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8 **Attorneys for Plaintiffs**

9 **IN THE SUPERIOR COURT OF THE STATE OF ARIZONA**

10 **IN AND FOR THE COUNTY OF MARICOPA**

11 SUSAN SMYSER, PATRICIA FRANKLIN,  
12 and KIM WILSON, on behalf of themselves and  
13 all others similarly situated,

14 Plaintiffs,

15 vs.

16 JAMES RAY INTERNATIONAL, INC., a  
17 Nevada corporation; JAMES A. RAY, an  
18 unmarried individual; ABC entities 1-5 and  
19 JOHN DOE AND JANE DOE individuals;

20 Defendants.

No. \_\_\_\_\_

**CLASS ACTION COMPLAINT**

Hon. \_\_\_\_\_

21 Plaintiffs, on behalf of themselves and a class of similarly situated persons, allege  
22 as follows:

23 **CASE OVERVIEW**

24 1. This is a class action suit seeking to recover event fees pre-paid to  
25 motivational speaker James Ray ("Ray") and his company James Ray International  
26 ("JRI") prior to his arrest in connection with the deaths and injuries suffered at his  
27 October 2009 event in Sedona, Arizona. As more fully detailed below, prior to his arrest  
28 Ray toured the country promoting and conducting free events on his "Harmonic Wealth"

1 philosophies and techniques, where he employed sophisticated sales techniques to obtain  
2 pre-paid fees for future events and event packages where, Ray represented, he would lead  
3 participants in more advanced instruction and activities.  
4

5 2. Ray did not disclose at the point of sale that such pre-paid fees would not be  
6 used or retained to fund the future events; that JRI lacked the assets and capital to conduct  
7 such events or refund prepayments without continued sales and collection of additional  
8 advance payments; that the activities planned for and conducted at the events involved  
9 dangerous and reckless activities with substantial risk of bodily and psychological injury  
10 and financial loss; and that Ray's qualifications and experience to conduct such activities  
11 safely and properly were nonexistent and/or materially overstated.  
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14 3. Following the deaths in Sedona and public disclosure of the nature of  
15 activities conducted at Ray's events, the events for which Ray had solicited and collected  
16 pre-paid fees have been cancelled. Requests for refunds have been ignored, JRI's offices  
17 have been closed, and upon information and belief, JRI lacks and has lacked sufficient  
18 assets to conduct the events or refund the pre-paid fees due to transfers to or for the  
19 benefit of Ray or entities which he controls.  
20  
21

22 **PARTIES, JURISDICTION, AND VENUE**

23 4. Plaintiff Susan Smyser is an individual who resides in Las Vegas, Nevada.

24 5. Plaintiff Patricia Franklin is an individual who resides in Mesa, Arizona.

25  
26 6. Plaintiff Kim Wilson is an individual who resides in Los Angeles,  
27 California.  
28

1           7.     Upon information and belief, JRI is a Nevada corporation which lists its  
2 principal place of business as Las Vegas, Nevada.

3  
4           8.     Ray is an individual who, upon information and belief, maintains residences  
5 in California, Hawaii, and Nevada. Upon information and belief, Ray is the sole  
6 shareholder, and a director and officer of JRI, and controlled its affairs and actions in all  
7 respects during all times relevant to this action.

8  
9           9.     Defendants Ray and JRI have pursued a common plan, design, and course of  
10 conduct, acted in concert with, and aided and abetted one another, in furtherance of the  
11 actions alleged herein. In furtherance thereof, Defendants Ray and JRI acted in  
12 cooperation with and as agents and instrumentalities of one another and, through which  
13 the common course of conduct alleged herein was implemented.

14  
15           10.    ABC entities and John Doe and Jane Doe individuals are entities and  
16 individuals whose identity is currently unknown to Plaintiffs but who may have been  
17 involved in, benefited from, or otherwise be liable for the actions at issue herein, and/or  
18 received transfers of property or funds from Ray or JRI constituting fraudulent transfers or  
19 in circumstances otherwise justifying recoupment and recapture, and will be substituted  
20 when their identity is discovered.

21  
22           11.    Defendants regularly do business in and conduct events in the State of  
23 Arizona; have as a matter of course solicited sales in and received fees for events at issue  
24 from the State of Arizona and Maricopa County; and have caused events to occur in the  
25 State of Arizona and Maricopa County out of which this action arises.

