



# Judge Keeps Alive Claims In Consumers' Angie's List Suit

By Daniel Langhorne

Law360, New York (August 7, 2015, 10:29 PM ET) -- A Pennsylvania federal judge said Friday an Angie's List customer has standing to sue the popular consumer-review site for breach of contract and unfair business practices, holding she had sufficiently pled her claims in the potential class action.

U.S. District Judge Stewart Dalzell Jr.'s decision was a victory for putative class representative Janell Moore, who claims Angie's List conceals that service providers can pay the website to influence their ratings.

"[M]oore alleges that Angie's Lists rewards providers by altering the search results and the visibility of reviews based on a provider's expenditures," Judge Dalzell said. "These allegations, certainly more than a trifle, suffice to warrant Moore's standing to pursue her claims at this point in litigation."

Judge Dalzell added that Moore sufficiently pled Angie's List's nondisclosure or omission of its business practices with service providers.

However, Judge Dalzell dismissed Moore's claims of unjust enrichment and breach of fair dealing, holding there was no avenue for her to shoehorn additional claims of fraud under the guise of unjust enrichment, according to the decision.

Moore [filed suit in March](#) in Pennsylvania federal court claiming the online-review site lures consumers of local service providers to pay for access to purportedly unfiltered reviews, ratings and search rankings when it actually profits from secretly manipulating those features.

Moore, a Pennsylvania resident claiming to be a paying Angie's List member since 2012, says she has been misled more than once by the website's service provider rankings. She contends that manipulating reviews and rankings violates [Federal Trade](#)

[Commission](#) guidelines and Pennsylvania consumer protection laws by breaching consumer trust with false promises.

The suit alleges that although Angie's List purports to be a "passive conduit" for sharing reviews, ratings and search rankings based solely on "actual firsthand experiences of other users" in its membership agreements, it actually conceals that service providers influence rankings, ratings and reviews in three ways in exchange for substantial fees.

According to the complaint, which is based on Moore's experiences and reports from news outlets, Angie's List secretly changes the order in which service providers are listed in search results by ranking some of them higher based on how much they pay in "advertising" fees.

Moore cites a 2013 report by Forbes Magazine that said an [NBC TV](#) affiliate in Richmond, Virginia, discovered that the best-reviewed heating and air company in that area was ranked below 11 others that had inferior ratings or just a handful of reviews because it had not paid the \$12,000 to \$15,000 required to move up the list.

The suit also alleges that Angie's List will suppress negative reviews so they don't appear in search results and remove negative reviews through its internal "complaint resolution process."

The suit aims to certify a class of paying Angie's List members in Pennsylvania to sue under the Pennsylvania Unfair Trade Practices and Consumer Protection Law. It also aims to certify a class of paying subscribers throughout the U.S. to claim the company breached consumer agreements, fraudulently induced membership by falsely promising what the service offers and was unjustly enriched.

The complaint asks that the judge issue declarative relief voiding Angie's List membership for all class members and order the company to pay restitution for membership fees and be disgorged of all of the profits from the purported misconduct. Moore also asks that the judge enjoin the company from engaging in the illegal practices and require punitive and exemplary damages.

This action comes on the heels of a similar suit filed in October in Delaware Chancery Court by an investor, suing the company and its co-founders, William Oesterle and Angela Hicks

Bowman, and a bevy of other executives, saying they sold ratings to businesses and moved away from a consumer-driven model.

According to that complaint, Angie's List has more than 3 million paying members. The company, which has existed in some capacity since 1995, went public in November 2011 and has grown every year since, most recently reporting \$315 million in revenue for fiscal year 2014, the complaint says.

Representatives for the parties did not immediately respond Friday to requests for comment.

Moore is represented by Richard M. Golomb, Ruben Honik, Kenneth J. Grunfeld and David J. Stanoch of Golomb & Honik PC.

Angie's List is represented by J. Gordon Cooney Jr., Franco A. Corrado and Christopher J. Mannion of Morgan, Lewis & Bockius LLP.

The case is Moore et al. v. [Angie's List Inc.](#), case number [2:15-cv-01243](#), in U.S. District Court for the Eastern District of Pennsylvania.

--Additional reporting by Alex Wolf and Cara Salvatore. Editing by Kelly Duncan.