unlawful and
2 unfair practices set forth above. Class action treatment will allow those similarly situated persons to
3 litigate their claims in the manner that is most efficient and economical for the parties and the judicial
4 system.

5 **VI. CAUSES OF ACTION**

6 **FIRST CAUSE OF ACTION**
7 **Violations of the California Unfair Competition Law**
8 **(Cal. Bus. & Prof. Code § 17200 et seq.)**

8 68. Plaintiffs re-allege each of the allegations set forth in the preceding paragraphs.

9 69. Bus. & Prof. Code § 17200 et seq. prohibits “any unlawful, unfair or fraudulent
10 business act or practice.” A § 17200 claim may be asserted “by a person who has suffered injury in
11 fact and has lost money or property as a result of the unfair competition.” Cal. Bus. & Prof. Code §
12 17204. Plaintiffs assert violations of the unlawful and unfair prongs.

13 70. Each plaintiff and member of the Class has standing to assert a UCL claim as each
14 has lost money as a result of Defendants’ unlawful and unfair inflation of gas prices.

15 71. **Unlawful Business Practices:** Defendants’ acts and practices as described above
16 constitute “unlawful” business acts or practices within the meaning of Business & Professions Code
17 § 17200. This unlawful conduct includes, inter alia, violations of SB 1322 and its implementing
18 regulations. Specifically, by submitting monthly reports that overstated LCFS compliance costs by
19 5–8 cents per gallon under penalty of perjury, Defendants violated Public Resources Code § 25355
20 (requiring monthly reporting on the costs of LCFS compliance) and Title 20, Cal. Code Regs.,
21 § 1303(1)(8) (requiring reports to be submitted under penalty of perjury). Moreover, by those same
22 actions, Defendants violated California Penal Code § 118. Accordingly, Defendants engaged in
23 unlawful conduct by filing false reports.

24 72. Defendants’ conduct is also unlawful because it violated the Cartwright Act
25 (Business & Professions Code § 16700 et seq.) and the Sherman Act (15 U.S.C. § 1), as alleged in
26 the Second and Third Causes of Action below in paragraphs 78–99.

27 73. By violating these laws and regulations, Defendants engaged in unlawful business
28 practices proscribed by the UCL.

1 74. **Unfair Business Practices:** Defendants’ acts and practices also constitute “unfair”
2 business acts or practices under Business & Professions Code § 17200, in that they misrepresented the
3 actual costs associated with the gasoline they sold and attributed nonexistent costs to the state’s
4 LCFS program. Defendants deliberately charged consumers for a cost that did not exist, effectively
5 adding a secret surcharge to gasoline under false pretenses. This practice caused substantial injury
6 to consumers (causing hundreds of millions of dollars of collective overpayment) that was not
7 reasonably avoidable since consumers have no way to even know that prices are inflated, much less
8 to avoid paying the extra cents since all major refiners inflated their costs. There is no countervailing
9 benefit to consumers or competition.

10 75. Defendants’ conduct also violates the spirit and policy of the laws underlying
11 California’s fuel regulations and consumer protections. The policy of SB 1322 and related
12 regulations is to promote transparency and accurate reporting; Defendants’ conduct subverted that
13 policy by claiming false costs. The policy of the LCFS program is to cost-effectively reduce carbon
14 emissions, but Defendants’ false inflation of costs undermines public support for that policy.
15 Defendants’ conduct thus harms consumers and the marketplace by using inaccurate information to
16 erode support without countervailing benefit. It is thus unfair by any measure. Additionally,
17 Defendants gained an unfair competitive advantage over honest businesses by misrepresenting their
18 costs and possibly coordinating pricing, thereby distorting the market while escaping scrutiny.
19 Therefore, Defendants’ conduct is “unfair” within the meaning of the UCL.

20 76. **Causal Connection and Injury:** As a direct and proximate result of Defendants’
21 unlawful and unfair business practices, Plaintiffs and members of the Class have suffered injury in
22 fact and lost money or property. Plaintiffs and members of the Class paid excess money for
23 gasoline—specifically, the 5–8 cents per gallon overcharge—that they would not have paid absent
24 Defendants’ misconduct. But for Defendants’ false reporting and cost-padding scheme, either
25 gasoline prices would have been lower (in a competitive, honest market) or, at minimum, regulators
26 could have intervened sooner to prevent the overcharges. The economic injury (overpayment) is
27 concrete and quantifiable on a class-wide basis.

