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UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF CALIFORNIA

JOSHUA BOUCK, ATUL SHAH, SHENWEI
ZHAO, ADAM SPRING, and GIAO Q. TRAN,
individually on behalf of themselves and all
others similarly situated,

Plaintiffs,

vs.

META PLATFORMS, INC.,

Defendant.

Case No.: 25-cv-5194

CLASS ACTION COMPLAINT

JURY TRIAL DEMANDED

Plaintiffs Joshua Bouck, Atul Shah, Shenwei Zhao, Adam Spring, and Giao Q. Tran (collectively, “Plaintiffs”), by and through their undersigned counsel, allege the following for their complaint against Defendant Meta Platforms, Inc. (“Meta,” “Defendant,” or the “Company”) upon knowledge as to themselves and their own actions, and upon information and belief as to all other matters. Plaintiffs’ information and belief is based on, among other things, the independent investigation of counsel, which includes, but is not limited to: (a) review of Meta’s publicly disclosed policies, filings with the Securities and Exchange Commissions (the “SEC”), and other public statements; (b) review of media reports about the Company; (c) review of public filings and court orders in other litigation relating to the fraudulent scheme discussed herein (the “CLEU Scheme”); and (d) discussions with, surveys of, and review of documents and information provided by more than 500 victims of the CLEU Scheme (the “CLEU Victim Group”).

I. INTRODUCTION

1. This case arises from Meta's role in enabling and facilitating a stock manipulation scheme that used the Company's Facebook and Instagram social media platforms and its WhatsApp messaging service to extract millions of dollars from unsuspecting victims.

2. Meta's core business is selling advertisements that are targeted to Facebook and Instagram users based on data that Meta collects regarding each user's interests and activities both within the Facebook and Instagram platforms and on devices linked to the user's social media accounts.

3. Meta plays an instrumental role in developing ads, targeting particular user groups based on a range of demographic characteristics (*e.g.*, geographic location, income, age, and ethnicity) and interests (*e.g.*, past engagement with content related to a particular activity or product), and optimizing the ads to increase the likelihood of engagement by the targeted users.

4. While Meta has invested significantly in developing its services from the perspective of its advertising customers, it has failed to take meaningful action to prevent fraudulent advertisements, allowing its advanced targeting technology to inure to the benefit of scammers who now have proliferated on Meta's platforms.

5. Meta has long been aware of scam ads on its social media platforms, but it has refused to invest meaningfully in technology, personnel, and processes to monitor, detect, and remove scam ads. Moreover, Meta personnel have reported that the Company has deliberately turned a blind eye to the problem of scam ads and has continued to court business from known scammers.

6. Among the multitude of scam ads on Meta platforms are investment scams, with scammers impersonating celebrities, well-known investors, and legitimate financial advisory firms to lure unsuspecting users into fraudulent schemes.

7. Meta specifically has been alerted to these investment scams through complaints by the people and firms being impersonated (which Meta has ignored), lawsuits filed by impacted social media users in Japan and the government of Australia, notices issued by governmental and

1 self-regulatory organizations, and its own internal reporting. Yet, Meta has allowed investment
2 scam ads to proliferate.

3 8. Plaintiffs in this action were victimized by one such investment scam, perpetrated by
4 an organized criminal network operating out of China, Taiwan, and Malaysia, certain members of
5 which are facing criminal prosecution. *See United States v. Lim Xiang Jie Cedric, et al.*, No. 1:25-
6 cr-00161 (N.D. Ill. filed Mar. 20, 2025).

7 9. The scammers used Meta’s advertising tools to target victims with advertisements
8 for supposed investment clubs associated with celebrities, well-known investors, and advisory
9 firms.

10 10. Victims who clicked on the ads were then added to WhatsApp groups where the
11 scammers posed as financial advisors and encouraged victims to purchase securities whose prices
12 the scammers were manipulating so that their co-conspirators could unload their holdings at inflated
13 prices, reaping massive, illicit profits.

14 11. Beginning on January 22, 2025, the scammers recommended that Plaintiffs and other
15 victims who responded to their Meta advertisements purchase shares of China Liberal Education
16 Holdings Ltd. (“CLEU”), a Chinese penny stock then listed on NASDAQ and trading under the
17 ticker CLEU.

18 12. CLEU publicly reported that it had 29,000,000 shares outstanding; however, the
19 company had secretly issued 240,000,000 additional shares to the CLEU scammers in a private
20 offering in late December 2024 that had not been publicly disclosed.

21 13. Operating through WhatsApp groups, the scammers instructed victims to make
22 purchases of CLEU shares at specified price points. Meanwhile, their co-conspirators, who held the
23 secretly issued 240,000,000 CLEU shares, entered sell orders at matching price points, thereby
24 liquidating their massive—and previously undisclosed—shareholdings in exchange for the victims’
25 cash.

26 14. Then, in the early hours of January 30, 2025, the market became aware of CLEU’s
27 previously secret share issuance, meaning the number of CLEU shares outstanding was nearly 10
28 times the amount previously known.

1 drycleaning business. Plaintiff Shah resides in Georgia with his wife, who is a retired pharmacist.
2 Plaintiff Shah and his wife were lured into the CLEU Scheme through Facebook advertisements and
3 were led to purchase shares of CLEU between January 22 and 30, 2025. Plaintiff Shah and his wife
4 together lost approximately \$1.8 million, including all of the retirement savings they had
5 accumulated over the last 30 years.

6 22. Plaintiff Shenwei Zhao is a first-generation immigrant to the United States who
7 resides in New Jersey with his wife and son. Plaintiff Zhao is the founder of an information
8 technology consulting firm with a background in systems engineering. Plaintiff Zhao was lured into
9 the CLEU Scheme through Facebook advertisements and was led to purchase shares of CLEU in his
10 and his wife's accounts between January 22 and 30, 2025. Plaintiff Zhao and his wife collectively
11 lost more than \$271,000.

12 23. Plaintiff Adam Spring is a Lieutenant Colonel in the United States Air Force and a
13 married father of three of children who is stationed in North Carolina. Plaintiff Spring was lured
14 into the CLEU Scheme through Facebook advertisements and was led to purchase shares of CLEU
15 between January 22 and 30, 2025. Plaintiff Spring lost more than \$143,000, representing 20 years of
16 retirement savings and nearly half of his liquid net worth.

