

NOTIFY

COMMONWEALTH OF MASSACHUSETTS

SUFFOLK, ss.

SUPERIOR COURT
CIVIL ACTION NO.
1984-CV-03403-BLS1

_____)
COMMONWEALTH OF MASSACHUSETTS,)
)
Plaintiff,)
v.)
)
SAFE HOME SECURITY, INC.; SECURITY)
SYSTEMS, INC.; SAFE HOME MONITORING,)
INC.; NATIONAL PROTECTIVE SERVICES,)
INC.; and DAVID G. ROMAN,)
)
Defendants.)
_____)

PBK

~~REVISED PROPOSED~~ **FINAL JUDGMENT BY CONSENT**

On October 30, 2019, Plaintiff, the Commonwealth of Massachusetts, by and through its then Attorney General, Maura Healey, commenced this consumer protection action against Safe Home Security, Inc. and David G. Roman. The Commonwealth subsequently amended its complaint on May 10, 2021, to add Security Systems, Inc.; Safe Home Monitoring, Inc.; and National Protective Services, Inc. as defendants (collectively, with Safe Home Security and Mr. Roman, “Defendants” or “Safe Home”). The Commonwealth alleges in its Amended Complaint, attached hereto as Exhibit 1, that the Defendants engage in unfair and deceptive acts and practices in violation of the Massachusetts Consumer Protection Act, G.L. c. 93A, § 2, and its associated debt collection regulations, 940 C.M.R. 7.00 *et seq.* Defendants deny these allegations. In the Amended Complaint, the Commonwealth seeks injunctive relief, restitution, civil penalties, and reasonable fees and costs, including attorneys’ fees.

The Commonwealth and the Defendants consent to the entry of this Final Judgment by Consent (“Final Judgment”) in order to resolve the amount of restitution, civil penalties, and fees and costs to be paid by the Defendants as well as the terms of injunctive relief, without further trial or adjudication. The Defendants acknowledge that this Court has subject matter and personal jurisdiction over this action, except David Roman only admits personal jurisdiction related to this judgment and only agrees to bound by the judgment until the monetary payments, described below, are paid in full. The Defendants waive all rights of appeal.

THE COMMONWEALTH AND THE DEFENDANTS JOINTLY HAVE AGREED AND REPRESENT AS FOLLOWS:

I. DEFENDANTS SUBJECT TO FINAL JUDGMENT

1. This Final Judgment shall extend to Safe Home Security, Inc.; Security Systems, Inc.; Safe Home Monitoring, Inc.; National Protective Services, Inc.; and David G. Roman as well as to those persons set forth in Mass. R. Civ. P. 65(d) and it shall constitute a continuing obligation—except David Roman shall not be subject to this Judgment after such time as the monetary payments, described below, are paid in full.

2. Defendant Safe Home Security, Inc. is a for-profit Connecticut corporation with its usual and regular place of business at 1125 Middle Street, Middletown, Connecticut 06457, and has been registered to do business in Massachusetts since 1996.

3. Defendant Security Systems, Inc. is a for-profit Connecticut corporation with its usual and regular place of business at 1125 Middle Street, Middletown, Connecticut 06457.

4. Defendant Safe Home Monitoring, Inc. is a for-profit Connecticut corporation with its usual and regular place of business at 1125 Middle Street, Middletown, Connecticut 06457.

5. Defendant National Protective Services, Inc. is a for-profit New York corporation with its usual and regular place of business at 1125 Middle Street, Middletown, Connecticut 06457.

6. Defendant David Roman is a natural person and resident of the state of Connecticut, last known to reside at 14 Pine Orchard Lane in Killingworth, Connecticut. Among other positions, Roman was at all relevant times the majority owner, President, CEO, and Treasurer of Safe Home Security, Inc.

II. JURISDICTION, VENUE, AND AUTHORITY

7. This Court has jurisdiction over the subject matter of this action pursuant to G.L. c. 93A, § 4.

8. This Court has personal jurisdiction over all Defendants in this action pursuant to G.L. c. 223A, § 3, except David Roman only agrees he is subject to personal jurisdiction in Massachusetts for the sole purposes of compliance with and enforcement of this Judgment and only until such time as the monetary payments described below are made in full.

9. Venue is proper in Suffolk County pursuant to G.L. c. 93A, § 4.

10. The Attorney General is authorized to bring this action under G. L. c. 93A, § 4.

III. DEFINITIONS

11. "Collection Lawsuit": any lawsuit, including any statement of small claim, supplementary process action, or trustee process action, filed by Safe Home, or on behalf of Safe Home by a law firm, against any debtor for the purpose of collecting any debt.

12. "Defendants" or "Safe Home": Safe Home Security, Inc.; Security Systems, Inc.; Safe Home Monitoring, Inc.; National Protective Services, Inc.; and David Roman.

13. "Effective Date": the date upon which this Judgment is entered by the Court.

14. "Existing Consumer Debt": all outstanding debt that is owed by Massachusetts consumers as of the Effective Date which became past due in the Relevant Time Period. Past due debt includes all amounts Safe Home sent to third party collection agencies or other agents for

collection and any amounts on which Safe Home was collecting in house that were six months or more past due.

15. "Relevant Time Period": January 1, 2014 to the Effective Date.

IV. BACKGROUND

16. Defendants provide home security monitoring services to Massachusetts consumers in exchange for a monthly fee over a fixed term, usually three or five years. Consumers' contracts with Safe Home automatically renew for an additional term of a month or a year unless a consumer cancels in writing more than 60 days before the end of the contract term.

17. The Commonwealth incorporates herein all of the allegations in the Amended Complaint, attached as Exhibit 1, including, without limitation:

- a. Defendants violated G.L. c. 93A in numerous ways, including ignoring consumers attempting to cancel their agreements and misinforming consumers of their rights.
- b. In cases where a consumer submits a cancellation letter, Safe Home's representatives frequently deny having received such letters or allege that some defect with the letter entitles the company to ignore it.
- c. If a consumer stops making payments, Safe Home continues to demand the monthly monitoring charges and begins assessing a \$10 late fee each time the charge is not paid within 30 days of its due date.
- d. Safe Home's contracts allow it to charge "interest of 1.5% per month (18% per year) and attorney's fees accrued thereon." Instead of charging simple interest, Safe Home also charged interest on previous months' interest, such that the interest was compound. This amounted to an interest rate above 18% per year.

