

**IN THE CIRCUIT COURT OF THE THIRTEENTH JUDICIAL CIRCUIT
IN AND FOR HILLSBOROUGH COUNTY, FLORIDA
- CIVIL DIVISION -**

**OFFICE OF THE ATTORNEY GENERAL,
STATE OF FLORIDA,
DEPARTMENT OF LEGAL AFFAIRS,**

**CASE NO.
DIVISION:**

Plaintiff,

vs.

**THE SURROGACY GROUP, LLC and
GREGORY BLOSSER,**

Defendants.

**COMPLAINT FOR INJUNCTIVE
AND OTHER STATUTORY RELIEF**

Plaintiff, Office of the Attorney General, State of Florida, Department of Legal Affairs (“Attorney General”), sues Defendants, Surrogacy Group, LLC (“Surrogacy Group”) and Gregory Blosser (“Blosser”) (collectively, “Defendants”), and alleges the following:

INTRODUCTION

1. When pregnancy is medically impossible or when pregnancy risks are unacceptable people can turn to surrogacy in order to start a family. Defendants callously exploit people faced with the momentous and often fraught decision to

conceive with a surrogate. The Surrogacy Group and its principle Blosser portray themselves as trusted guides, but for many they have betrayed this trust by taking tens of thousands of dollars and then abruptly stopping services or providing no services at all.

2. Surrogacy is an arrangement whereby a woman, who acts as a gestational carrier, (the “Surrogate”) agrees to become pregnant, carry the pregnancy to term, and give birth to the child or children for another person or persons who ultimately become the parent or parents (the “Intended Parent(s)”). Gestational surrogacy occurs when an Intended Parent’s eggs or sperm, or both, are mixed in vitro and the resulting preembryo is implanted within the Surrogate’s body. 742.13 (6), Florida Statutes (2018).

3. The Attorney General’s Office has received consumer complaints against Surrogacy Group alleging misleading and fraudulent business practices. Consumers have complained that they paid substantial fees to the Surrogacy Group to set up Surrogate/Intended Parent relationships and to assist the Surrogate and Intended Parents throughout the surrogacy process and were subsequently not provided with the promised services. Others have complained that Defendants failed to pay for promised and necessary surrogate medical care, which in at least one instance left a surrogate with significant debts for these essential services.

JURISDICTION AND VENUE

4. This is an action for injunctive relief, consumer restitution, civil penalties, attorney's fees and costs, and other statutory and equitable relief against Defendants, brought pursuant to the Florida Deceptive and Unfair Trade Practices Act, Chapter 501, Part II, Florida Statutes ("FDUTPA").

5. This court has jurisdiction pursuant to the provisions of FDUTPA. The Office of the Attorney General seeks relief in an amount greater than Fifteen Thousand Dollars (\$15,000.00), exclusive of interest, costs, and attorneys' fees.

6. The violations alleged herein occur in or affect more than one judicial circuit of the State of Florida.

7. Venue is proper in the Circuit Court of the Thirteenth Judicial Circuit, in and for Hillsborough County, Florida pursuant to Section 47.011, Florida Statutes (2018). The statutory violations alleged herein have occurred, in part, within Hillsborough County. The principal place of business for Surrogacy Group is located in Hillsborough County. Further and upon information and belief, Blosser is a resident of Florida and resides in Hillsborough County.

8. All other conditions precedent to this action have been performed or have occurred.

THE PARTIES

9. Plaintiff is the enforcing authority of Chapter 501, Part II, Florida Statutes, and is authorized to bring this action and to seek injunctive and other statutory relief, including restitution, disgorgement, and civil penalties.

10. Plaintiff has conducted an investigation of the matters alleged herein and has determined that this enforcement action serves the public interest.

11. Surrogacy Group is an administratively dissolved Florida limited liability company with its principal address listed as 100 South Ashley Street, Suite 600, Tampa, Florida 33602.

12. Surrogacy Group was administratively dissolved on or about September 28, 2018 and is currently listed as inactive by the Florida Department of State, Division of Corporations.

13. Upon information and belief, and even though Surrogacy Group is listed as administratively dissolved and inactive, Surrogacy Group is still doing business through its principal Blosser in Hillsborough County, Florida.

14. Blosser is an individual who, upon information and belief, is currently a resident of Florida.

15. Blosser is the owner, chief executive officer, and sole manager of Surrogacy Group. Upon information and belief, and at all times relevant hereto,

Blosser directly participated in, managed, operated, controlled, and had the ability to control the operations of Surrogacy Group.

16. Surrogacy Group promotes its business through the website www.surrogacygroup.com, (“Defendant’s Website”) which advertises that its agency is located in multiple states, including Florida.

17. At all times material hereto, Defendants engaged in “trade or commerce” as defined in Section 501.203(8), Florida Statutes.