17 24. Plaintiff Giao Q. Tran is a retired technology executive who resides in Texas.
18 Plaintiff Tran was lured into the CLEU Scheme through Facebook advertisements and was led to
19 purchase shares of CLEU between January 22 and 30, 2025. Plaintiff Tran lost approximately
20 \$141,000, which she had set aside as seed funds for the launch of a non-profit organization to
21 provide educational support for children living below the poverty line. Plaintiff Tran planned to
22 dedicate the organization to her late father, who worked multiple jobs to provide for his family and
23 instilled in her the value of higher education as a means to open the doors to financial well-being.

24 25. Defendant Meta Platforms, Inc. ("Meta" or the "Company") is a Delaware
25 corporation which has its principal place of business in Menlo Park, California.

26 26. Meta is owner and operator of the Facebook and Instagram social media platforms.
27 Facebook is the world's largest social media platform with more than 3 billion monthly active users,
28 while Instagram is the third largest platform with 2 billion monthly active users.

1 27. Meta also operates the WhatsApp messaging service, which is billed as an end-to-
2 end encrypted service allowing for private communications among its users.

3 **III. JURISDICTION AND VENUE**

4 28. This Court has jurisdiction over this action pursuant to the Class Action Fairness Act
5 (“CAFA”), 28 U.S.C. § 1332(d).

6 a. This action is a putative class action filed under Fed. R. Civ. P. 23, 28 U.S.C.
7 § 1332(d)(1)(B);

8 b. The number of members of the Class is greater than 100 because, on
9 information and belief, the Class consists of thousands of members, including the more than 500
10 members of the CLEU Victim Group, 28 U.S.C. § 1332(d)(5)(A);

11 c. The amount in controversy is in excess of \$5,000,000 because the Class
12 suffered damages of more than \$300,000,000, including more than \$64,000,000 in monetary
13 damages suffered by the CLEU Victim Group, 28 U.S.C. § 1332(d)(2); and

14 d. CAFA’s minimal diversity requirement is satisfied because Meta is a citizen
15 of California, where it maintains its principal place of business, and of Delaware, where it is
16 incorporated, and at least one member of the Class is a citizen of a different state because four of
17 the five named Plaintiffs reside in states other than California and Delaware (namely, Georgia,
18 North Carolina, Texas, and New Jersey), 28 U.S.C. § 1332(d)(2)(A).

19 29. Venue is proper in this judicial district under 28 U.S.C. §1391(b) and (c)(2) because
20 Defendant maintains its principal place of business in this District and because a substantial part of
21 the acts and omissions giving rise to this action occurred in this District.

22 30. This Court has jurisdiction over Defendant because it has its principal place of
23 business in California, transacts a substantial amount of business in California, has substantial ties
24 to California, and/or is a citizen or resident of California or otherwise maintains sufficient minimum
25 contacts with California to render jurisdiction by this Court permissible under traditional notions of
26 fair play and substantial justice.

1 31. This Court also has jurisdiction over Defendant because Meta’s Terms of Service
2 (“ToS”) for its social media platforms include a forum selection clause in favor of this Court.¹ The
3 ToS require that all claims to which Meta is a party “will be resolved exclusively in the U.S.
4 District Court for the Northern District of California or a state court located in San Mateo County.”

5 **IV. SUBSTANTIVE ALLEGATIONS**

6 **A. Meta Profits from Scam Ads**

7 32. Meta generates substantially all of its revenues from selling advertising to businesses
8 seeking to market their products and services to users of Meta’s social media platforms. In its most
9 recent fiscal year ended December 31, 2024, Meta collected approximately \$160,633,000,000 in
10 advertising revenues, representing greater than 97% of the Company’s’ total revenues
11 (\$164,501,000,000).

12 33. Meta collects vast amounts of data from each Facebook and Instagram user, which
13 allows the Company to sell targeted advertisements to millions of advertisers.

14 34. Meta collects user data from each user’s activity on Facebook or Instagram, such as
15 the content the user posts and the content the user likes or otherwise interacts with. Meta also
16 collects data from the user’s activity outside of Meta’s platforms, including searches the user runs
17 through Google or other search engines, websites the user visits, and purchases the user makes on
18 devices linked to their Facebook or Instagram account.

19 35. Meta’s ability to target ads to Facebook and Instagram users based on the data
20 collected is a key selling point to advertisers. As Meta CEO Mark Zuckerberg testified before the
21 Senate’s Commerce and Judiciary Committees on April 10, 2018:

22 What we allow is for advertisers to tell us who they want to reach, and
23 then we do the placement. So, if an advertiser comes to us and says,
24 ‘All right, I am a ski shop and I want to sell skis to women,’ then we
25 might have some sense, because people shared skiing-related content,
26

27 _____
28 ¹ <https://www.facebook.com/terms/> (last visited June 19, 2025).

1 or said they were interested in that, they shared whether they're a
 2 woman, ***and then we can show the ads to the right people . . .***²

3 36. Meta also provides tools to assist in the development and optimization of ads for use
 4 on Facebook and Instagram. These tools include “Ads Manager,” which Meta touts as “an all-in-
 5 one tool for creating ads, managing when and where they’ll run, and tracking how well your
 6 campaigns are performing towards your marketing goals.”³

7 37. Meta acknowledged in its most recent Form 10-K filed with the SEC that
 8 improvements to its “ad targeting and measurement tools” had driven an increase in the prices paid
 9 by advertisers, and it identified regulatory developments and changes in user behavior that may
 10 limit the use and effectiveness of those tools as a key risk factor that could impact the Company’s
 11 future performance.

12 38. As Meta well knows, not all advertisers operate legitimate businesses, and fraudsters
 13 increasingly have learned to exploit Meta’s targeting capabilities to put deceptive, false, and
 14 misleading ads in front of the users calculated to be the most likely to respond to those ads and be
 15 lured into bait-and-switch and other fraudulent schemes.

16 39. According to a recent report in *The Wall Street Journal*, an internal analysis by Meta
 17 from 2022 found that 70% of newly active advertisers on Meta’s platforms were promoting scams,
 18 illicit goods or “low quality” products.⁴

19 40. In October 2020, the Federal Trade Commission (“FTC”) reported that about 94% of
 20 the complaints it collected concerning online shopping fraud on social media identified Facebook or
 21 Instagram as the source.

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 23
 24 ² See Joint Full Committee Hearing, *Facebook, Social Media Privacy, and the Use and Abuse of*
 25 *Data*, Committee on the Judiciary (Apr. 10, 2018, 2:15 PM),
<https://www.govinfo.gov/content/pkg/CHRG-115shrg37801/html/CHRG-115shrg37801.htm> (last
 visited June 11, 2025) (emphasis added).

26 ³ See <https://www.facebook.com/business/tools/ads-manager> (last visited June 19, 2025).