- e. Safe Home routinely auto-renews accounts for additional years of service, even when the consumers have given Safe Home Security written notice of their intent to cancel at least sixty days prior to the expiration of their agreements.
- f. Safe Home also routinely auto-renews accounts of consumers who have not made a single payment for multiple years and who clearly do not wish to continue to receive Safe Home's services.
- g. Moreover, Safe Home (or its third-party contractors) regularly tests its consumers' home security systems to determine if it is properly functioning and capable of sending signals to the central monitoring station. Even when Safe Home knew or should have known that a consumer's system was not properly sending signals to the central station, it continued to bill, renew, and collect debts on those accounts.
- h. Safe Home engages in aggressive debt collection tactics that violate the debt collection regulations at 940 C.M.R. 7.
- i. 940 C.M.R. 7.04(h) limits the number of communications a debt collector can make with a debtor in a seven-day period to less than two communications. Safe Home did not train its employees on this rule or create any policy limiting the number of calls collectors could make to debtors. As a result, Safe Home routinely called debtors more than twice in a seven-day period. 940 C.M.R. 7.00 *et seq.* requires debt collectors to provide certain notices to debtors. See 940 C.M.R. 7.04, 940 C.M.R. 7.08. Safe Home did not provide these notices to debtors from whom it was attempting to collect a debt.

- j. 940 C.M.R. 7.05 prohibits “imply[ing] the fact of a debt, orally or in writing, to persons who reside in the household of a debtor, other than the debtor.” But Safe Home regularly contacted persons other than the debtor to discuss the debts owed.

18. Defendants deny all of these and any other allegations contained in the Commonwealth’s Amended Complaint and make no admission as to fault, liability, or damages. Defendants are entering into this Final Judgment without any admission as to fault, liability, or damages.

19. The Commonwealth and the Defendants have filed a Joint Motion for Entry of Final Judgment by Consent, incorporating by reference the terms of this Final Judgment.

ACCORDINGLY, THE FOLLOWING IS HEREBY ORDERED AND ADJUDGED:

V. INJUNCTIVE RELIEF

20. Defendants, whether acting directly or indirectly, individually or through employees, officers, subsidiaries, agents, representatives, affiliates, successors, and/or assigns or through any other corporate or other device, shall comply with G.L. c. 93A and all applicable provisions of the Attorney General’s Debt Collection Regulations at 940 CMR 7.00 *et seq.*, and are hereby permanently enjoined from:

- a. Initiating collection communications with consumers with respect to any debt more than twice in a seven-day period by phone or text on home or cell phones, and more than twice in a thirty-day period on any other number;
- b. Calling persons who are not the debtor unless Defendants have a specific reason to believe that the debtor’s contact information has changed, and have documented the reason for said belief in its records;
- c. Implying the fact of a debt, orally or in writing, to persons other than the debtor;

- d. Billing or seeking to collect moneys from consumers for whom Defendants do not possess documentary substantiation of the debt, including, without limitation, all contracts and account notes for the time period during which the consumer was enrolled with Safe Home.
- e. Misrepresenting the terms of its contracts to consumers, including, without limitation, contract provisions related to consumers' cancellation rights.
- f. Knowingly reporting incorrect information to credit reporting agencies and third party debt collectors.

21. Defendants shall provide service within fifteen (15) days following a service request from a consumer. If the consumer's system is non-functional, and if the Defendant is not able to provide service within fifteen (15) days upon notification of the functionality issue (including from the consumer or any third party), Defendant will provide the consumer with credit to their alarm monitoring account for the time in which the consumer's system was not functional. This provision will have no effect in the event the functionality issue is attributable to an act of God, terrorism, abuse of the system by the consumer, or some other act, or omission, which is not reasonably within Defendants' control.

22. Defendants shall create a credit reporting dispute mechanism by which consumers can dispute credit reporting by Safe Home by telephone or email; conduct regular review of these disputes; and within thirty (30) days of a meritorious dispute, take remedial action with the credit reporting agencies at issue.

23. Defendants shall correct the credit reporting of consumers whom Defendants determine were incorrectly reported as delinquent or in default during the Relevant Time Period.

24. Defendants shall revise their consumer contracts for home security monitoring for Massachusetts residents as follows:

- a. In all consumer contracts: monitoring charges, contract term, auto-renewal provisions, cancellation policies and procedures, late fees, finance charges and other costs shall be explicitly and affirmatively disclosed in at least size 12, bold font. Said terms shall each individually require the consumer's initial or signature for approval.
- b. Amend auto-renewal terms following the original term for a home security monitoring contract to be limited to one (1) month.
- c. Clearly and adequately disclose if Safe Home charges compound interest on prior interest. If it does charge compound interest, the annual interest rate listed in Defendants' contract must be the effective annual rate when compounding interest.
- d. Nothing in the revised contract shall conflict with the provisions of this consent judgment or applicable law.

25. Defendants shall undertake business practice changes such that, upon receipt of a consumer complaint, Defendants shall:

- a. Perform a complete review of the consumer's account, including the consumer's contract, account notes, payment history, correspondence, etc. in order to be able to accurately respond to the consumers' inquiry or complaint;
- b. Provide the consumer with a reasonably detailed explanation of the contractual requirements and status of the consumer's account to respond to the inquiry, and provide copies of any and all account documents in Paragraph 25(a) to consumers upon request;

- c. Within 30 days of what Defendants deem a meritorious complaint, provide the consumer with a refund and/or debt waiver; remove negative credit reporting by Defendants; and order all of Defendants' agents to remove any negative reporting; and
- d. Document in the consumer's account the date, subject matter, and outcome of the consumer's complaint.