26  
27           12.    Jurisdiction and venue are proper in this Court.  
28



1           18. Plaintiffs request certification of the class definition set forth above for all  
2 claims asserted herein. In the alternative, Plaintiffs seek certification of such class or  
3 subclass definitions and periods, for one or more of the claims asserted or issues raised  
4 herein, as determined by the Court to be appropriate under Rule 23 Ariz.R.Civ.P.  
5

6           19. **Numerosity.** Plaintiffs are currently unaware of the precise number of  
7 persons who fall within the class definition set forth above. However, on information and  
8 belief, Plaintiffs allege that the Class likely consists of over 1,000 geographically  
9 disbursed persons. Thus, the Class is so numerous that joinder of all of its members  
10 would be impossible or impracticable.  
11

12           20. Upon information and belief, the actual number of, identities of, and  
13 payment amounts made by Class members can be determined or reasonably approximated  
14 from the records of Defendants or their agents.  
15

16           21. **Commonality.** There are questions of law and fact common to the Class,  
17 including without limitation, whether Defendants engaged in misleading and fraudulent  
18 market conduct by failing to disclose the true nature of the planned events and  
19 qualifications of Ray to conduct them; whether the marketing and sales practices of JRI  
20 and Ray were misleading and designed to generate income to Ray and finance past events  
21 through the solicitation and collection of new pre-paid fees for future events; whether  
22 Defendants breached contractual obligations to the Class by soliciting and accepting pre-  
23 payments for future events but not conducting such events as represented; whether under  
24 the circumstances, including without limitation the deaths and personal injuries at Ray's  
25 events and Ray's arrest in connection with the same, Plaintiffs are entitled to rescission  
26  
27  
28

1 and/or restitution of pre-paid fees for future events and packages of future events; whether  
2 Defendants' actions violated the Arizona Consumer Fraud Act and other applicable state  
3 consumer protection statutes; whether Ray caused transfers or payments to or for the  
4 benefit of himself or entities he controls so as to leave JRI insolvent and unable to conduct  
5 pre-paid events or refund the pre-payments; and whether and to what extent the Class  
6 members are entitled to declaratory relief, damages, rescission, or restitution based upon  
7 Defendants' conduct.  
8  
9

10       22.    **Typicality.** The claims of the Plaintiffs are typical of the claims of the  
11 Class members in that the claims of Plaintiffs and other Class members are all based upon  
12 the same legal theories, have the same essential characteristics, and arise from the same  
13 course of conduct. The Class members have suffered the same legal injuries and possess  
14 the same interests as the Plaintiffs.  
15

16       23.    **Adequacy.** Plaintiffs are members of the Class, have sustained damages,  
17 are committed to pursuing this action to its conclusion and have retained competent  
18 counsel experienced in class action and consumer fraud litigation. Plaintiffs are adequate  
19 representatives of the Class, in that they have the same interests as all of the members of  
20 the Class with respect to the issues raised herein and will fairly and adequately protect the  
21 interests of the Class.  
22

23       24.    **Predominance and Superiority.** The common questions of law and fact  
24 described above predominate over questions affecting only individual members of the  
25 Class, making a class action superior to other available methods for a fair and efficient  
26 adjudication of this controversy. The likelihood of members of the Class prosecuting  
27  
28

1 separate, individual actions is remote, due to the relatively small financial losses suffered  
2 by each Class member as compared to the losses suffered by the Class as a whole and  
3 compared to the burden and expense of prosecuting litigation of this nature and  
4 magnitude.  
5

6 25. The common issues can be determined in a class action in a manageable,  
7 time-efficient, and fair manner, and by a single jury.  
8

9 26. The cost and burden to the court system of individualized litigation would  
10 be substantial, would present the potential for inconsistent or contradictory judgments,  
11 and would increase the delay and expense to all parties in multiple trials of identical or  
12 similar factual issues.  
13

14 27. The Class is readily definable and prosecution of this action as a class action  
15 will eliminate the possibility of repetitious litigation.  
16