27 ⁴ Jeff Horowitz & Angel Au-Yeung, *Meta Battles an ‘Epidemic of Scams’ as Criminals Flood*
 28 *Instagram and Facebook*, WALL ST. J., May 15, 2025, [https://www.wsj.com/tech/meta-fraud-](https://www.wsj.com/tech/meta-fraud-facebook-instagram-813363c8?reflink=desktopwebshare_permalink)
[facebook-instagram-813363c8?reflink=desktopwebshare_permalink](https://www.wsj.com/tech/meta-fraud-facebook-instagram-813363c8?reflink=desktopwebshare_permalink)

1 41. While scam ads cause untold financial harm to Meta’s customers, Meta has little
2 incentive to intervene because it receives revenues regardless of whether the ad is part of a scam.⁵

3 42. According to the recent *Wall Street Journal* article, current and former employees
4 say Meta is reluctant to create impediments for ad-buying clients in view of the Company’s
5 dependence on advertising for substantially all of its revenues.⁶

6 43. The article further reports that Meta refuses to remove advertisers even where they
7 demonstrate a history of scamming. For example, an internal company document from late 2024
8 shows that Meta will allow an advertiser to accrue between 8 and 32 automated “strikes” for
9 financial fraud before it bans their accounts.⁷

10 44. The article also reports that Meta has deprioritized scam enforcement in recent years,
11 including abandoning plans for advertiser verification requirements like those it mandates for
12 political ads and failing to invest in automated tools or the personnel needed to effectively identify
13 and remove scam ads.⁸

14 45. As a collation of more than 40 State Attorneys General, including California
15 Attorney General Rob Bonta, put it bluntly in a recent letter calling on Meta to improve its
16 processes to identify scam ads: “***Meta’s Solutions Do Not Work*** . . . The ease with which these
17 scams can be initiated and disseminated on your platforms, targeting our most vulnerable
18 population, is alarming . . . If Meta is unable to implement a more effective process, then it should
19 just stop running investment advertisements as a category.”⁹

20 _____
21 ⁵ Federal Trade Commission, *FTC Data Shows Big Jump in Consumer Reports about Scams*
22 *Originating on Social Media*, Oct. 21, 2020, [https://www.ftc.gov/news-events/news/press-](https://www.ftc.gov/news-events/news/press-releases/2020/10/ftc-data-shows-big-jump-consumer-reports-about-scams-originating-social-media)
[releases/2020/10/ftc-data-shows-big-jump-consumer-reports-about-scams-originating-social-media](https://www.ftc.gov/news-events/news/press-releases/2020/10/ftc-data-shows-big-jump-consumer-reports-about-scams-originating-social-media)

23 ⁶ Jeff Horowitz & Angel Au-Yeung, *Meta Battles an ‘Epidemic of Scams’ as Criminals Flood*
24 *Instagram and Facebook*, WALL ST. J., May 15, 2025, [https://www.wsj.com/tech/meta-fraud-](https://www.wsj.com/tech/meta-fraud-facebook-instagram-813363c8?reflink=desktopwebshare_permalink)
[facebook-instagram-813363c8?reflink=desktopwebshare_permalink](https://www.wsj.com/tech/meta-fraud-facebook-instagram-813363c8?reflink=desktopwebshare_permalink)

25 ⁷ *Id.*

⁸ *Id.*

26 ⁹ Letter from National Association of Attorneys General to Jennifer Gillian Newstead, Esq., Chief
27 Legal Officer of Meta Platforms, Inc. (June 5, 2025) [https://www.naag.org/wp-](https://www.naag.org/wp-content/uploads/2025/06/Letter-to-Meta-re-Scam-Investments-FINAL.pdf)
[content/uploads/2025/06/Letter-to-Meta-re-Scam-Investments- FINAL.pdf](https://www.naag.org/wp-content/uploads/2025/06/Letter-to-Meta-re-Scam-Investments-FINAL.pdf) (emphasis added). *See*
28 *also* [https://oag.ca.gov/news/press-releases/attorney-general-bonta-urges-immediate-action-meta-](https://oag.ca.gov/news/press-releases/attorney-general-bonta-urges-immediate-action-meta-prevent-investment-scam)
[prevent-investment-scam](https://oag.ca.gov/news/press-releases/attorney-general-bonta-urges-immediate-action-meta-prevent-investment-scam).

46. Chinese vendors have become particularly lucrative for Meta, accounting for approximately 11.2% of revenues in 2024, up from 6.4% in 2021.¹⁰ According to Meta's 2024 10-K, China revenue was \$18.35 billion, versus \$7.40 billion in 2022.

47. These ads come at a cost, however, as Chinese ads are particularly prone to be connected to fraudulent activities. According to news reports, one internal Meta study showed that nearly 30% of the advertisements placed by China-based advertisers—estimated to account for \$2.6 billion in 2020 ad sales alone—violated at least one of Facebook's own ad policies.¹¹

48. Nevertheless, Meta's business development strategies have included fostering relationships with Chinese scammers and deliberately ignoring their misconduct.

49. Meta representatives have delivered presentations to conferences heavily attended by known fraudsters, socialized with those scam perpetrators, and driven business by encouraging known scammers to continue to purchase Meta ads.

50. Sources familiar with Meta's ad policies have told journalists that Meta employees are directed to ignore sponsored fraudulent advertisements and violations of the Company's internal policies, particularly from Chinese-affiliated advertisers. In one report on Meta's profits from scams, an internal source reported: "We're not told in the exact words, but [the idea is to] look the other way. It's 'Oh, that's just China being China. It is what it is. We want China revenue.'"¹²

B. Meta Is Aware of Investment Fraud on Its Platforms

51. For several years, and increasingly through 2024, Meta has received repeated warnings about the prevalence of fraudulent investment schemes on its platforms, including

¹⁰ See <https://stockdividendscreener.com/information-technology/meta-revenue-breakdown-by-region-and-user-geography/#D1>; see also Paul Mozur & Lin Qiqing, *How Facebook's Tiny China Sales Floor Helps Generate Big Ad Money*, N.Y. TIMES, Feb. 7, 2019, <https://www.nytimes.com/2019/02/07/technology/facebook-china-internet.html>.

¹¹ Craig Silverman & Ryan Mac, *Facebook Gets Paid*, BUZZFEED NEWS, Dec. 10, 2020, <https://www.buzzfeednews.com/article/craigsilverman/facebook-ad-scams-revenue-china-tiktok-vietnam>.