26. Defendants shall revise internal business record keeping policies and processes to mandate that complete and accurate records are captured and maintained of telephone and letter collection efforts, consumer complaints, requests for cancellation, and renewals of home security monitoring agreements. Such records shall include, without limitation, a notation or recording of each incoming and outgoing consumer phone call, email, or letter sent to or received from a consumer, the identity of the employee who made the phone communication, the time/date of the communication, and the recipients of the communication.

27. Defendants shall establish measures to allow for the cancellation of home security monitoring agreements for Massachusetts residents via email and through a web portal provided, however, that such measures may include confirming the identity of the consumer by verifying their account number, phone number, home address, and/or other personally identifying information.

28. Defendants shall allow the following cancellation procedures for Massachusetts consumers with active contracts as of the Effective Date:

- a. Massachusetts consumers whose contract has not auto-renewed may cancel at any time by telephone, email, and web portal. Cancellation will be effective no more than thirty (30) days from the date cancellation was requested. Upon cancellation,

consumers may be required to pay any amounts consistent with their underlying contract.

- b. Massachusetts consumers who are in an auto-renewal period may cancel at any time by telephone, email, and web portal. Cancellation will be effective no more than thirty (30) days from cancellation. Upon proper cancellation, consumers subject to this paragraph are obligated to pay any arrearages that exist but will not accrue any additional monitoring charges or be required to pay any percentage beyond 30 days of monitoring charges.

VI. MONETARY RELIEF

29. Defendants shall jointly and severally pay One Million Eight Hundred Thousand Dollars (\$1,800,000) to the Commonwealth. The Attorney General shall, at her discretion, allocate these funds to reimburse ascertainable losses, pursuant to G.L. c. 93A, § 4. Any funds not distributed pursuant to G.L. c. 93A, § 4 will be directed to the General Fund or the Local Consumer Aid Fund, which the Attorney General's Office funds under G.L. c. 12 § 11G.

30. Defendant David Roman shall furnish to the Commonwealth at least ten (10) days before the Effective Date, a personal guaranty assuming liability for all monies to be paid by the Defendants under this Judgment;

31. Defendants shall make payments to the Commonwealth over a period of Thirty Six (36) months as follows:

- a. Within one year of the Effective Date, the Defendants shall wire by electronic funds transfer One Million Dollars (\$1,000,000) to the Commonwealth. This shall comprise a first payment within thirty (30) days of the Effective Date of at least Two Hundred Thousand Dollars (\$200,000), and eleven subsequent monthly

payments to total Eight Hundred Thousand (\$800,000) within one year of the Effective Date.

- b. After one year from the Effective Date, Defendants shall thereafter wire by electronic funds transfer the sum of Thirty Three Thousand Three Hundred Thirty Three Dollars (\$33,333) at thirty (30) day intervals until the total sum of One Million Eight Hundred Thousand Dollars (\$1,800,000) is paid.
- c. Such payment plan is based on the Defendants' ability to pay the judgment, which they substantiated with financial records and documentation.
- d. Nothing herein shall prohibit the Defendants from paying the full amount due under this provision at an earlier date.

32. A suspended penalty of One Million Dollars (\$1,000,000) is imposed, payable in the event of a finding of default and non-compliance with any of the injunctive or monetary provisions outlined herein. A default occurs when the Defendants fail to comply with any of the injunctive or monetary provisions and the Defendants fail to cure the non-compliance within ten (10) days after notice of such non-compliance has been served by the Commonwealth.

33. Within one hundred and eighty (180) days of the Effective Date, Defendants shall:
- a. Waive and forgive all Existing Consumer Debt;
 - b. Cease collection, either directly or through an agent, of all Existing Consumer Debt;
 - c. Withdraw any and all existing Collection Lawsuits regarding any Existing Consumer Debt and refrain from filing any new Collection Lawsuit(s) regarding any Existing Consumer Debt;
 - d. Not transfer or assign any rights to Existing Consumer Debt; and

- e. On or before one hundred and eighty (180) days from the Effective Date, Defendants shall direct all credit reporting agencies to which they report credit information to report the balance as \$0 or Paid for all Existing Consumer Debt that indicates an outstanding, delinquent balance.

34. The Defendants have represented and warranted by data submitted to the Commonwealth that the total amount of Existing Consumer Debt subject to these provision totals approximately \$4.7 million.

35. If Defendants fail to make the payments required by Paragraph 31 in a timely fashion, the release set forth in Paragraph 54 shall be void *ab initio*.

VII. REPORTING AND COMPLIANCE

36. Within sixty (60) days of the Effective Date, Defendants shall certify compliance with the injunctive terms and practice changes set forth in Section V of this Final Judgment (except as to Paragraphs 23, 27, and 28) and provide copies of all written policies and procedures, revised contract templates, revised template letters, and other documents which serve to implement Section V. Defendants shall certify compliance with the terms of Paragraphs 27 and 28 within ninety (90) days of the Effective Date and Paragraph 23 within one hundred eighty (180) days of the Effective Date. Defendants shall certify compliance with the terms of Paragraph 33 and provide a confirmatory list of all consumer debt forgiven within two hundred and ten (210) days of the Effective Date.

37. Upon reasonable request of the Attorney General or her representatives, Defendants shall produce documents and/or provide information reasonably necessary to establish compliance and/or efforts to comply with the injunctive terms contained in Section V.

38. Once per annum, the Attorney General or her representatives may request a sample of complete account documents for up to fifty (50) consumers to be identified by the Attorney General's Office.

39. Defendants shall appoint a single point of contact for complaints from the Attorney General's Office.

40. Upon receipt of a complaint from the Attorney General's Office, Defendants must respond as appropriate within thirty (30) days.

41. Within sixty (60) days of the Effective Date, Defendants shall provide to the Commonwealth a list of all Massachusetts consumers who requested cancellation of their contracts by any means between January 1, 2014 and the Effective Date.

42. Defendants shall provide additional reporting, including documents and information, upon request of the Attorney General or her representatives on an ongoing basis to identify consumers affected by Defendants' conduct alleged in the Amended Complaint, Exhibit 1, in order to facilitate the payment of restitution.