FACTUAL ALLEGATIONS

18. Defendants purport to offer the following surrogacy services (collectively, the “Services”) to consumers;

- i. locating and providing potential Surrogate options to Intended Parents;
- ii. arranging for health and psychological screenings of the Surrogates;
- iii. consulting and liaising with fertility clinics;
- iv. providing referrals to attorneys for Surrogates and Intended Parents in order for lawyers to draft surrogate contracts and obtain birth orders so that the Intended Parents will be properly listed on their child’s birth certificate;
- v. otherwise preparing necessary legal documents so that the Intended Parents will be the legal parents of the child delivered by the Surrogate;

vi. performing any other necessary services for the Intended Parents and Surrogate in order to assist them through the surrogacy process through to the birth of a child or children.

19. Statements on Defendants' Website indicate that Defendants have provided surrogacy services since as early as 2009.

20. In furtherance of its Surrogate/Intended Parent matching services, Defendants directly solicit potential Surrogates and Intended Parents.

21. Prior to performing a surrogate match or any other services, Surrogacy Group and the Intended Parents sign a "Client Representation and Fee Agreement."

22. At the time of the signing of the Client Representation and Fee Agreement (or soon thereafter), the Intended Parents pay Surrogacy Group a significant initial fee, potentially in excess of \$20,000.00, which represents a flat fee for Surrogacy Group's Services.

23. Client Representation and Fee Agreements between Intended Parents and Surrogacy Group state that "75% of the funds paid to The Surrogacy Group [will be] refunded back to you, in the event that a baby is not delivered." Further, Defendant's Website represents to consumers that Surrogacy Group's services come with "a money back guarantee in the event that you do not have a successful

journey!” However, consumers have reported that Surrogacy Group refuses to provide refunds or ignores refund requests.

24. Once a match between Intended Parents and a Surrogate has been made, the Intended Parents and the Surrogate sign a “Gestational Carrier Agreement” under which the rights and responsibilities of the parties, including payment terms, are established. If and when the Surrogate becomes pregnant, the Intended Parents and Surrogacy Group sign an “Escrow Agreement and Instruction to Escrow Agent” (the “Escrow Agreement”) which provides instructions on the process for escrow deposits and withdrawals during the surrogacy process.

25. The Surrogacy Group’s “Welcome Packet” states: “Trust Account- When your contract is signed, you will deposit a certain amount of your surrogate’s compensation into an escrow account. We work closely with a bonded escrow agency to make sure that your money is well protected, and the surrogate receives her compensation on time.” However, on information and belief, the Surrogacy Group no longer uses an escrow agent, and instead has deposited client funds into one or more of its own bank accounts which Surrogacy Group deceptively calls an “escrow account.” (the “Escrow Account”) ¹

26. During pregnancy, the Surrogate is generally meant to be paid a surrogate fee and reimbursed for certain surrogacy-related expenses from the

¹ Upon information and belief, Surrogacy Group uses one or more Florida bank accounts as the purported “escrow account.”

Escrow Account. However, consumer complaints indicate that Surrogacy Group has failed to pay Surrogates for promised and necessary services.

27. Defendant's Website advertises that Surrogacy Group provides surrogacy services in Florida, Maryland, New York and Pennsylvania, with physical office addresses in Tampa, Florida, Annapolis, Maryland and New York, New York.

Complaints Overview

28. The Consumer Protection Division of the Office of the Attorney General of Maryland has received numerous complaints alleging that Defendants have collected payments for services Defendants either failed to provide or complete.

29. Starting as early as 2017, consumer complaints reviewed by the Office of the Attorney General of Florida allege a pattern of unfair and deceptive conduct by Defendants whereby Defendants would: (1) make false or misleading representations in an effort to solicit consumer business; (2) accept large deposits in the form of an initial fee and/or supposed escrow payments; (3) cut off or severely decrease substantive communication with the Intended Parents and/or Surrogates after receiving the deposited monies and; (4) wrongfully retain the deposited monies for Defendants' own benefit.

Misrepresentations to Consumers

30. Upon information and belief, Defendants made false or misleading representations to consumers to solicit or retain business.

31. Blosser represented to consumers that he and his staff would always be personally available for consultations and would perform all necessary services throughout the surrogacy process. Blosser personally wrote to one consumer: “There is no need to worry about anything & things will go smoothly. We will go through each step together.” The consumer to whom Blosser wrote that message alleges that Surrogacy Group failed to make promised and necessary payments from a \$30,000 deposit paid into the purported Escrow Account, and that Blosser subsequently ignored refund requests and stopped all communication with the consumer.

32. Blosser represented to at least one Intended Parent that he and his staff would be readily available to her 24/7 during the surrogacy process. Further, Defendants’ Website states: “You will always speak to a person when you call the Surrogacy Group!” and “Communication is so important during your surrogacy journey! We are always available to assist you!”