¹² Craig Silverman & Ryan Mac, *Facebook Gets Paid*, BUZZFEED NEWS, Dec. 10, 2020, <https://www.buzzfeednews.com/article/craigsilverman/facebook-ad-scams-revenue-china-tiktok-vietnam>

1 advertisements featuring unlicensed images of celebrities and financial advisors purportedly touting
2 individual investments and promising various “get-rich-quick” schemes.

3 52. As early as April 2018, British personal finance expert Martin Lewis sued Meta after
4 his name and likeness were used by scammers advertising get-rich-quick schemes on Facebook.¹³

5 53. In March 2022, the Australian Competition and Consumer Commission filed a
6 lawsuit alleging that Meta aided and abetted investment scam ads featuring prominent Australians
7 claiming to have profited from cryptocurrency investments, later telling the court that evidence
8 revealed that Meta had been aware of the practice since at least January 2018.¹⁴

9 54. In January 2024, FINRA issued a statement that it had “seen a recent significant
10 spike in investor complaints resulting from recommendations made by fraudulent ‘investment
11 groups’ promoted through social media.”¹⁵

12 55. In February 2024, nine victims of a Facebook investment-fraud scam sent a letter to
13 Meta detailing 21 scam ads featuring finance leaders including Bill Ackman.¹⁶

14 56. In April 2024, Barclays warned that investment scams had risen “by nearly a third”
15 in the previous 12 months, “with 6 in 10 falling victim on social media.”¹⁷

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18 ¹³ *British finance expert sues Facebook over scam ads featuring his name and face*, CANADIAN
19 BROADCASTING CORPORATION, Apr. 23, 2018,

20 <https://www.cbc.ca/radio/asithappens/as-it-happens-monday-full-episode-1.4631377/british-finance-expert-sues-facebook-over-scam-ads-featuring-his-name-and-face-1.4631381>

21 ¹⁴ Amy Bainbridge, *Facebook, Instagram parent company Meta sued over scam ads featuring Dick Smith, David Koch*, AUSTRALIA BROADCASTING CORPORATION, March 17, 2020,

22 <https://www.abc.net.au/news/2022-03-18/facebook-instagram-meta-sued-over-fake-ads/100920146>;

23 Josh Taylor, *Half of crypto ads on Facebook are scams or violate Meta’s policies, consumer regulator alleges*, THE GUARDIAN, Aug. 14, 2024,

24 <https://www.theguardian.com/technology/article/2024/aug/15/crypto-ad-scams-facebook-meta-acc-court-case>

25 ¹⁵ *Investor Alert: Social Media “Investment Group” Imposter Scams on the Rise*, YAHOO! FINANCE, Jan. 17, 2024, <https://finance.yahoo.com/news/investor-alert-social-media-investment-100000532.html>

26 ¹⁶ Randall Smith, *Phony Billionaires on Facebook are Scamming Americans Out of their Life Savings*, WALL ST. J., March 15, 2024, <https://www.wsj.com/tech/fake-bill-ackman-cathie-wood-scam-a8df6ce7> (“A group of nine scam victims sent a letter Feb. 28 to Facebook detailing 21 times
27 scam ads of Ackman, Cohen or Wood were reported to Facebook in January and February.”).
28

1 57. In May 2024, *Financial Times* reported on the “surge” of “social media investment
2 scams.” The article explained how one type of “online fraud consists of scammers using images of
3 trusted public figures or celebrities to convince people to move their money into fake funds or non-
4 existent investments.”¹⁸

5 58. Also in May 2024, *The Wall Street Journal* reported on the trend, describing how
6 victims were directed to advertisements that pitched “WhatsApp groups, often moderated by []
7 fictitious people” and featured images of “titans of finance” pitching opportunities for lucrative
8 returns.¹⁹

9 59. In June 2024, Capital Wealth Planning, LLC, an investment advisory firm in Naples,
10 Florida, discovered that parties were impersonating its Chief Executive Officer, Kevin Simpson, on
11 WhatsApp. The firm not only alerted local law enforcement, the FBI, and the SEC, but also
12 contacted Meta and requested that the fraudulent posts be removed.²⁰

13 60. In September 2024, Meta itself acknowledged that “[s]cammers often use public
14 figures and celebrities’ images to bait people into engaging with scam content, including ads. This
15 type of scam can harm both those who are victimized by the unauthorized use of their likeness, as
16 well as members of the public who are deceived by scam ‘endorsements.’”²¹

21 ¹⁷ *Barclays urges action as investment scams rise by 29 per cent – with 6 in 10 falling victim on*
22 *social media*, BARCLAYS, April 17, 2024, [https://home.barclays/insights-old/2024/04/barclays-](https://home.barclays/insights-old/2024/04/barclays-urges-action-as-investment-scams-rise-by-29-per-cent---/)
[urges-action-as-investment-scams-rise-by-29-per-cent---](https://home.barclays/insights-old/2024/04/barclays-urges-action-as-investment-scams-rise-by-29-per-cent---/)

23 ¹⁸ *Advisers Worry as Social Media Investment Scams Surge*, FINANCIAL TIMES, May 17, 2024,
<https://www.ft.com/content/6f5055fc-08f6-4d83-9b66-414f7f09971e>

24 ¹⁹ Randall Smith, *Phony Billionaires on Facebook are Scamming Americans Out of their Life*
25 *Savings*, WALL ST. J., March 15, 2024, [https://www.wsj.com/tech/fake-bill-ackman-cathie-wood-](https://www.wsj.com/tech/fake-bill-ackman-cathie-wood-scam-a8df6ce7)
[scam-a8df6ce7](https://www.wsj.com/tech/fake-bill-ackman-cathie-wood-scam-a8df6ce7)

26 ²⁰ *Unknown Rogue Elements Impersonate Capital Wealth Planning, LLC and its Founder and Chief*
27 *Executive Officer, Kevin Simpson*, CAPITAL WEALTH PLANNING, June 7, 2024,
<https://capitalwealthplanning.com/press-release-6-7-2024/>

28 ²¹ *Testing New Ways to Combat Scams*, META,
<https://www.meta.com/help/policies/494835429957019/>

1 61. In October 2024, Japanese plaintiffs filed suit against Meta alleging it had facilitated
2 investment scams on its platforms through fraudulent advertisements, often “featuring famous
3 entrepreneurs.”²²

4 62. Despite these warning signs and the clear risks to Facebook and Instagram from
5 investment scam ads on those platforms, Meta failed to address the problem of investment scam
6 ads, enabling the CLEU scammers to carry out their scheme.