43. Defendants shall provide annual reports to the Attorney General's Office, with metrics to be agreed to by the Commonwealth, describing Defendants' compliance with this agreement for a period of not less than four (4) years. Said annual report shall include, inter alia,

- a. A spreadsheet of all Massachusetts consumers who requested cancellation, including the date of cancellation request, means of communication, date of account cancellation, and any other results of the cancellation request.
- b. A spreadsheet of all Massachusetts consumers who lodged complaints about Defendants, including date of complaint, means of complaint, content of complaint,

Defendants' response to the complaint, and amount of any consumer refunds or debt forgiveness issued as a result of the complaint.

- c. Copies of Safe Home's standard form contracts.

VIII. OTHER PROVISIONS

44. Continuing Jurisdiction. The parties to this Final Judgment admit to the continuing jurisdiction of the Suffolk Superior Court for the purpose of enforcing or modifying the terms of this Final Judgment or for granting such further relief as the Court deems just and proper—except David Roman only admits to the Court's personal jurisdiction over him until the payments described in this Order are made in full. The injunctive relief provisions of this Final Judgment place the Defendants under the restraint of a direct order of the Court. Any violation of the injunctive terms of this Final Judgment may result in the Defendants being adjudged in criminal or civil contempt of court and, pursuant to G.L. c. 93A, § 4, subject to a civil penalty of not more than Ten Thousand Dollars (\$10,000) for each violation, as well as other penalties permitted by law.

45. Appeals. Defendants waive all rights of appeal.

46. Governing Law. The provisions of this Final Judgment shall be construed in accordance with the laws of the Commonwealth of Massachusetts.

47. Severability. The provisions of this Final Judgment shall be severable and should any provisions be declared by a court of competent jurisdiction to be unenforceable, the other provisions of this Final Judgment shall remain in full force and effect.

48. Conduct Not Condoned. Consent to this Final Judgment does not constitute an approval by the Commonwealth of any of the Defendants' acts or practices, and the Defendants shall make no representations to the contrary.

49. Entire Agreement. This Final Judgment contains the complete agreement between the Commonwealth and the Defendants regarding the amount of restitution, civil penalties, and fees and costs to be paid by the Defendants as well as the terms of the injunctive relief. No promises, representations, or warranties other than those set forth in this Final Judgment have been made between the Commonwealth and the Defendants. This Final Judgment supersedes all prior communications, discussions, or understandings, if any, between the Commonwealth and the Defendants, whether oral or in writing.

50. Modification. This Final Judgment may not be changed, altered, or modified, except by further order of the Court.

51. Effectivity. This Final Judgment becomes effective upon entry by the Court, which shall be the Effective Date.

52. Requirements Maintained. It is the intention of the parties that the provisions of this Final Judgment do not contravene the Defendants' obligation to comply with all applicable existing or future state and federal laws and regulations.

53. Notices. All notices and documents required by this Final Judgment shall be provided in writing, by email and first-class mail, to the parties as follows:

To the Attorney General:

Shennan Kavanagh
Miranda Cover
Schuyler Daum
Assistant Attorneys General
Consumer Protection Division
Office of the Attorney General
One Ashburton Place
Boston, MA 02108
(617) 727-2200
Shennan.Kavanagh@mass.gov
Mercy.Cover@mass.gov
Schuyler.Daum@mass.gov

To The Defendants:

David Roman
14 Pine Orchard Lane
Killingworth, CT 06419

and

Joseph Lipari
The Sultzer Law Group, P.C.
85 Civic Center Plaza, Suite 200
Poughkeepsie, NY 12601
liparij@thesultzerlawgroup.com

54. Release. Entry of this Final Judgment by the Court resolves, releases, and discharges any and all actual and potential civil liability of the Defendants to the Commonwealth for all claims alleged in the Commonwealth's Amended Complaint, attached as Exhibit 1 to this Final Judgment, and all potential civil claims the Commonwealth has related to the Defendants' debt collection and billing practices prior to the entry of this Final Judgment.

55. Nothing in this Final Judgment releases or discharges any actual or potential civil liability of any parties not named in this release, including, without limitation, claims by third parties and individual consumers. Nothing in this Final Judgment resolves, settles, or otherwise affects any other claim or action. Entry of this Final Judgment shall not be admissible in any other proceeding as evidence of wrongdoing by Defendants or a concession of responsibility by Defendants, except as necessary for the Attorney General to enforce the terms of this Final Judgment.

SO ORDERED:

Dated: 2/6/23

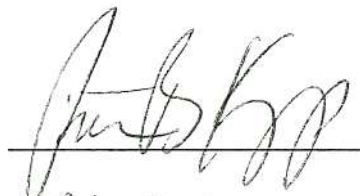

Peter B. Kapp
Associate Justice of the
Superior Court

Exhibit 1

COMMONWEALTH OF MASSACHUSETTS

SUFFOLK, ss.

SUPERIOR COURT
CIVIL ACTION NO.

19-3403-BLS1

COMMONWEALTH OF MASSACHUSETTS,

Plaintiff,

v.

SAFE HOME SECURITY, INC.; SECURITY
SYSTEMS, INC.; SAFE HOME MONITORING, INC.;
NATIONAL PROTECTIVE SERVICES, INC.;
and DAVID G. ROMAN,

Defendants.

COMPLAINT

I. INTRODUCTION

1. The Commonwealth of Massachusetts (the "Commonwealth"), by and through Attorney General Maura Healey, brings this action in the public interest against Safe Home Security, Inc. ("Safe Home"), Security Systems, Inc. ("SSI"), Safe Home Monitoring, Inc. ("SHM"), National Protective Services, Inc. ("NPS"), and those companies' majority owner, President, CEO, and Treasurer, David G. Roman ("Roman") (collectively, "Defendants") for their systematic and ongoing violations of the Massachusetts Consumer Protection Act, G.L. c. 93A, § 2(a) ("Chapter 93A").

2. Safe Home, SSI, SHM, and NPS are subject to the common control of David Roman and are engaged in a single enterprise.

3. Safe Home promises to provide Massachusetts residents with home security monitoring services in exchange for a monthly fee.

