

**IN THE SUPERIOR COURT FOR THE STATE OF ALASKA
FIRST JUDICIAL DISTRICT AT KETCHIKAN**

THE STATE OF ALASKA,)

Plaintiff,)

v.)

SONI INC. DBA SONI JEWELERS,)

COLORS FINE JEWELERS;)

SUNITA LAKHWANI)

Defendants.)

Case No. 1KE-24-_____CI

**COMPLAINT FOR INJUNCTIVE RELIEF, CIVIL PENALTIES, AND
RESTITUTION
(AS 45.50.501, AS 45.50.551)**

INTRODUCTION

1. The Defendants are Soni Inc., a business that sells jewelry and its Director, Secretary, and Treasurer Sunita “Soni” Lakhwani.
2. Soni Inc. does business through three jewelry store locations in Ketchikan: Soni Jewelers and Colors Fine Jewelers on First Street, and a Colors Fine Jewelers branded shop in the Tongass Trading Company building.
3. Defendants market Alaska-themed jewelry to consumers, chiefly tourists, including jewelry ostensibly made with gold quartz and gold nuggets mined in Alaska.
4. Through an undercover investigation and subsequent impoundment and testing of jewelry sold by Soni Inc., the State has discovered that Defendants consistently make false representations to consumers, and that the stones and nuggets

Soni Inc. represented to undercover investigators as Alaska gold quartz and Alaska gold nuggets are manufactured imitations.

JURISDICTION AND VENUE

5. The Attorney General has reason to believe that Defendant has engaged in acts or practices declared unlawful by AS 45.50.471, and brings this action in the public interest. This court has jurisdiction over all aspects of the complaint pursuant to AS 45.50.501(a) and AS 22.10.020.

6. Defendants conducted business in Ketchikan, Alaska at all times relevant to this complaint. Venue in the Superior Court for the First Judicial District at Ketchikan is proper pursuant to Rule 3 of the Alaska Rules of Civil Procedure and AS 45.50.501(a).

FACTUAL ALLEGATIONS

I. Defendants make false representations to consumers regarding their “gold quartz” products.

7. During sales pitches made to undercover State investigators, salespeople for Soni Inc. consistently misrepresented that imitation gold quartz jewelry was real gold quartz that was mined in Alaska and manufactured into jewelry by Soni Inc.

8. Soni Inc. salespeople misrepresented that the imitation gold quartz was naturally occurring gold quartz that was mined, variously, “in northern Alaska, next to Anchorage” or “in the Yukon of Alaska” or somewhere in northern Alaska.

9. Soni Inc. salespeople misrepresented that the gold in the quartz was pure 24 karat gold worth thousands of dollars per ounce.

10. A Soni salesperson misrepresented that gold quartz only comes from Alaska.
11. Soni Inc. salespeople misrepresented that Alaskan gold quartz could only be purchased in Alaska.
12. Soni Inc. salespeople misrepresented that Soni Inc. manufactured the jewelry.
13. Ms. Lakhwani personally made misrepresentations to an undercover investigator, including that the quartz stones in her jewelry were from Alaska.
14. Ms. Lakhwani and at least one of her salespeople made these misrepresentations despite knowing that they were false. Ms. Lakhwani admitted to Department of Law investigators that the quartz was not from Alaska and that she did not know where the jewelry was made. One Soni employee who had told undercover investigators that the stones were mined in Alaska later explained that “everybody thinks that’s from Alaska. So if the customer asks ‘it’s from Alaska?’ I’ll probably say ‘yes’ . . . But the piece come from L.A.”
15. Laboratory testing of the jewelry sold by Defendants as gold quartz with 24 karat veins showed that the gold-colored veins in each stone were made of low-purity alloy that was roughly half gold.
16. Furthermore, Soni Inc. sells imitation stones as Alaska-mined gold quartz that are marked with a tag with the code “SIQZ,” indicating that they are “silver quartz.” Laboratory testing shows that these stones have no gold in them whatsoever,

and their veins are filled with an alloy that is mostly composed of copper and zinc with a smaller amount of silver.

17. The certificates of authenticity and appraisals Soni Inc. provides to consumers omit the material fact that the “gold quartz” is a manufactured imitation.

18. On information and belief, it is the Defendants’ standard practice to make the misrepresentations and omissions described above, and an unknown number of consumers have been harmed by buying imitation gold quartz jewelry that they believed to be authentic.

II. Defendants make false representations regarding imitation gold nuggets.

19. Soni Inc. employees consistently misrepresented that the gold nuggets in the jewelry they sold were remarkably pure 24 karat gold nuggets mined in Alaska.

20. In reality, many of these nuggets, including nuggets that Soni Inc. salespeople told undercover investigators were 24 karat Alaska gold nuggets, were in fact 14 karat gold shaped to imitate a natural gold nugget.

21. The certificates of authenticity and appraisals Soni Inc. provides to consumers omit the material facts of the karat purity of the “nuggets” and that they are manufactured imitations.

22. On information and belief, it is Soni Inc.’s standard practice to make the misrepresentations and omissions described above, and an unknown number of consumers have been harmed by buying imitation gold nugget jewelry that they believed to be authentic.

III. Defendants make other false representations to consumers

23. In addition to the misrepresentations described above, Soni Inc.'s salespeople make various other misrepresentations in order to convince consumers to make a purchase.

24. A Soni Inc. salesperson claimed that the price of copper was \$900 per ounce, at a time when it was under four dollars per pound.

25. A Soni Inc. salesperson falsely claimed that he was the owner of the business and therefore could be trusted not to risk his store by selling fake jewelry.

26. A Soni Inc. salesperson claimed that Ms. Lakhwani designed most of the jewelry sold at Soni Jewelers.

27. On information and belief, it is Soni Inc.'s standard practice to sell its jewelry through misrepresentations and omissions similar to the ones listed above, and an unknown number of consumers have been harmed by relying on those misrepresentations.

COUNT I VIOLATIONS OF THE UNFAIR TRADE PRACTICES ACT, AS 45.50.471 - .561

28. As described in this Complaint, Defendants engaged in unfair and deceptive acts and practices in violation of the provisions of the Unfair Trade Practices Act, including but not limited to: AS 45.50.471(a), (b)(3), (b)(4), (b)(6), (b)(11), and (b)(12).

DEMAND FOR JUDGMENT

WHEREFORE, the State of Alaska asks this court to enter judgment against the

Defendant as follows:

1. Enjoining Defendants, pursuant to AS 45.50.501, and all who act under, by or through Defendants, from continuing to engage in the unlawful acts and practices alleged in this complaint;
2. Ordering Defendants, pursuant to AS 45.50.501(b), to restore to any person any money or property which may have been acquired through the unlawful acts and practices alleged in this complaint, and which has not yet been restored to such person(s);
3. Awarding civil penalties against Defendants, pursuant to AS 45.50.551(b), of \$25,000 per violation of AS 45.50.471, with the total number of violations to be proven at trial;
4. Awarding full reasonable costs and attorney fees, including the cost of investigation, to the State of Alaska under AS 45.50.537(d);
5. Granting such additional relief as the court may deem proper.

DATED May 23, 2024.

TREG R. TAYLOR
ATTORNEY GENERAL

By: /s/ Ian Engelbeck
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