7 **C. Scammers Rely on Meta to Carry Out the CLEU Scheme**

8 63. The CLEU scammers first targeted potential victims with ads on Facebook and
9 Instagram promoting fake investment clubs, which, in reality, were merely vehicles for the
10 scammers to execute a stock manipulation scheme.

11 64. Some of the ads featured celebrities. For example, Plaintiff Bouck was targeted with
12 ads featuring Kevin O’Leary, a/k/a “Mr. Wonderful” from Shark Tank, while other members of the
13 CLEU Victim Group were targeted with ads featuring Dave Portnoy of Barstool Sports and
14 conservative commentator Tucker Carlson.

15 65. Other ads featured well-known investors. For example, Plaintiffs Zhao and Tran
16 were targeted with ads featuring Tom Lee, a featured commentator on CNBC programs, and
17 Plaintiff Spring was targeted with ads featuring Liz Ann Sanders, Managing Director and Chief
18 Investment Strategist at Charles Schwab. Other members of the CLEU Victim Group were targeted
19 with ads featuring Savita Subramanian, Head of U.S. Equity and Quantitative Strategy at Bank of
20 America Merrill Lynch, and Cathie Wood of ARK Invest.

21 66. Still other ads appeared to be from reputable financial advisory firms whose
22 likenesses, branding, and other information had been appropriated and exploited by the scammers.
23 For example, Plaintiff Bouck was targeted with ads that appeared to be for Sageview Capital, an
24 investment firm based in Newport Beach, California, while other members of the CLEU Victim
25

26 _____
27 ²² Karin Kaneko, *Meta faces Japan lawsuits over fake ads linked to investment fraud*, THE JAPAN
28 TIMES, Oct. 29, 2024, <https://www.japantimes.co.jp/news/2024/10/29/japan/crime-legal/investment-fraud-meta/>

1 Group were target with ads seemingly for Circle Advisors, Blue Wolf Capital, and Viking Global
2 Investments.

3 67. The ads told targeted Facebook and Instagram users that investment club members
4 would have access to stock recommendations from the featured financial advisors and promised that
5 the recommendations would result in tremendous returns.

6 68. For example, advertisements for “Mr. Wonderful Wealth Sharing” touted that the
7 previous week’s three stock recommendations were up 48%, 66%, and 108%, respectively.



19 69. Another ad, purportedly for Ms. Subramanian’s “trading training” program,
20 promised potential returns of 30%-40% “everyday.”



70. Facebook and Instagram users who clicked on the ads either were automatically added into, or were invited to click an embedded link to join, a private WhatsApp group.

71. Within the WhatsApp group, scammers posed as representatives of the featured advisors and communicated with users regarding the club's operations, including the timing of stock recommendations.

72. For example, the purported financial advisor representatives in one group communicated that they would make two or three short-term recommendations each week, with returns of 10%-15% over a three- to seven-day holding period, and that they periodically would make medium- to long-term investment recommendations with profits exceeding 160%.

73. The scammers also created dozens of fake accounts, posing as club members within the WhatsApp group and touting their prior successes following the advisors' recommendations, which created the appearance of legitimacy and reliability that helped lure victims into the scheme.

74. Users were offered a free trial period (typically 60 to 90 days) to try out the investment club, after which they would be charged commissions based on the returns they realized.

75. Then, over a period of months, the scammers communicated with users in the WhatsApp group, providing investment recommendations and friendly communications to build trust.

76. On January 22, 2025, the scammers, posing as financial advisor representatives, began recommending that WhatsApp group members purchase shares of CLEU at specified price points. They predicted that the price of CLEU stock would appreciate significantly in the near future, typically promising returns of 380% within 20-30 days. They also promised to reimburse investors for up to 80% of any losses on the CLEU investment.

77. The scammers pressured victims to buy quickly, claiming that waiting even a few days would cause them to miss out on the stock's rise.

78. The scammers continued to recommend additional purchases of CLEU at higher price points over the coming days, pressuring victims to liquidate other investments, move cash from other accounts, and even take out loans to fund their purchases.

79. Because hundreds, if not thousands, of victims across hundreds of WhatsApp groups were making purchases, CLEU's stock price rose rapidly. With the promised returns seemingly materializing, victims were falsely reassured and continued to make additional purchases, further inflating the stock price.

80. CLEU's stock price increased from a closing price of \$5.32 per share on January 21, 2025 to a peak of \$7.90 per share on January 29, 2025, as shown in the chart below.



1 81. Trading volume was exceptionally high, with 126 million shares traded on January
2 22nd, 71.6 million shares on January 23rd, and at least 23 million shares traded on each of the
3 following four trading days. In contrast, CLEU's prior trading volume typically was less than 1
4 million shares daily.

5 82. Unbeknownst to the victims, however, the scammers' co-conspirators were standing
6 on the other side of the CLEU transactions from January 22 through January 29, 2025. The co-
7 conspirators had acquired 240,000,000 CLEU shares in a secret offering and were unloading those
8 shares by entering sale transactions at price points matching those fed to victims by the scammers
9 posing as financial advisors in the WhatsApp groups.

10 83. The market became aware of the 240,000,000 previously undisclosed shares in the
11 early hours of January 30, 2025, causing the stock price to fall precipitously before the U.S. markets
12 opened that day.

13 84. CLEU's stock price collapsed to less than \$0.15, causing hundreds of millions of
14 dollars in losses to the victims of the scheme.

15 **D. The CLEU Scheme's Devastating Impact on Victims**

16 85. The CLEU Scheme caused significant financial harm to its victims. The more than
17 500 members of the CLEU Victim Group collectively suffered losses of more than \$64 million, and
18 Plaintiffs estimate that the overall loss to the Class was more than \$300,000,000.

19 86. Members of the CLEU Victim Group and the proposed Class come from all walks of
20 life—parents, grandparents, retirees, young families, veterans, active-duty military personnel, first
21 responders, public servants, business executives, scientists, engineers, university professors, and
22 students.

23 87. Several victims report having lost their entire life savings, and many face difficulties
24 paying their mortgages or their children's college tuition. Others have been forced to take out loans
25 or commit to long hours of overtime to make ends meet.

26 88. In addition to the CLEU Scheme's financial impact, victims have suffered emotional,
27 psychological, social, and physical distress, including feelings of shame, depression, and anxiety,
28

1 with physical impacts including elevated blood pressure, heart palpitations, and insomnia, with
2 some victims requiring medication and/or therapy.