4. Safe Home, at Roman's direction, demands ongoing payment of the monthly fee regardless of whether its home security monitoring systems are working properly or a consumer disputes a bill.

5. Safe Home routinely ignores or misleads consumers who attempt to cancel their agreements.

6. Safe Home, at Roman's direction, also routinely automatically renews the agreements of consumers who have attempted to cancel their agreements.

7. If a consumer stops making monthly payments, at Roman's direction, Safe Home relentlessly pursues the consumer for monies it claims to be owed without any basis in law, including payments for services that were never provided and a cascade of late fees and compound interest.

8. In the course of these debt collection efforts, Safe Home routinely violates Chapter 93A by, among other misconduct, making more than two collection calls in a seven-day period, implying the fact of a consumer's debts to third parties, threatening to communicate disputed balances to the credit reporting agencies, and uniformly failing to properly validate consumer debts by omitting legally required notices concerning consumer rights from collection letters.

9. Safe Home's debt collection efforts are carried out by employees of SSI. SSI employs the customer service and collection representatives who make calls to, receive calls from, and send debt collection letters to Safe Home customers. SSI also employs managers who oversee Safe Home's collections policies and practices.

10. Roman orchestrates, directs, approves, participates in and benefits from this misconduct at every stage, often personally reviewing individual accounts and determining whether to cancel a consumer's account and how Safe Home will proceed with collection.

11. Safe Home's collection practices are unfair and deceptive in violation of G.L. c. 93A and the cancellation provisions of Safe Home's standard form agreement are unconscionable. The Commonwealth seeks restitution for consumers who have paid Safe Home as a result of its unlawful practices, a preliminary injunction to cease Safe Home's unlawful conduct during the pendency of this action, permanent injunctive relief to preclude Safe Home from engaging in such practices in the future, civil money penalties for each of Safe Home's violations of Chapter 93A, and all reasonable costs that the Commonwealth has incurred in the course of investigating and prosecuting this action, including its attorneys' fees.

II. JURISDICTION, VENUE, AND AUTHORITY

12. This Court has jurisdiction over the subject matter of this action pursuant to G.L. c. 93A, § 4.

13. Venue is proper in Suffolk County under G.L. c. 93A, § 4 and G.L. c. 223, § 5.

14. This action involves allegations of unfair and deceptive business practices affecting thousands of Massachusetts consumers and is properly before the Business Litigation Session of the Superior Court pursuant to paragraph j.1 of Superior Court Administrative Directive No. 17-1 as it involves claims against a business enterprise to which a government entity is a party.

15. The Commonwealth notified Safe Home of its intent to bring this action in accordance with G.L. c. 93A, § 4.

16. The Commonwealth notified Roman of its intent to bring this action in accordance with G.L. c. 93A, § 4.

III. THE PARTIES

17. Plaintiff is the Commonwealth of Massachusetts, represented by its Attorney General, Maura Healey, who brings this action in the public interest pursuant to G.L. c. 93A, § 4.

18. Defendant Safe Home Security, Inc. is a for-profit Connecticut corporation with its usual and regular place of business at 1125 Middle Street, Middletown, Connecticut 06457, and has been registered to do business in Massachusetts since 1996.

19. Defendant Security Systems, Inc. is a for-profit Connecticut corporation with its usual and regular place of business at 1125 Middle Street, Middletown, Connecticut 06457.

20. Defendant Safe Home Monitoring, Inc. is a for-profit Connecticut corporation with its usual and regular place of business at 1125 Middle Street, Middletown, Connecticut 06457.

21. Defendant National Protective Services, Inc. is a for-profit New York corporation with its usual and regular place of business at 1125 Middle Street, Middletown, Connecticut 06457.

22. Defendant Roman is a natural person and resident of the state of Connecticut. David Roman is last known to reside at 14 Pine Orchard Lane in Killingworth, Connecticut. Among other positions, Roman was at all relevant times the majority owner, President, CEO, and Treasurer of Safe Home Security, Inc. At all times material to this Complaint, acting alone or in concert with others, Roman has formulated, directed, controlled, had the authority to control, or personally participated in the acts and practices set forth in this Complaint.

IV. UNFAIR AND DECEPTIVE CONDUCT

A. Roman's Pervasive Control of Safe Home

23. Roman has been Safe Home's CEO and largest shareholder for twenty-seven (27) years. Roman also serves as Safe Home's treasurer. Roman personally participates in and is actively involved with the day-to-day management of Safe Home.

24. At all times material to this Complaint, Roman exercised pervasive control over Safe Home.

25. Safe Home is one of several companies owned and managed by Roman engaged in the common enterprise of providing home security monitoring services. These entities include Security Systems, Inc., Safe Home Monitoring, Inc., and National Protective Services, Inc, MedGuard Alert, Inc., Lifewatch Inc., National Protective Services, Inc., Safe Home Monitoring, Inc., and Middle Street, LLC. Roman exercises pervasive control over these companies as a closely coordinated single enterprise.

26. Safe Home, SSI, SHM, and NPS are jointly financed and are not properly segregated as separate businesses.

27. Monies flow among and between Safe Home, SSI, SHM, and NPS without any basis in contract.

28. Safe Home, SSI, SHM, and NPS share common ownership, common management, common office space, and common employees.

29. Employees and officers of Safe Home, SSI, SHM, and NPS frequently act without clear indication of which company they represent.

30. Safe Home has been used as a vehicle for transactions benefitting Roman without any corresponding benefit to the company. Roman has also used other businesses he owns and

manages to effectuate such transactions, including SSI, SHM, and NPS, as well as DANC, L.L.C., LDNA, L.L.C., and Middle Street, LLC.

31. Safe Home has routinely failed to observe the corporate formalities by failing to have regular board meetings or keep minutes during those meetings that did occur.

32. Throughout the time period covered by this Complaint, Safe Home was thinly capitalized and/or operating at a loss.

33. At Roman's direction, Safe Home demands that consumers pay the monthly monitoring fee for the entire term of their agreement even if the consumer sells or moves out of his or her home, or the security system is damaged and inoperable, and even if Safe Home has ceased security monitoring at the consumer's home because of a billing dispute.