1 77. **Unfair Competition Law Remedies:** Pursuant to Business & Professions Code
2 § 17203, Plaintiffs and members of the Class seek injunctive relief and restitution to prevent and
3 remedy Defendants' ongoing UCL violations. Specifically, Plaintiffs and members of the Class seek
4 an order enjoining Defendants from continuing the unlawful and unfair practices alleged, and
5 requiring Defendants to take affirmative steps to dissipate the effects of their past misconduct. Such
6 injunctive relief includes but is not limited to: (a) an injunction prohibiting Defendants from
7 overstating any cost component in mandatory reports or public statements and requiring them to
8 submit only true, accurate, and current costs; (b) an order compelling Defendants to correct past
9 false reports (e.g., to file amended SB 1322 reports for all months in 2025 to reflect actual incurred
10 LCFS costs) so that the public record is accurate; (c) an order requiring Defendants to provide notice
11 to the public (for example, at gas stations or on company websites) of the truth about the LCFS cost
12 overstatement, so consumers are no longer misled; (d) an independent audit or verification of
13 Defendants' reported LCFS compliance costs and other cost components, at Defendants' expense,
14 to ensure accuracy going forward; and (e) an order requiring Defendants to roll back or remove the
15 phantom surcharge from current gasoline prices (to the extent they are still adding such cost in), or
16 other measures to ensure that future prices are not inflated by costs that were never actually incurred.
17 Plaintiffs further seek restitution and disgorgement of all monies that Defendants wrongfully
18 obtained from Class members as a result of the overcharge, pursuant to Bus. & Prof. Code § 17203.
19 This includes at least the 5–8 cents per gallon overcharge on each gallon sold from January 1, 2025
20 through May 31, 2025, an amount to be proven at trial. Plaintiffs and members of the Class also seek
21 any other relief the Court deems proper, including but not limited to the appointment of a monitor
22 or receiver to oversee compliance.

23 78. **Public Injunctive Relief:** The injunctive relief Plaintiffs seek is fundamentally
24 public in nature, in that it aims to prohibit and rectify deceptive practices that affect all California
25 gasoline purchasers and the general public, not just individual class members. Plaintiffs seek to
26 enjoin acts that threaten future injury to the public and to mandate truthful reporting which will
27 benefit all consumers (indeed, all Californians who buy gasoline). This relief is consistent with and
28 authorized by the UCL, and pursuant to *McGill v. Citibank, N.A.* (2017) 2 Cal.5th 945, any

1 contractual waivers of such public injunctive relief (to the extent any class member had a consumer
2 agreement with Defendants) are unenforceable. Plaintiffs are entitled to pursue this relief in court
3 on behalf of the public.

4 79. **Attorneys' Fees and Costs:** Under Code of Civil Procedure § 1021.5, Plaintiffs seek
5 an award of attorneys' fees against Defendants for the prosecution of this action, since Plaintiffs are
6 acting as private attorneys-general to enforce important rights affecting the public interest, and the
7 benefit achieved will be significant and widespread relative to the burden and cost of litigation.
8 Plaintiffs also seek recovery of their reasonable costs of suit.

9 **SECOND CAUSE OF ACTION**
10 **Violations of the Cartwright Act - Unlawful Trust/Combination in Restraint of Trade**
(Cal. Bus. & Prof. Code § 16720 et seq.)

11 80. Plaintiffs re-allege each of the allegations set forth in the preceding paragraphs.

12 81. The Cartwright Act, Bus. & Prof. Code § 16700 et seq., is California's principal
13 antitrust statute. It prohibits, inter alia, "a combination of capital, skill or acts by two or more
14 persons" to "create or carry out restrictions in trade or commerce," "limit or reduce the production,
15 or increase the price of merchandise or of any commodity," "fix at any standard or figure, whereby
16 its price to the public or consumer shall be in any manner controlled or established, any article or
17 commodity of merchandise, produce or commerce," or "make or enter into or execute or carry out
18 any contracts, obligations or agreements of any kind or description" to do the same. Bus. & Prof.
19 Code §§ 16720(a), (b), (d), and (e). Any person injured by such an unlawful trust may sue for treble
20 damages and injunctive relief. Bus. & Prof. Code § 16750(a).

21 82. **Combination and Agreement.** On information and belief, Defendants, as horizontal
22 competitors in the market for refining and selling gasoline in California, engaged in a contract,
23 combination, and conspiracy to restrain trade and artificially inflate the price of gasoline in
24 California beginning on or about January 1, 2025. The combination is evidenced, inter alia, by
25 monthly reports consistently inflating LCFS compliance costs and a simultaneous increase in
26 California gas prices, all without legitimate justification. In its July 16, 2025, memorandum about
27 retail gasoline prices and impacts of compliance with the LCFS regulation, CARB staff reviewed
28 refiners' LCFS compliance costs submitted to the CEC and observed that these reported costs

1 increased on January 1, 2025. On information and belief, Defendants reached a meeting of the minds
2 or mutual understanding, whether through direct communications, facilitated by a trade association
3 (such as the Western States Petroleum Association (“WSPA”)), or signaling through industry
4 publications, to implement the phantom LCFS surcharge in unison.