3 89. In addition to Plaintiffs, members of the CLEU Victim Group include a 71-year-old
4 grandmother, who has been battling neuroendocrine cancer for eight years, who was lured into the
5 CLEU Scheme because she was looking for investment income to replace the \$3,200 per month she
6 lost when her long-term disability policy expired. She ended up losing a majority of her savings and
7 is uncertain how she will pay for her monthly chemotherapy treatments. She reports an
8 “overwhelming” emotional toll and that she has been required to begin taking medication for
9 insomnia.

10 90. Another victim is a single mother of a one-and-a-half-year-old daughter, who
11 recently escaped an abusive marriage. She lost 15 years of savings and is now living paycheck-to-
12 paycheck and questions how she will afford childcare (which she needs to be able to work full-
13 time), healthcare (including treatment for pregnancy-related complications), housing, and
14 finalization of her divorce.

15 91. Additionally, a married couple lost approximately \$985,000, including all of the
16 money they had saved to pay college tuition for their four children. The couple has been forced to
17 overhaul their finances and reassess college plans and other family expenses.

18 92. Similarly, a 68-year-old senior and her 69-year-old husband have been forced to
19 delay their plans to retire this year. Despite deteriorating health, they must continue to work to pay
20 for medical treatment because they lost the approximately \$182,000 they had saved to pay for future
21 medical expenses.

22 **E. Meta Allowed—and Continues to Allow—Scam Ads in**
23 **Violation of Its Stated Policies and Contractual Obligations**

24 93. Meta’s agreement with its users of its social media platforms explicitly prohibits—
25 and states that Meta “do[es] not allow”—ads like those used by the CLEU scammers, but Meta
26 failed to comply with its contractual obligations.

1 94. Meta’s ToS incorporate a “Community Standard on Fraud, Scams, and Deceptive
2 Practices” that purportedly applies to ads and other content on Meta platforms, including Facebook
3 and Instagram.²³

4 95. The “Community Standard” unequivocally states:

5 We ***do not allow***: Content that attempts to scam or defraud users
6 and/or businesses by means of ... [offering] investment opportunities
7 where the opportunity is of a ‘get-rich-quick’ nature and/or claims
8 that a small investment can be turned into a large amount... [or]
9 investment opportunities where returns on investment are guaranteed
10 or risk-free.²⁴

11 96. Nevertheless, Meta allowed ads by the CLEU scammers that plainly violate this
12 policy.

13 97. For example, ads for the “Tom Lee Investing Group” promised participants could
14 “leave any time, with no loss.”

15 98. Ads featuring Savita Subramanian promised “95% accuracy” and daily potential
16 returns of “30%-40%,” while another offered the prospect of a stock with a current price of \$6 that
17 “should rise to \$18 in 30 days,” a return of 200%.

18 99. Ads for Mr. Wonderful’s investment club promised that an investment of \$100,000
19 “would increase by \$220,000,” a 220% return.

20 100. Meta allowed these ads even though it long has been aware that its social media
21 platforms were being used to carry out investment scams.

22 101. In addition to the lawsuits and public information discussed above, based on
23 Plaintiffs’ investigation, advisory firms impersonated by the CLEU scammers previously had
24 become aware of scam ads purportedly featuring them and contacted Meta to have the offending ads
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27 ²³ <https://www.facebook.com/terms/> (last visited June 19, 2025).

28 ²⁴ <https://transparency.meta.com/policies/community-standards/fraud-scams> (last visited June 19, 2025) (emphasis added).

1 removed. However, Meta failed to remove the ads or to implement safeguards to prevent them from
2 recurring.

3 102. Indeed, scammers continued to utilize the same types of ads utilized in the CLEU
4 Scheme for months despite the fact that dozens of members of the CLEU Victim Group reported the
5 fraudulent ads to Meta (often multiple times) after the scheme was revealed.

6 103. For example, on February 9, 2025, a user reported a post for “impersonating Savita
7 [Subramanian]” for “a pump and dump stock scam.” The user added, “I was a victim of this and lost
8 \$\$\$\$.” On February 25, 2025, another user reported the post, writing: “This is a scammer
9 impersonating [a] financial advisor.” That same day, another complaint wrote: “This is not [Savita]
10 Subramanian from Bank of America. [It is] an imposter for [a] pump and dump scam.” Subsequent
11 reports warning the same were filed in the following days, yet, as recently as April 7, 2025, Meta
12 had taken no action to remove the post.

13 104. Meta’s failure to take down the ads, even when specifically brought to the
14 Company’s attention by members of the CLEU Victim Group, enabled the scammers to continue
15 their stock market manipulation scheme, targeting other Chinese penny stock companies (such as
16 Jayud Global Logistics Ltd) and inflicting tens, if not hundreds, of millions of dollars in additional
17 damages on thousands of additional victims.

18 **F. Meta Assisted in Developing the Scam Ads and Targeting Vulnerable Users**

19 105. Meta actively assisted the CLEU scammers in luring victims into their scheme
20 through Meta’s advertising tools, including Ads Manager, and access to customer data, which
21 allowed the ads to target specific subsets of customers with known vulnerabilities with accuracy and
22 efficiency that would have been impossible without Meta’s assistance.

23 106. Meta targeted the ads to users whose activity suggested an interest in investing.
24 Among other behaviors, members of the CLEU Victim Group reported: (i) performing research
25 regarding investing or investment strategies with the same devices they use to access Facebook and
26 Instagram in the weeks and months before they were targeted; (ii) discussing investing or
27 investment opportunities near their devices; and (iii) using their devices to access their investment
28 accounts.

1 107. For example, prior to being targeted with ads by the CLEU scammers, Plaintiff Shah
2 and his wife had been looking for a financial advisor to manage their savings through retirement.
3 After clicking on an advertisement featuring Sri Lankan-born venture capitalist and entrepreneur
4 Chamath Palihapitiya, the Shahs were placed into a WhatsApp group where the scammers posed as
5 representatives of Blue Wolf Capital, a legitimate investment firm the Shahs were led to believe
6 would provide the types of services they had been looking for.

7 108. Similarly, shortly before he was targeted with ads by the CLEU scammers, Plaintiff
8 Bouck had begun to research investing and had enrolled in an investment education program that
9 also was advertised on Instagram. After clicking on the link for that program, Plaintiff Bouck was
10 repeatedly targeted with investment-related content in his Instagram account, including ads by the
11 CLEU scammers.

12 109. Plaintiff Zhao, who uses the same devices to access Facebook and third-party
13 applications to monitor and manage his and his wife's investment and retirement accounts, was
14 aggressively targeted with ads by the CLEU scammers. In contrast, Plaintiff Zhao's wife, who uses
15 Facebook more frequently than he does, but does *not* access investment and retirement accounts,
16 was not targeted with similar advertisements.