34. If a consumer fails or refuses to make the monthly payment, at Roman's direction, Safe Home assesses late charges and excessive interest on the total of the unpaid account balance, which continues to grow larger and larger with each passing month.

35. At Roman's direction, Safe Home regularly auto-renews consumers for additional years of service, even where a consumer has expressly confirmed in writing that they want to cancel their agreement or has not made a payment in years.

36. At Roman's direction, Safe Home routinely cancels a consumer's account and stops providing monitoring services part way through the term of an agreement, but demands that the consumer pay future charges and fees for any remaining months on the agreement nevertheless.

37. Roman regularly personally participates in Safe Home's collection efforts by reviewing individual consumer accounts and determining whether and on what terms to cancel a

consumer's account as well as whether to refer a consumer's account to a debt collection attorney for collection litigation.

38. SSI, another company of which Roman is the majority shareholder, President, and CEO, employs the representatives with whom Safe Home customers interact. SSI also employs many of the managers and officers of Safe Home who oversee, at Roman's direction, the implementation of Safe Home's collections policies and practices.

B. Safe Home's Business and Door-to-Door Sales Practices

39. Safe Home's business primarily consists of marketing, installing and monitoring home security systems that are designed to transmit a signal in the event of a fire, burglary, or other emergency.

40. Safe Home has entered into agreements with thousands of Massachusetts consumers since 2012.

41. Safe Home markets its home security systems and monitoring services, in part, through door-to-door sales.

42. Roman is responsible for overseeing Safe Home's door-to-door sales practices.

43. In the course of such door-to-door sales, Safe Home's representatives have made false representations concerning the identity of the company that they work for.

44. In the course of such door-to-door sales, Safe Home's representatives made misleading representations concerning their reasons for contacting consumers at their homes.

45. In the course of such door-to-door sales, Safe Home's representatives have misrepresented the nature of documents furnished to consumers in order to obtain the consumer's signature.

46. In the course of such door-to-door sales, Safe Home's representatives have made misleading representations concerning the cost of the services to be provided.

47. In the course of such door-to-door sales, Safe Home's representatives have made misleading representations or failed to describe the process by which a consumer may cancel their agreement.

C. Safe Home's Cancellation Practices

48. Safe Home's standard form agreement is a two-sided document, with 12 paragraphs on the front and 38 paragraphs on the back in fine print.

49. In many instances, consumers sign such agreements electronically or and are given little time to read or evaluate the fine print of the agreement.

50. Roman personally approved the terms of Safe Home's standard form agreement.

51. Under the terms of Safe Home's standard form agreement, Safe Home agrees to provide "monitoring service" in exchange for a monthly "monitoring charge."

52. The original term of Safe Home's standard form agreement is typically either 36 or 60 months.

53. Since January 1, 2015, Safe Home's standard form agreement has contained an automatic renewal provision providing that it "shall automatically renew without action by either party under the same terms and conditions for successive periods equal to twelve (12) months unless either party gives to the other at least sixty (60) days written notice, prior to expiration date of intention to terminate this Agreement upon any expiration date."

54. Safe Home's standard form agreement does not state the amount that will be charged as a late fee if a consumer fails to pay the monthly monitoring charge.

55. Roman is responsible for establishing Safe Home's cancellation practices and orchestrating the enforcement those practices.

56. Many consumers attempt to cancel or stop making payments to Safe Home before their agreements expire.

57. Consumers that call safe home and attempt to cancel their agreements are routinely ignored or misled.

58. Even in cases where a consumer submits a cancellation letter, Safe Home's representatives frequently deny having received such letters or allege that some defect with the letter entitles the company to ignore it.

59. If a consumer stops making payments, Safe Home continues to demand the monthly monitoring charge and begins assessing a \$10 late fee each time the charge is not paid within 30 days of its due date.

60. Safe Home also charges interest on a consumer's entire unpaid balance, including all previously charged interest and late fees, at a rate of 1.5% per month. Thus, Safe Home charges consumers compound interest and interest on undisclosed late fees.

61. Neither the interest nor the late charges are expressly authorized by Safe Home's standard form agreement or permitted by Massachusetts law.

62. Safe Home continues to assess and seek payment of the monthly monitoring charge, interest, and late charges even after consumers have stopped making payments for months or years, have submitted oral and written cancellation requests, have moved without taking their security systems with them, or have security systems that are damaged or totally inoperable.

D. Safe Home's Automatic-Renewal Practices

63. Roman is responsible for establishing Safe Home's automatic-renewal practices and orchestrating the enforcement of those practices.

64. Safe Home routinely auto-renews consumers for additional years of service, even when the consumers have given Safe Home Security written notice of their intent to cancel at least sixty days prior to the expiration of their agreements.

65. Safe Home also routinely auto-renews consumers who have not made a single payment for multiple years and who clearly do not wish to continue to receive Safe Home's services.

66. Safe Home eventually cancels an account and stops providing service. However, notwithstanding the fact that it stopped providing service, Safe Home, at Roman's direction, demands that the consumer pay all monthly monitoring for any months remaining of the agreement at the time of the cancellation.

67. There is no set date when Safe Home cancels a consumer's account for nonpayment. Instead, Safe Home, at Roman's discretion, cancels a consumer's account when it determines that no further payment is forthcoming.

68. Safe Home frequently does not cancel an account until months or years after the consumer first submitted a cancellation request or stopped making payment.

E. Safe Home's Internal Collection Practices

69. Roman established and is responsible for orchestrating the enforcement of Safe Home's collection practices.

70. Consumers who cannot or will not pay the amounts demanded by Safe Home are inundated with collection calls and letters.

71. Safe Home routinely makes collection calls to consumers more than twice in a seven-day period.

72. Safe Home routinely makes collection calls to third parties including individuals identified as references by a consumer at the time they signed their initial agreement with Safe Home. In the course of such calls, Safe Home's representatives routinely imply that the consumer owes the company a debt, and, in some cases, even seek payment of a consumer's debt from the references.