17 28. Plaintiffs anticipate no difficulty in the management of this case.  
18

19 **ALLEGATIONS COMMON TO ALL COUNTS**

20 29. JRI was organized by Ray in or about 2000 and, through October 2009,  
21 engaged in the business of promoting, selling, and conducting self-improvement events  
22 led by Ray.  
23

24 30. Prior to October 2009, Ray organized, promoted, and conducted free  
25 seminar type events on his "Harmonic Wealth" philosophies and techniques throughout  
26 the United States. During such events and paid events, Ray used sophisticated sales  
27 techniques to solicit and obtain payment of fees for future events and event packages  
28 where, Ray represented, he would lead participants in more advanced instruction and

1 study of techniques for spiritual, financial, mental, relational, and physical self-  
2 improvement that Ray claimed to have studied throughout the world and was qualified to  
3 teach and lead.  
4

5 31. According to news reports, JRI sold paid events to over 5,500 persons in  
6 2007 and Ray estimated sales revenues of over \$10 million for 2009.  
7

8 32. Plaintiff Susan Smyser paid \$7,995 to JRI as advance payment of fees for  
9 James Ray events entitled "Twenty First Century Alchemy 2010," purportedly scheduled  
10 to be held in Carlsbad on April 12-16, 2010; and "Urban Shaman," purportedly scheduled  
11 to be held in April, 2011.  
12

13 33. Plaintiff Patricia Franklin paid \$3,346.50 to JRI as advance payment of fees  
14 for James Ray events entitled "Quantum Leap 2009," purportedly scheduled to be held in  
15 Las Vegas on November 13-15, 2009; and "Creating Absolute Wealth 2010," purportedly  
16 scheduled to be held in San Diego on May 21-23, 2010.  
17

18 34. Plaintiff Kim Wilson paid \$12,586.00 to JRI as advance payment of fees for  
19 James Ray events entitled "Quantum Leap 2009," purportedly scheduled to be held in Las  
20 Vegas on November 13-15, 2009; "Practical Mysticism 2010," purportedly scheduled to  
21 be held in Tahoe City on July 11-16, 2010; "Creating Absolute Wealth 2010," purportedly  
22 scheduled to be held in San Diego on May 21-23, 2010; and "21<sup>st</sup> Century Alchemy,"  
23 purportedly scheduled to be held in Carlsbad on April 12-16, 2010.  
24  
25

26 35. In addition to the above, JRI also solicited, promoted, and collected advance  
27 payment of fees from Class members for "Harmonic Wealth Weekend" events (or  
28 packages including such events) purportedly scheduled for San Diego on February 19-20,



1 2010 and the San Francisco on March 19-20, 2010, and a “Spiritual Warrior” event  
2 scheduled for Arizona in 2010.

3  
4 36. Ray did not disclose at the point of sale any of the following, which  
5 Plaintiffs allege, upon information and belief, to be true facts known to or recklessly  
6 disregarded by Ray at the time he solicited and collected pre-paid fees referenced above:  
7

8 (1) The pre-paid fees would not be and were not retained to fund the  
9 future events sold but rather used to fund other events previously sold  
10 to others and/or Ray’s own personal wealth;  
11

12 (2) JRI lacked the assets and capital to conduct such events or refund  
13 prepayments without continued sales and collection of additional  
14 advance payments;  
15

16 (3) The activities planned for and conducted at the events involved  
17 dangerous and reckless activities with substantial risk of bodily and  
18 psychological injury and financial loss; and  
19

20 (4) Ray’s qualifications and experience to conduct such activities safely  
21 and properly were nonexistent and/or materially overstated.  
22

23 37. On or about October 8, 2009, three participants in Defendants’ “Spiritual  
24 Warrior” retreat in Sedona, Arizona, died or received injuries causing death as a result of  
25 a “sweat lodge” and/or other retreat activities conceived of, conducted, and supervised by  
26 Defendant Ray, and other participants suffered serious bodily injury.  
27  
28

1           38. Press reports following the Sedona deaths have reported other reckless and  
2 dangerous activities at other events which, according to reports, have involved bodily  
3 injuries and the suicide of an event participant.  
4

5           39. On February 3, 2010, Defendant Ray was indicted for three counts of  
6 manslaughter in connection with the deaths at the above described Spiritual Warrior  
7 retreat.  
8