17 110. Meta also was instrumental in designing the ads and determining which specific ads
18 would be displayed to each victim because the scammers utilized the "Flexible Format" and
19 "Dynamic Creative" tools within Ads Manager to create and deploy the ads.

20 111. When the Flexible Format tool is used, Meta "automatically optimizes" the ad and
21 "show[s] [it] in the format that [Meta] predict[s] may perform best," meaning advertisers "don't
22 need to select different ad formats for different ad placements, as it'll be selected for [them] based
23 on what the ad delivery system determines people are most likely to respond to."²⁵ Meta exercises
24 significant control over ads created through the Flexible Format tool, including selecting the
25 specific images and other content that will be included, the layout, the platform (Facebook or
26

27 _____
28 ²⁵ See <https://www.facebook.com/business/help/835561738423867> (last visited June 19, 2025).

1 Instagram), and how the ad will be displayed to a particular user (e.g., in the user’s feed, as a story,
2 etc.).

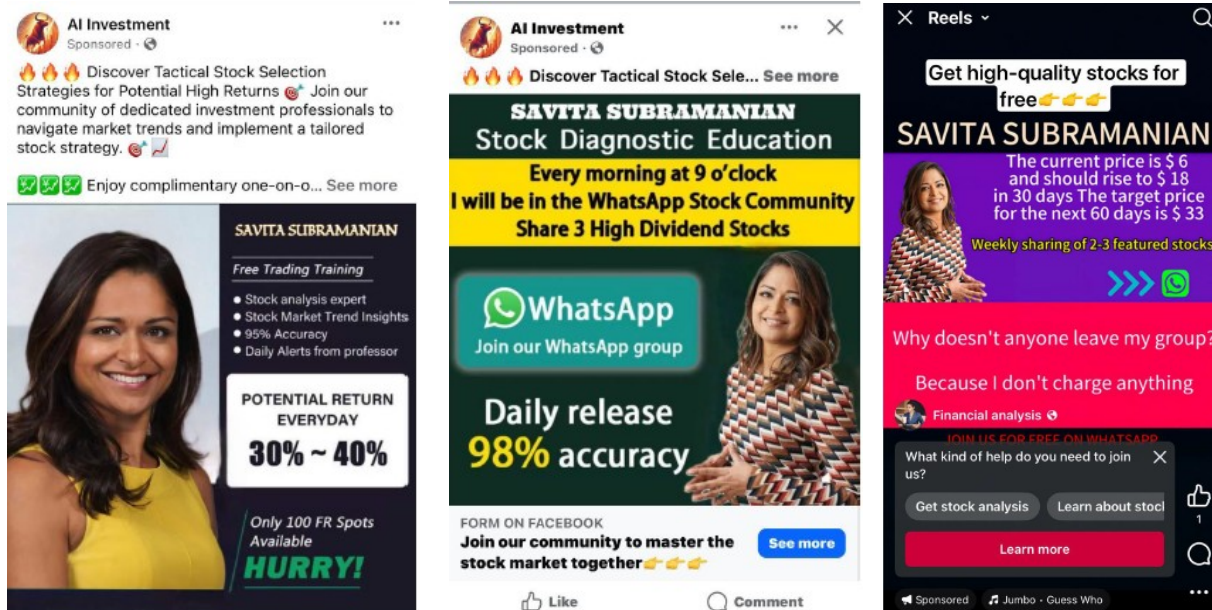
3 112. Similarly, the Dynamic Creative tool “takes multiple media, such as images and
4 videos, and multiple ad components, such as images, videos, text, audio and calls-to-action, and
5 then mixes and matches them in new ways to improve . . . ad performance. It allows [the advertiser]
6 to automatically create personalized creative variations for each person who views [the] ad, with
7 results that are scalable.”²⁶

8 113. Meta touts that “Dynamic Ads enable [advertisers] to automatically promote [their]
9 entire product catalog across Facebook [and] Instagram . . . without having to create thousands of
10 individual ads. Dynamic ads capture the intent signals that customers show on websites and apps to
11 ensure the right products are connected to the right people”²⁷—or, in this case, the most misleading
12 ads were connected to the most vulnerable victims.

13 114. The CLEU scammers used the Flexible Format and Dynamic Creative tools to
14 deploy an array of advertisements that were optimized to target a range of different Facebook and
15 Instagram users. For example, Meta’s tools developed at least *86 different variations* of ads
16 featuring Ms. Subramanian that were utilized by the scammers. Following are just three examples
17 of those ads that were targeted to different members of the CLEU Victim Group based on Meta’s
18 assessment of what would be most likely to drive engagement by that particular user.

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27 ²⁶ See <https://www.facebook.com/business/help/170372403538781?id=244556379685063> (last
visited June 19, 2025).

28 ²⁷ See <https://www.facebook.com/business/m/one-sheeters/dynamic-ads> (last visited June 19, 2025).



115. In the Ad Library profile for the ads featuring Ms. Subramanian, Meta admits that the ads were developed “us[ing] one of [Meta’s] dynamic products, where advertisers provide a combination of images, text and platform-specific preferences so [Meta’s] system can automatically create the right combination for the audience.”

116. Meta targeted users with particular ads based on their past activity within the Facebook and Instagram apps in order to enhance the effectiveness of the scam ads. For example, based on the experience of the CLEU Victim Group, ads featuring Dave Portnoy were targeted to users who previously viewed content from Barstool Sports, and ads featuring Tucker Carlson were targeted to users who engaged with content from conservative news outlets and commentators.

117. Even more troubling, Meta targeted ads to individuals based on their race and ethnic background, creating a sense of shared community, values, and trust between the user and the advisor featured in the ad.

118. For example, out of the 79 members of the CLEU Victim Group who were targeted with scam advertisements featuring Ms. Subramanian, who is Indian-American, 77 (or 97.5%) shared her ethnicity.

119. Similarly, out of the 17 members of the CLEU Victim Group, including Plaintiffs Zhao and Tran, who were targeted with ads featuring Mr. Lee, who is Korean-American, 14 (or 82.4%) were also of East Asian heritage.

120. Through these targeting efforts, Meta was instrumental in carrying out the CLEU Scheme and increasing its scale and effectiveness

3 V. CLASS ACTION ALLEGATIONS

121. Plaintiffs bring this Action pursuant to Rule 23 of the Federal Rules of Civil Procedure individually and as a class action.

122. The proposed class includes all persons who were lured into investing in CLEU between January 22, 2025 and January 30, 2025 directly or indirectly as a result of fraudulent advertisements on Facebook and Instagram and suffered losses as a result (the “Class”).