33. In fact, after receiving consumers’ monies, Defendants frequently became unavailable to consumers for extended periods of time or, in some cases, stopped responding to consumer communications all together.

34. Defendants also made false or misleading representations through statements on Defendants' Website regarding: (1) the nature of the Escrow Account and (2) whether/how payments would be made to the Surrogates.

35. Specifically, the FAQ section of Defendant's Website states:

“I am a surrogate, will I be paid on time?”

Yes, our Intended Parents are referred to a 3rd party escrow agency. The escrow agent has a contract with your Intended Parents to make sure that you are paid on time each month. Also, the escrow agent will pay any testing/pregnancy related medical bills that you receive during the surrogacy journey.”

36. Consumers allege that Surrogacy Group offered Intended Parents no option except to use Surrogacy Group as the escrow agent.

37. Further and upon information and belief, Defendants (acting as escrow agent) failed to pay one or more Surrogates for certain testing/pregnancy related medical bills out of the purported Escrow Account, even after receiving the proper reimbursement paperwork.

38. One Surrogate alleges that several fee and reimbursement payments meant to be paid to her out of her Intended Parent's purported Escrow Account (for which Surrogacy Group was escrow agent) were either late, in the wrong amounts, or not paid at all. In total, the Surrogate alleges that she is owed approximately \$15,000.00.

39. Defendants also made false and misleading statements regarding maintenance of the escrow monies. These false and misleading statements include statements on Defendant's Website asserting that Intended Parents will receive monthly income statements showing the balance of the Escrow Account.

40. Some consumers allege that they did not receive, or at some point stopped receiving, Escrow Account statements during the surrogacy process.

41. One Surrogate alleges that her Intended Parent received Escrow Account statements with incorrect information that made it falsely appear as if she had received certain payments from the Escrow Account which, in fact, had never been provided to her.

42. Consumers allege that Defendants failed to honor their representations by: 1) not answering phone calls, texts and/or emails, 2) not returning consumer's phone calls, texts and/or emails 2) failing to refund amounts paid by Intended Parents for Services which were never performed or were inadequately performed, 3) failing to pay money and/or fees owed to the Surrogate from the purported Escrow Account and 4) failing to honor refund requests by Intended Parents for monies deposited into the purported Escrow Account after failing to make promised and necessary payments.

Unfair Collection of Fees Without Intent of Providing Services

43. Upon information and belief, Blosser misappropriates consumer deposits paid by Intended Parents for his own personal use.

44. Consumer complaints by Intended Parents allege that, despite putting large deposits into a purported Escrow Account, their Surrogates were receiving only partial payments and reimbursements or, in some cases, no payments and reimbursements at all.

45. When Intended Parents reached out to Surrogacy Group to ask for a refund of their escrow deposit(s) Defendants often ignored the requests and kept the deposit(s).

46. At least one Surrogate alleges that, approximately sixty (60) days before giving birth to twins, Defendants stopped making scheduled Surrogate fee payments, stopped reimbursing her for medical expenses and cut off all substantive communication. Upon information and belief, the Intended Parent for this Surrogate has not received a refund of any portion of the monies she had remaining in the Escrow Account at the time that Surrogacy Group stopped distributing Surrogate payments.

47. Defendants have provided no reasonable explanation to consumers as to why they withheld so-called escrow funds, refused Surrogate reimbursement requests and subsequently refused consumer refund requests.

48. At least one consumer alleges that, after paying an initial fee, Defendants failed to provide any services at all, including Surrogate matching services, for approximately one (1) year. This consumer further alleges that he and his partner were only provided potential Surrogate matches for review after the consumer submitted a complaint regarding Surrogacy Group to the Better Business Bureau. That same consumer asked Defendants for a refund multiple times but has thus far been unsuccessful in receiving any money back.

49. At least two (2) attorneys who attempted to contact Blosser on behalf of their respective Intended Parent clients to discuss Surrogate payment issues were also unsuccessful in reaching Blosser.

50. As a result of the business practices or patterns set forth herein, Defendants have violated the law, derived financial and personal benefit improperly, and caused substantial financial harm to consumers.

INDIVIDUAL DEFENDANT BLOSSER

51. Blosser, at all material times hereto, has directly participated in the conduct of Surrogacy Group and the deceptive and unfair acts and practices alleged herein, and further orchestrated, collaborated, and facilitated an operation, which has: (1) collected fees from Intended Parents without providing the services advertised and promised; (2) enticed Intended Parents to hire Surrogacy Group for surrogacy services on the basis of material false or misleading statements or

omissions; (3) enticed Surrogates to provide surrogacy services using material false or misleading statements or omissions; and (4) failed to pay Surrogates fees and reimbursement; and, other unfair acts and practices.