73. Safe Home calls consumers at their homes and places of employment.

74. Consumers frequently dispute owing the alleged debts, explaining that they moved, that their security systems were damaged, malfunctioning, or broken, or that they simply no longer want or need Safe Home's services.

75. Consumers occasionally state that they are struggling financially and unable to make payment in an amount acceptable to Safe Home.

76. Safe Home tells these consumers that they are responsible for paying all charges and fees under their agreements and continues with its collection efforts. Safe Home routinely fails to inform these consumers of their contractual right to terminate services upon written notice.

77. Safe Home frequently threatens consumers with the prospect of having their disputed account balance furnished to the credit reporting agencies if they do not agree to pay.

78. When a consumer's account is allegedly "seriously past due," Safe Home Security sends the consumer a letter threatening that "Time is running out" and that it "will have no further alternative but to escalate your status."

79. When a consumer's account is allegedly "seriously delinquent," Safe Home Security sends the consumer a letter offering to "forgive" the consumer's unpaid balance if the consumer agrees to make a specified payment and sign a new contract. The letter describes the offer as a "golden opportunity" and tells the consumer to "[i]magine continuing to enjoy the benefits of security while starting fresh without the hassle of collection calls and the weight of debt on your shoulders."

80. Safe Home Security frequently engages in these internal collection efforts for multiple years after the consumer first attempted to cancel or stopped making payments.

81. Eventually, at Roman's discretion, Safe Home Security sends the consumer a "Final Notice" in which it presents the following two options (emphasis in original):

Option 1: Pay \$ _____ and sign a new agreement. We will void the remaining balance, repair your credit and continue your service with Safe Home Security. Also, we do accept payment plans.

Option 2: Pay a buyout amount of \$ _____. We will void the remaining balance, repair your credit and close your account with Safe Home Security. Also, we do accept payment plans.

82. The Final Notice tells the consumer that Safe Home Security and the consumer have entered into a "legal and binding agreement" and that Safe Home Security is "not required by law to collect any amount less than the full payment."

83. If a consumer fails to respond to Safe Home's various internal collection efforts, their account is frequently assigned to Roman himself who personally reviews such accounts and determines whether to refer them to outside collectors including debt collection attorneys.

84. Safe Home never provides consumers with the information required by 940 CMR 7.08(1), which informs the consumer of his or her right to dispute the alleged debt, or any portion thereof, and to receive documents confirming the accuracy of the alleged debt.

85. Safe Home never provides consumers with the NOTICE OF IMPORTANT RIGHTS required by 940 CMR 7.04(1)(i), which informs the consumer of his or her right to stop Safe Home Security from placing debt collection calls to the consumer's place of employment.

86. Safe Home reports past due accounts to TransUnion and Equifax monthly. Even when consumers have disputed the alleged debts, Safe Home Security fails to report debts as disputed when making these reports.

F. Safe Home's External Collection Practices

87. Frequently, at the personal direction of Roman, Safe Home places accounts it deems uncollectible with debt collectors.

88. Roman routinely referred individual accounts to Safe Home's debt collection attorneys with instructions to collect interest in excess of the rate set by Safe Home's standard form agreement and fees for monitoring services that were never performed.

89. Between January 2012 and March 2016, Safe Home Security placed over 900 accounts of Massachusetts consumers with the Law Offices of Frank J. Maier ("Maier" or "Firm").

90. Maier is a self-described debt collection law firm based in Worcester, Massachusetts.

91. Attorney Frank J. Maier is the Firm's sole attorney.

92. In exchange for its services, Maier retained a percentage of the funds it collected from consumers as payment from Safe Home.

93. Safe Home and Roman typically provided Maier with the amount of the alleged debt, the date of the consumer's last payment, a copy of the consumer's agreement, any written

communications between Safe Home and the consumer, and Safe Home's notes of its communications with the consumer.

94. Maier typically sought to collect the consumer's total unpaid balance as provided by Safe Home, including sums attributable to interest in excess of the rate set by Safe Home's standard form agreement and fees for monitoring services that were never performed.

95. Maier's standard practice was to mail the consumer three computer-generated letters on law firm letterhead.

96. The first letter advised the consumer that the "above matter has been referred to our office to liquidate the past due balance. Demand for immediate payment is hereby made."

97. The letter did not include the statement required by 940 CMR 7.08(1)(d), that the consumer has the right to receive documents confirming the accuracy of the alleged debt and to dispute the debt.

98. The second letter falsely told the consumer that Maier had "now recommended" that Safe Home "pursue legal action in court to collect this account."

99. In truth and in fact, Maier never made a particularized recommendation that Safe Home take legal action against any individual consumer.

100. The third letter falsely told the consumer that, "[i]n view of your failure to pay the balance referenced above, or agree and adhere to reasonable plan for payment, we have recommended and been authorized to institute suit against you."

101. In truth and in fact, Maier never recommended nor received authorization from Safe Home Security to file a lawsuit against any particular consumer.

102. Maier mailed the letters to consumers who had filed for bankruptcy and had their debts discharged in bankruptcy.

103. In addition to these letters, Maier also placed debt collection calls to consumers at their homes and on their cell phones, often calling consumers more than twice in a seven-day period.

104. Of the more than 900 accounts that Safe Home placed with Maier between January 2012 and March 2016, Maier sued more than 700 Massachusetts consumers and obtained more than \$1 million in damages.

105. More than 90% of these lawsuits were small claims actions.

106. The initial pleadings for these lawsuits were computer-generated and typically alleged: "Amount due resulting from cancellation/default on a services contract between Defendant and Plaintiff dated [insert date]."

107. Attorney Maier typically did not review the computer-generated pleadings or any other documentation before filing the small claims actions.

108. Safe Home, through Maier, sued consumers that it knew or should have known had filed for bankruptcy and had their debts discharged in bankruptcy.

109. Safe Home, through Maier, sued consumers for amounts that it was not entitled to collect, including excessive interest and for monitoring services that were never performed.

110. The vast majority of the actions resulted in default judgments for Safe Home.

111. To collect on these judgments, Safe Home, through Maier, often would proceed to place liens on a consumer's home and garnish the consumer's wages through initiation of separate civil action.