123. The members of the Class are so numerous that joinder of all members is impracticable. Upon information and belief, the Class consists of thousands of geographically dispersed victims.

124. There are questions of law and fact common to the Class, which predominate over questions affecting any individual Class member. These common questions include, *inter alia*, whether Defendant is liable for materially contributing to the content of the scam advertisements; whether Defendant breached civil rights and anti-discrimination laws by developing race-based advertisements to target its users; whether Defendant breached its contractual obligations to its users; and whether Defendant was unjustly enriched by profiting from fraudulent advertisements that resulted in users losing millions in investments.

125. No difficulties are likely to be encountered in the management of this case as a class action.

126. Defendant has acted on grounds generally applicable to the Class with respect to the matters complained of herein, thereby making appropriate the relief sought herein with respect to the Class as a whole.

127. Plaintiffs are committed to prosecuting this action and have retained competent counsel experienced in litigation of this nature.

128. Plaintiffs’ claims are typical of the claims of other Class members, and Plaintiffs have the same interests as other Class members. Accordingly, Plaintiffs are adequate representatives of the Class and will fairly and adequately protect the interests of the Class.

1 136. As a direct and proximate result of the CLEU Scheme and Meta's aiding and
2 abetting of that scheme, Plaintiffs and the Class were damaged, and Meta is liable for those
3 damages.

4 **COUNT II**

5 **Breach of Contract**

6 137. Plaintiffs repeat and reallege all of the allegations set forth in the paragraphs above
7 as if fully set forth herein.

8 138. Plaintiffs and the Class entered into a services contract with Meta consisting of the
9 ToS, which incorporated by reference the Community Standards.

10 139. The ToS contain enforceable promises that Meta made to Plaintiff and the Class,
11 including that Meta "does not allow" investment scam ads.

12 140. Meta breached its obligations under the ToS by not only allowing the ads utilized in
13 connection with the CLEU Scheme, but actively facilitating the development, optimization, and
14 targeting of those ads to vulnerable users, including Plaintiffs and the Class.

15 141. As a direct and proximate result of Meta's breaches of the ToS, Plaintiffs and the
16 Class suffered damages, and Meta is liable for those damages.

17 **COUNT III**

18 **Negligence**

19 142. Plaintiffs repeat and reallege the allegations set forth in the paragraphs above as if
20 fully set forth herein.

21 143. Meta has a special relationship with Plaintiffs and the Class and owes them
22 independent legal duties to perform the services it provides through its Facebook and Instagram
23 platforms in a manner that protects them from being defrauded by investment scams.

24 144. Meta had ample notice and actual knowledge that scammers were using ads on
25 Facebook and Instagram to carry out investment scams.

26 145. Meta had the capability, without undue burden, to identify and remove the ads
27 utilized to carry out the CLEU Scheme, but it failed to do so.

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1 146. Meta actively solicited, encouraged, and assisted the CLEU scammers it knew or
2 reasonably should have known were carrying out a fraudulent scheme by failing to implement
3 reasonable policies and procedures to monitor, detect, and remove investment scam ads and by
4 facilitating the development, optimization, and targeting of investment scam ads to vulnerable users,
5 including Plaintiffs and the Class.

6 147. Meta knew or should have known that breach of its duty to Plaintiffs and of the Class
7 would harm them. Yet, Meta failed to warn Facebook and Instagram users of the risks they faced
8 from investment scam ads on those platforms, despite Meta's knowledge of those risks.

9 148. As a direct and proximate result of Meta's breach of its duties, Plaintiffs and the
10 Class foreseeably suffered damages, and Meta is liable for such damages.

11 **COUNT IV**

12 **Violation of California's Unruh Civil Rights Act** 13 **Cal. Civ. Code § 51 (the "Unruh Act")**

14 149. Plaintiffs repeat and reallege the allegations set forth in the paragraphs above as if
15 fully set forth herein.

16 150. The Unruh Act prohibits businesses in California from discriminating based on age,
17 ancestry, color, disability, national origin, race, religion, gender, and sexual orientation.

18 151. Meta violated the Unruh Act by targeting fraudulent advertisements, or enabling the
19 CLEU scammers to target fraudulent advertisements, to Plaintiffs and the Class based on protected
20 classes, including their national origin and race.

21 152. Meta's advertising tools were designed and employed to make distinctions among
22 Facebook and Instagram users based on national origin and race, including enabling targeting of
23 specific ads to users based on those characteristics.

24 153. Meta's advertising data and optimization algorithms not only enabled discriminatory
25 targeting, but also evidence that the targeted ads were disproportionately served to Facebook and
26 Instagram users with racial or ethnic backgrounds matching those of the purported investors
27 featured in the scam ads.

1 164. Meta's failure to implement such policies and procedures allowed for the ads utilized
2 in connection with the CLEU Scheme, which generated revenue for Meta, but resulted in enormous
3 financial losses and other damages to Plaintiffs and the Class.

4 165. Allowing Meta to retain the revenues from the advertisements utilized in connection
5 with the CLEU Scheme would be unjust and inequitable.

6 166. Plaintiffs and the Class are entitled to disgorgement of all profits Meta unjustly
7 realized from ads utilized in connection with the CLEU Scheme.

8 **PRAYER FOR RELIEF**

9 **WHEREFORE**, Plaintiffs demand judgment as follows:

10 A. Declaring that this suit may proceed as a class action on behalf of the Class,
11 appointing Plaintiffs as Class Representatives, and appointing Plaintiffs' undersigned counsel as
12 Class Counsel pursuant to Fed. R. Civ. P. 23;

13 B. Awarding Plaintiffs and the Class monetary relief in the form of damages and/or
14 disgorgement of Defendant's unjust profits in an amount to be proven at trial;

15 C. Awarding Plaintiffs and the Class the costs of this action (including without
16 limitation pursuant to Cal. Code of Civ. P. § 1021.5), including reasonable attorneys' fees,
17 accountants' fees, consultants' fees, and experts' fees, costs, and expenses;

18 D. Awarding Plaintiffs and the Class pre-judgment and post-judgment interest;

19 E. Awarding declaratory and injunctive relief, including enjoining Defendant from
20 further violation of its contractual and legal duties with respect to fraudulent advertisements on its
21 social media platforms; and

22 F. Granting such other and further relief as the Court deems just and equitable.

23 **JURY DEMAND**

24 Plaintiffs request a trial by jury of all claims that can be so tried.
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26
27
28

1 Dated: June 20, 2025

/s/ Leonid Kandinov

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