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6 83. While Plaintiffs may not yet know the precise time and manner every agreement was
7 made (prior to discovery), the factual allegations above, including but not limited to those set forth
8 in paragraphs 30–58, strongly indicate the existence of an unlawful agreement.

9 84. **Restraint of Trade.** Defendants’ combination had the purpose and effect of
10 restraining trade by raising, fixing, and stabilizing the price of gasoline in California at a level above
11 what a competitive market would produce. Specifically, by agreement they fixed a component of
12 the price (an extra 5–8 cents per gallon surcharge) that was not determined by free market forces.
13 The harm to competition is clear: Consumers were forced to pay more, which may have reduced
14 demand, harming the overall economy.

15 85. **Effect on Prices and Competition.** As a direct result of Defendants’ conduct, the
16 price of gasoline in California was higher than it would have been absent the conspiracy. By
17 collectively agreeing to inflate LCFS compliance costs, Defendants denied California consumers the
18 benefits of competition. In summary, the combination restrained trade by eliminating competition
19 as to a significant portion of the price.

20 86. **Intent and Illegality.** Defendants engaged in the combination and conspiracy,
21 whether explicitly or implicitly, to stifle competition and increase profits. Price-fixing agreements
22 are illegal under the Cartwright Act, and Defendants’ conduct constitutes an unlawful trust under
23 Bus. & Prof. Code §§ 16720(a), (b), (d) and (e).

24 87. **Injury to Plaintiffs and the Class.** Plaintiffs and Class members are “persons who
25 have been injured in [their] business or property by reason of” Defendants’ antitrust violations,
26 within the meaning of Bus. & Prof. Code § 16750(a). Plaintiffs and members of the Class directly
27 purchased gasoline at prices that were higher due to Defendants’ collusion. This overcharge is a
28 form of antitrust injury: it is the type of harm (supra-competitive pricing) that the antitrust laws aim

1 to prevent, and it flowed from the Defendants' anti-competitive behavior. There is a direct causal
2 link—Defendants fixed a price component, thereby inflating the retail price, and consumers paid
3 that inflated price. There are no independent factors breaking the chain of causation; indeed the
4 injury was the intended result of Defendants' scheme. Plaintiffs and Class members suffered
5 monetary damages equal to the number of gallons they purchased times the amount of overcharge
6 per gallon (plus any consequential effects). The Class collectively has been damaged in an amount
7 likely exceeding hundreds of millions of dollars (to be proven at trial) in the form of overpayments.

8 **88. Damages.** Under the Cartwright Act, Plaintiffs and members of the Class are entitled
9 to recover three times the amount of their actual damages (treble damages) for the injuries they have
10 sustained, plus interest and attorneys' fees. Plaintiffs will seek to prove the exact amount of the
11 overcharge per gallon and multiply that across the Class's purchases. For pleading purposes, if the
12 overcharge began in January 2025 and continued at roughly 5 cents per gallon through May 2025,
13 and assuming roughly 5.5 billion gallons sold in that timeframe (for five months out of at least 13
14 billion gallons annually) to consumers, the actual damages would be at least \$275 million. Trebling
15 that would make antitrust damages roughly \$825 million (minus any offsets or mitigation). These
16 figures will be refined with expert analysis and data, but it is clear that the damages are far from
17 trivial. Plaintiffs seek full treble damages as provided by law.

18 **89. Injunctive Relief (Antitrust).** In addition to damages, Plaintiffs and members of the
19 Class seek permanent injunctive relief under the Cartwright Act (Bus. & Prof. Code § 16750) and
20 under general equitable powers to prohibit Defendants from continuing their combination or
21 engaging in similar anti-competitive conduct. The need for injunctive relief is especially acute
22 because absent an injunction, nothing prevents Defendants from devising new ways to collude or
23 continuing this scheme by finding new pretexts for price coordination. The public will continue to
24 suffer irreparable harm (in the form of paying supra-competitive prices) unless the Court enjoins
25 Defendants. Plaintiffs request an order dissolving the combination and enjoining Defendants from
26 agreeing or communicating about future pricing decisions related to cost pass-throughs or similar
27 items, except as allowed by law. The injunctive relief sought under the UCL (as detailed above) is
28 complementary to the antitrust injunction, as both aim to restore a competitive, honest marketplace.

1 97. Defendants increased their reported LCFS compliance costs and their associated gas
2 prices for the purpose and effect of carrying out their unlawful agreement to inflate, fix, stabilize,
3 and maintain artificially high gas prices based on misrepresented LCFS compliance costs.

