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SoulCycle Riders Want To Force Discovery In Gift Card Case

By Rick Archer

Law360, New York (October 24, 2016, 8:32 PM EDT) -- Indoor cycling giant SoulCycle Inc. is stalling discovery in a putative class action claiming it sells illegally expiring gift certificates, the gym's customers told a California court Friday.

In a joint filing by both SoulCycle and the putative class leaders asking the court to grant or deny a motion to compel discovery, the customers contended SoulCycle had failed to adequately respond to discovery requests, while SoulCycle fought back that it has produced thousands of documents and has responded as completely as necessary to the plaintiffs' requests.

"Despite the fact that this case has been pending for over a year and SoulCycle has been in possession of comprehensive discovery requests for months, SoulCycle has produced 19 pages of documents," the customers stated in their portion of the motion. "SoulCycle has had plaintiffs' discovery requests for several months, but it has repeatedly admitted that its document collection and production efforts have 'just begun.'"

"To date, SoulCycle has produced more than 3,700 documents," the company rebutted in its portion of the motion. "At the time that the plaintiffs launched their complaints about SoulCycle's production, all that it was required to produce was 19 documents. That was not because of SoulCycle's delay, but the direct result of the plaintiffs' strategic decision to issue only narrow discovery requests for 'documents sufficient to show' limited financial information. SoulCycle responded to those requests in a timely fashion."

Rachel Cody's **August 2015 complaint** accuses SoulCycle of defrauding customers by forcing them to buy gift certificates with short windows to enroll in classes and keeping the expired certificates' unused balances. Cody alleges SoulCycle sold \$93 million worth of the certificates in 2014 and earned more than \$25 million through illegal expiration provisions.

SoulCycle has argued it sells classes on its website, not gift cards, and so it is not subject to the Electronic Funds Transfer Act.

The customers claim SoulCycle had refused to provide information in such areas as sales records and finances, while SoulCycle contends it has fully replied, the information does not exist or that requests were premature or too vague and broad.

SoulCycle also claimed during the preparation of the joint motion it had agreed to and produced some of the items requested by the plaintiffs.

"As a result, many of these 'disputes' are manufactured and currently moot," the company said.

"We feel they've just been slow to produce discovery," said class counsel Daniel Hipskind.

Counsel for SoulCycle did not immediately respond to requests for comment late Monday.

Cody is represented by Daniel P. Hipskind and Dorian S. Berger of Berger & Hipskind LLP and Nicholas Diamand of Lieff Cabraser Heimann & Bernstein LLP.

SoulCycle is represented by Shirli F. Weiss, Keara M. Gordon, Lauren Gizzi and Katharine J. Page of DLA Piper.

The case is Cody v. SoulCycle Inc., case number 2:15-cv-06457, in the U.S. District Court for the Central District of California.

--Additional editing by Benjamin Horney. Editing by Jack Karp.

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