9           40. To date, none of the future events described above for which Defendants  
10 solicited and collected pre-paid fees have been conducted or rescheduled; information and  
11 refund requests to Defendants have not been responded to; and calls seeking information  
12 from the offices of JRI are not answered or returned.  
13

14           41. Plaintiffs have made written demands to Defendants for refunds of advance  
15 fees paid to Defendants on behalf of themselves and all persons similarly situated, which  
16 demands have been ignored.  
17

18           42. Upon information and belief, JRI ceased doing business after the October  
19 2009 retreat in Sedona, Arizona, and currently maintains no accounts, offices, or business  
20 activities, and has no employees aside from Ray. Ray has recently stated that he “no  
21 longer has a company” and that there will be no further events.  
22

23           43. Notwithstanding the cancellation of the events, arrest of Ray, widespread  
24 criticism of Ray’s dangerous activities, closure of JRI’s offices and termination of its  
25 employees, and repeated demands for refunds, Ray and JRI have not refunded the pre-  
26 paid fees or otherwise responded to requests for the same.  
27  
28

1           44.    Upon information and belief, at or shortly after the Sedona event in October  
2 2009, JRI's liabilities exceeded its assets, and at the time the pre-paid fees described  
3 above were solicited and collected by Defendants, JRI lacked sufficient capital to meet its  
4 obligations, including the funding of the events or refunding pre-paid fees for the same, as  
5 they became due.  
6

7  
8           45.    Upon information and belief, Defendants generated millions in sales  
9 revenue in 2007 through 2009, and transfers of assets from JRI left JRI with insufficient  
10 capital to fund the events sold to Plaintiffs and the Class members, and Defendants used  
11 fees paid for future events to compensate Ray and/or pay the costs of previously sold  
12 events, such that JRI lacked the ability to conduct the events sold absent the solicitation  
13 and sale of new events. This method of marketing perpetuated JRI and income to Ray,  
14 while leaving payors of advance fees, such as Plaintiffs and the Class members, with no  
15 return consideration for or means of refund when additional advance fees ceased to be  
16 sold to and collected from others.  
17  
18

19           46.    Ray and JRI failed to disclose to Plaintiffs and others who paid advance fees  
20 that JRI lacked the assets to conduct the events sold or refund such fees if JRI failed to  
21 generate sufficient funds from or ceased its sales of new events.  
22

23           47.    Plaintiffs and the Class members have been damaged in the amount of the  
24 un-refunded advance fees paid for the events subsequent to the Sedona deaths, plus  
25 additional out-of-pocket expenditures made in connection with same.  
26  
27  
28

1  
2  
3 **COUNT I**

4 **Breach of Contract**

5 48. Plaintiff incorporates and realleges all prior allegations herein.

6 49. The payment of the advance fees described above by Plaintiffs and the Class  
7 members, and the receipt and acceptance of such fees, gave rise to a contractual obligation  
8 on the part of JRI and Ray to conduct the events for which such payments were made on  
9 the dates and locations represented by Ray and JRI.

10 50. Defendants have breached and/or anticipatorily breached their contractual  
11 obligations and the duties implied by law in connection with the same, as set forth above,  
12 and Plaintiffs and the Class members have suffered damage as a result.

13 51. All conditions precedent to Defendants' obligations alleged herein have  
14 been satisfied, waived, or excused.

15 52. Plaintiffs and the Class members are entitled by law to recover from  
16 Defendants pre- and post-judgment interest on the amounts of their payments from the  
17 time such payments were tendered to Defendants.

18 53. Plaintiffs and the Class members are entitled by law to recover the  
19 reasonable fees and costs incurred in connection with their efforts to recover their  
20 payments made, including without limitation all fees and costs incurred in connection  
21 with this action.