4 98. Defendants' conspiracy had the following effects, among others:

5 i. Reported LCFS compliance costs have been inflated;

6 ii. Wholesale gasoline prices and as a result retail gasoline prices have been fixed and
7 maintained at artificially high prices across California; and

8 iii. Plaintiffs and members of the Class have been deprived of the benefits of free and
9 open competition, including fair market prices for gasoline.

10 99. Plaintiffs and members of the Class have been injured and will continue to be injured
11 in their business and property by being forced to pay more for gasoline than they would have in the
12 absence of the Conspiracy.

13 100. The alleged contract, combination, or conspiracy is a per se violation of Section 1 of
14 the Sherman Act.

15 101. Plaintiffs and members of the Class are entitled to damages, including treble damages
16 under Section 4 of the Clayton Act, 15 U.S.C. § 15, as well as injunctive relief under Section 16 of
17 the Clayton Act, 15 U.S.C. § 26, preventing and restraining further violations of the antitrust laws.

18 **VII. PRAYER FOR RELIEF**

19 102. WHEREFORE, Plaintiffs on behalf of themselves and Class members pray for the
20 following relief:

21 a. **Class Certification:** That this action be certified as a class action pursuant to CCP § 382;
22 that Plaintiffs Ken Herold, Gina Stabile, Lynn Elias, Michael Simmons, Robert
23 Lasiewicz, and Nina Phan be appointed as representatives of the Class; and that
24 Plaintiffs' counsel be appointed as counsel for the Class.

25 b. **Injunctive Relief:** For public injunctive relief and other equitable relief according to
26 proof.

27 c. **Restitution and Disgorgement:** For an order compelling Defendants to make full
28 restitution to Plaintiffs and the Class of all amounts unlawfully collected from them (the

1 gasoline price overcharges from January 1, 2025 to May 31, 2025), and/or to disgorge
2 all profits obtained by Defendants as a result of their wrongful acts, to the extent such
3 profits exceed the restitution amount. Such funds should be returned to the injured Class
4 members according to proof, or if direct restitution is impractical, via cy pres or fluid
5 recovery for the benefit of the Class under Court supervision.

6 d. **Damages (Antitrust):** For actual damages sustained by Plaintiffs and the Class as a result
7 of Defendants' antitrust violations, in an amount to be determined at trial, and for these
8 damages to be trebled pursuant to Bus. & Prof. Code § 16750(a). Plaintiffs seek treble
9 damages on behalf of the Class in an amount to be proven (which is currently estimated
10 to be in the hundreds of millions of dollars before trebling).

11 e. **Attorneys' Fees:** For an award of reasonable attorneys' fees pursuant to, inter alia, Code
12 of Civil Procedure § 1021.5 (private attorney general statute), Business & Professions
13 Code § 16750(a) (Cartwright Act fee provision), and any other applicable contract,
14 statute, or common law doctrine (such as the common fund or substantial benefit
15 doctrine), given that this action enforces important rights affecting the public interest and
16 that a successful outcome will confer a significant benefit on a large class of persons (the
17 public).

18 f. **Costs of Suit:** For an award of costs of suit and expenses incurred in this litigation,
19 including expert witness fees, pursuant to law (including but not limited to Bus. & Prof.
20 Code § 16750 and Code Civ. Proc. § 1032 et seq.).

21 g. **Pre- and Post-Judgment Interest:** For pre-judgment interest at the maximum legal rate
22 on all amounts awarded (whether as damages, restitution, or penalties) from the date of
23 injury or the filing of this complaint (as appropriate) until entry of judgment, and for
24 post-judgment interest at the legal rate from the date of judgment until full satisfaction
25 thereof, according to applicable law, to compensate the Class for the loss of use of funds
26 and the effects of inflation.

27 h. **Such Other Relief:** For such other and further relief as the Court deems just, equitable,
28 and proper. This includes but is not limited to any declaratory relief (such as a declaration

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that Defendants' conduct was unlawful) or other relief within the Court's powers to fully
adjudicate the rights of the parties and protect the interests of Class members and the
general public.

VIII. JURY DEMAND

Plaintiffs hereby demand a trial by jury on all issues so triable.

Dated: February 4, 2026

COTCHETT, PITRE & McCARTHY, LLP

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Attorneys for Plaintiffs and the Proposed Class

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ATTORNEY ATTESTATION

I, Niall P. McCarthy, am the ECF User whose ID and password are being used to file this Class Action Complaint. In compliance with Civil Local Rule 5-1(h)(3), I hereby attest that concurrence in the filing of this document has been obtained from each signatory.

Dated: February 4, 2026

/s/ Niall P. McCarthy
NIALL P. McCARTHY