52. Upon information and belief, Blosser has been the owner and Chief Executive Officer of Surrogacy Group since as early as 2009.

53. Further and upon information and belief, Blosser has the responsibility for hiring and firing the Surrogacy Group's personnel, making key business decisions, approving advertisements and sales claims, and approving Surrogacy Group's policies and practices regarding: customer service, surrogate services, escrow services, advertising, sales, billing, refunds and website content.

54. At all times material hereto, Blosser directly participated in the deceptive and unfair alleged herein, directed and controlled the practices and policies of Surrogacy Group, and had actual or constructive knowledge of the acts and practices alleged herein, or exercised a reckless indifference to the conduct of the Surrogacy Group alleged herein.

COUNT I
VIOLATIONS OF FDUTPA
CHAPTER 501, PART II, FLORIDA STATUTES (2018)

55. The OAG incorporates and re-alleges the preceding paragraphs as if fully set forth herein.

56. Section 501.204(1), Florida Statutes (2018) provides that “[u]nfair methods of competition, unconscionable acts or practices, and unfair or deceptive acts or practices in the conduct of any trade or commerce are hereby declared unlawful.” The provisions of FDUTPA shall be “construed liberally” to promote and “protect the consuming public and legitimate business enterprises from those who engage in unfair methods of competition, or unconscionable, deceptive, or unfair acts or practices in the conduct of any trade or commerce.” § 501.202, Fla. Stat. (2018).

57. As set forth above, Defendants have: 1) committed acts or practices in trade or commerce, which shock the conscience, engaged in representations, acts, practices or omissions, which are material, and which are likely to mislead consumers acting reasonably under the circumstances; 2) committed acts or practices in trade or commerce which offend established public policy and are unethical, oppressive, unscrupulous or substantially injurious to consumers; and, 3) engaged in acts or practices that are likely to cause substantial injury to consumers, which are not reasonably avoidable by consumers themselves or outweighed by countervailing benefits to consumers or competition. Thus, Defendants have engaged in unfair or deceptive acts or practices in the conduct of any trade or commerce in violation of FDUTPA.

58. By occupying a position of control over Surrogacy Group, actually controlling the practices of Surrogacy Group, or personally participating in Surrogacy Group's unlawful conduct, Blosser is jointly and severally liable for Surrogacy Group's FDUTPA violations under this Count I.

59. Defendants willfully engaged in the acts and practices described herein when they knew or should have known that such acts and practices were unfair or deceptive or otherwise prohibited by law. Defendants are jointly and severally liable subject to civil penalties for willful violations of FDUTPA in the amount of Ten Thousand Dollars (\$10,000) for each violation pursuant to Section 501.2075, Florida Statutes (2018).

60. These above-described acts and practices of the Defendants have caused substantial economic injury to the public.

61. Unless Defendants are permanently enjoined from engaging further in the acts and practices complained of herein, Defendants' actions will result in irreparable injury to the public for which there is no adequate remedy at law.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff, Office of the Attorney General, State of Florida, Department of Legal Affairs, respectfully requests this Court to:

I. Grant a temporary and permanent injunction against Defendants and their officers, agents, servants, employees, attorneys and those persons in active

concert or participation with them who receive actual notice of this injunction, prohibiting such persons from, *inter alia*:

- A. Offering or providing surrogacy related services;
- B. Soliciting and directly or indirectly engaging new consumers (including, but not limited to, Intended Parents and potential Surrogates);
- C. Destroying, mutilating, concealing, altering, transferring, conveying, encumbering, or disposing of, in any manner, any property or information which has any connection to the operations of Defendants; and
- D. Collecting any outstanding payment from consumers.

II. Award such legal, equitable, or other relief as is just and appropriate pursuant to Section 501.207(3), Florida Statutes, including but not limited to restitution to customers and disgorgement of all ill-gotten gains.

III. Assess against Defendants civil penalties in the amount of Ten Thousand Dollars (\$10,000.00) pursuant to Section 501.2075, Florida Statutes, or Fifteen Thousand Dollars (\$15,000.00) in cases involving senior citizens or handicapped persons, pursuant to Section 501.2077(2), Florida Statutes, for each violation of Chapter 501, Part II, Florida Statutes.

IV. Award costs to Plaintiff for all expenses in bringing and maintaining this action, including reasonable attorney's fees pursuant to Sections 501.2105 and 501.2075, Florida Statutes.

V. Waive the posting of a bond by Plaintiff in this action.

VI. Grant such other and further relief as this Honorable Court deems just and proper, including, but not limited to, all other relief allowable under Section 501.207(3), Florida Statutes.

Dated: April 24, 2019

Respectfully submitted,

**ASHLEY MOODY
ATTORNEY GENERAL**

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