22 **COUNT II**

23 **Rescission and Restitution**

24 54. Plaintiff incorporates and realleges all prior allegations herein.  
25



1 60. In addition, through the actions described above, Defendants concealed,  
2 suppressed, and omitted material facts with intent that others rely on such concealment,  
3 suppression or omission, in connection with the sale or advertisement of merchandise, as  
4 those terms are used in the Arizona Consumer Fraud Act, A.R.S. §44-1521, *et. seq.* and  
5 the consumer fraud statutes of the states in which the retreats were promoted and sold.  
6

7  
8 61. As a direct and proximate result of Defendants' violations of the Consumer  
9 Fraud Act, Plaintiffs and the Class members have suffered ascertainable losses, namely  
10 their pre-payment fees for events marketed and sold through the misleading  
11 representations and omissions described above.  
12

13 62. Defendants' actions were taken with conscious disregard of the rights and  
14 interests of Plaintiffs, the Class members, and others similarly situated, thereby entitling  
15 Plaintiffs and the Class members to an award of punitive damages to punish and deter  
16 such conduct.  
17

18 **COUNT IV**

19 **Nondisclosure**

20 63. Plaintiffs reallege and incorporate the foregoing Paragraphs as if fully set  
21 forth herein.  
22

23 64. As a result of the parties' relationship and the facts and circumstances  
24 described above, and the nature of the products they marketed and sold, Defendants had a  
25 duty to disclose to Plaintiffs and the Class members complete, accurate and truthful  
26 information in their possession regarding the events that they were marketing, including  
27  
28

1 the facts set forth above regarding the activities planned for such events, and the lack of  
2 qualifications of Ray to conduct such activities in an proper and safe manner.

3  
4 65. Defendants failed to disclose that the fees collected by Defendants for future  
5 events were not used to fund or retained for purposes of funding such events, or that JRI  
6 was insufficiently capitalized to conduct such events without the continued collection of  
7 additional prepayments for further events or refund such payments in the event of  
8 cancellation of the events.

9  
10 66. Upon information and belief, Defendants failed to disclose such material  
11 facts regarding the events when they solicited and obtained pre-paid fees from Plaintiffs  
12 and the Class members because Defendants knew that complete, accurate, and truthful  
13 disclosure of such facts by Defendants would cause potential participants to refrain from  
14 making such payments.

15  
16  
17 67. Defendants' actions were intended to and did mislead Plaintiffs and the  
18 Class members.

19  
20 68. The undisclosed information was sufficiently material under the  
21 circumstances to establish, or permit the reasonable inference or presumption, that  
22 Plaintiffs and the Class members justifiably and reasonably relied upon the nonexistence  
23 of the omitted information.

24  
25 69. As a direct and proximate result of Defendants' misrepresentations,  
26 concealment, and nondisclosure of material facts set forth above, Plaintiffs and the Class  
27 have been damaged in an amount not less than the amount of pre-paid fees paid to  
28 Defendants.





1 the Class members were ignorant of the true facts known to Defendants regarding the  
2 events and financial condition of JRI more fully described above.

3  
4 **COUNT VI**

5 **Unjust Enrichment**

6 76. Plaintiffs reallege and incorporate the foregoing Paragraphs as if fully set  
7 forth herein.

8  
9 77. Defendants benefitted from the actions described herein and Plaintiffs and  
10 the Class members suffered a corresponding detriment under circumstances that, under  
11 equity and good conscience, demand return and restitution of such benefits to Plaintiffs  
12 and the Class members and disgorgement by those Defendants of their profits from their  
13 wrongful acts.  
14

15 **JURY DEMAND**

16  
17 78. Plaintiffs and the Class members request a jury trial.

18 **PRAYER FOR RELIEF**

19 WHEREFORE, Plaintiffs request relief as follows:

20  
21 A. Certification of the proposed Class under Rules 23(a) and 23(b)(3)  
22 Ariz.R.Civ.P., and appointment of Plaintiffs and Plaintiffs' counsel of record to represent  
23 the Class;

24 B. An award of compensatory, restitutionary, and punitive damages to  
25 Plaintiffs and the Class members in an aggregate amount to be proven at trial, but  
26 excluding damages for personal injury or health care claims;  
27  
28

1 C. Such equitable and/or *cy pres* relief as provided by law, including without  
2 limitation a constructive trust of the monies or other property that Defendants or their  
3 transferees received from the sale of events to and collection of pre-paid fees from  
4 Plaintiffs and the Class members;  
5

6 D. An award reasonable attorneys' fees, costs and expenses;

7 E. Pre- and post-judgment interest; and

8 F. Such further relief as this Court deems just.  
9

10 DATED: April 2, 2010.

11 ***BUTLER, ODEN & JACKSON, P.C.***

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13  
14 By: 

15 Todd Jackson  
16 Attorneys for Plaintiffs  
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