112. Once Safe Home Security Inc. representatives could no longer reach consumers who had substantial outstanding balances, the employee would assign the consumer account to Safe Home's legal department and/or to David Roman for review. Defendant David Roman

participated directly or indirectly in each of the practices alleged to be unfair or deceptive in this complaint.

V. CAUSES OF ACTION

COUNT I

Unfair and Deceptive Acts or Practices – Violations of G.L. c. 93A, § 2(a)

113. The allegations in paragraphs 1 through 102 are incorporated herein by reference.

114. Defendants engage in unfair and deceptive acts and practices in violation of G.L. c. 93A, § 2(a).

115. These unfair and deceptive acts and practices include, but are not limited to, the following:

- a. making false, misleading, and deceptive representations and/or representations which have the capacity, tendency or effect of misleading or deceiving in the course of door-to-door sales in violation of 940 CMR 3.09;
- b. making false, misleading, and deceptive representations to consumers that attempt to cancel their agreements;
- c. deliberately evading, ignoring, or failing to respond to consumer request to cancel their agreements;
- d. billing and collecting charges not expressly authorized by Safe Home's agreement with consumers or permitted by law in violation of 940 CMR 7.07(16);
- e. billing and collecting charges from consumers who have submitted timely written cancellation requests;

- f. billing for service when no service was provided because a consumer's security system is broken or inoperable;
- g. billing and collecting charges from consumers who have made oral cancellation requests, stopped making payments to Safe Home for months or years, or who have moved without taking their security systems;
- h. automatically renewing the agreements of consumers who have made timely written cancellation requests;
- i. automatically renewing the agreements of consumers whose security systems are broken and inoperable;
- j. automatically renewing the agreements of consumers who have made oral cancellation requests or not made a payment for months or years;
- k. initiating more than two telephone communications to consumers at home in a seven-day period to collect a debt in violation of 940 CMR 7.01(f);
- l. implying the fact of a debt to third-parties including, but not limited to, persons identified by consumers as references in violation of 940 CMR 7.06(1)(a);
- m. threatening consumers with having inaccurate and derogatory information shared with credit reporting agencies unless they make payments to Safe Home in violation of G.L. c. 93, § 54A(a) and 940 CMR 7.07(11);
- n. failing to communicate that a debt is disputed when reporting the account to credit reporting agencies in violation G.L. c. 93, § 54A(a) and 940 CMR 7.07(11);

- o. failing to provide consumers with the NOTICE OF IMPORTANT RIGHTS required by 940 CMR 7.04(1)(i);
- p. failing to provide consumers with the information required by 940 CMR 7.08(1);
- q. mailing collection letters to consumers and filing lawsuits against consumers who had filed for bankruptcy or had their debts discharged in bankruptcy; and
- r. engaging debt collectors, including Maier, that collect against consumers in violation of various provisions of 940 CMR 7.00;

116. Roman personally participated in each of the unfair and deceptive acts above either directly or by orchestrating, approving, directing, and accepting the benefits of such acts and practices.

117. Defendants knew or should have known that these unfair and deceptive acts and practices violate G.L. c. 93A, § 2(a).

VI. RELIEF REQUESTED

WHEREFORE, the Commonwealth requests that this Court enter judgment against Safe Home, SSI, SHM, and NPS and Roman and grant such other relief as follows:

- 1. Enter a preliminary injunction enjoining Safe Home and Roman from engaging in the following conduct:
 - a. Billing, collecting, or attempting to collect charges not expressly authorized by Safe Home's written agreements with consumers or otherwise permitted by law;
 - b. Automatically renewing the agreements of consumers who have submitted a written cancellation request to Safe Home Security more than sixty (60) days prior to the expiration of their contract;

- c. Billing, collecting, or attempting to collect monies from consumers for any period of time during which such consumer's home security system was malfunctioning or inoperable;
 - d. Automatically renewing the agreements of consumers whose security systems are malfunctioning or inoperable;
 - e. Billing, collecting, or attempting to collect monies for services that were not rendered;
 - f. Automatically renewing the agreements of consumers who have not made a payment to Safe Home Security for ninety (90) days or more;
 - g. Failing to comply with the Attorney General's Debt Collection Regulations, including without limitation: 940 CMR 7.04(1)(f), 940 CMR 7.04(1)(i), 940 CMR 7.05(2), 940 CMR 7.07(8), 940 CMR 7.07(11), and 940 CMR 7.08(1);
 - h. Destroying, concealing, altering, defacing or transferring, directly or indirectly, any account records, business records, documents, electronically stored information on any media that include contracts, agreements, bills, invoices, receipts for services rendered or to be rendered, correspondence (including electronic mail), customer lists, financial records, employment records, or other records of any kind or description relating to the business operations of Safe Home Security, Inc. or the personal finances of Roman; and
 - i. Transferring, dissipating, pledging, selling, mortgaging, encumbering, concealing or in any way disposing of ownership or custody of any real or personal property or monies (including, but not limited to, all real property, wherever located, all vehicles, all bank accounts and other financial accounts, including all monies therein, all securities and all lump-sums of monies or cash equivalents) that Safe Home Security, Inc. or Roman owns, controls, has an ownership interest in or may own or control or obtain an ownership interest in, while the injunction remains in effect.
2. Enter a permanent injunction ordering that Defendants not engage in conduct that violates G.L. c. 93A, § 2(a);
 3. Order Safe Defendants to pay restitution to Massachusetts consumers for all ascertainable loss caused by Defendants' unfair and deceptive acts and practices in violation of G.L. c. 93A, § 2(a);

4. Order Defendants to pay civil money penalties of \$5,000 for each instance of a violation of G.L. c. 93A, § 2(a);
5. Order Defendants to pay the Commonwealth's costs, including attorneys' fees, incurred in connection with the investigation and prosecution of this action; and
6. Award any additional relief the Court deems appropriate.

Respectfully Submitted,

COMMONWEALTH OF MASSACHUSETTS
MAURA HEALEY
ATTORNEY GENERAL

/s/Brendan T. Jarboe

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