

COMMONWEALTH OF MASSACHUSETTS

SUFFOLK, ss.

SUPERIOR COURT
CIVIL ACTION NO.

2019-U-3703

COMMONWEALTH OF MASSACHUSETTS,

Plaintiff,

v.

VTECH SOFTWARE SOLUTION INC.,
TECHMATE INC., formerly known as NEXTGEN
SOFTWARE SOLUTION INC.,
SHALU CHAWLA, and
VISHAL CHAWLA,

Defendants,

and

BANK OF AMERICA, N.A.,
CAPITAL ONE FINANCIAL CORP.,
CITIZENS BANK, N.A.,
DIGITAL FEDERAL CREDIT UNION,
EAST BOSTON SAVINGS BANK,
METRO CREDIT UNION,
SANTANDER BANK, N.A.,
ST. MARY'S CREDIT UNION, and
TD BANK, N.A.,

Trustee-Defendants.

COMPLAINT

TEMPORARY RESTRAINING ORDER,
EX PARTE ATTACHMENTS AND
TRUSTEE PROCESS, AND
PRELIMINARY INJUNCTION
REQUESTED

SUPERIOR COURT-CIVIL
MICHAEL JOSEPH DONOVAN
CLERK/MAGISTRATE

NOV 25 2019

RECEIVED

I. INTRODUCTION

1. The Commonwealth of Massachusetts, by and through its Attorney General, Maura Healey, (the "Commonwealth" or, where relevant, "Attorney General"), brings this action against the defendants VTech Software Solution, Inc., Techmate, Inc., Shalu Chawla, and Vishal

Chawla (collectively, “VTech” or the “Defendants”) for their violations of the Massachusetts Consumer Protection Act, G.L. c. 93A.¹

2. VTech operates a brazen computer tech support scam. VTech causes pop-up advertisements to appear on consumers’ computers that mimic operating system dialog boxes and notifications. These advertisements falsely claim that consumers’ computers are infected by viruses or are malfunctioning, and that they need technical support. VTech falsely claims that it has identified significant technical problems on consumers’ computers and offers to fix them for a fee. VTech does not provide any meaningful or necessary technical support, because consumers’ computers are not actually broken. Individual consumers have paid hundreds or thousands of dollars to VTech for its supposed services.

II. THE PARTIES

3. The Plaintiff is the Commonwealth of Massachusetts, acting through its Attorney General, who brings this action in the public interest pursuant to G.L. c. 93A, § 4.

4. The Defendant VTech Software Solution Inc. (“Vtech”) is an active, private, for-profit Massachusetts corporation with a principal office address of 29 Hopkins Street, Melrose, Massachusetts.

5. VTech was created on or about June 6, 2011 under the name “Varunvish Technologies and Services Inc.” Within days, it changed its name to “Vtech Software Solution Inc.” At its inception, VTech had a principal office address of 115 W Squantum Street, Unit

¹ Concurrently with this Complaint, the Commonwealth has filed a Motion for Temporary Restraining Order, *Ex Parte* Writs of Attachment, *Ex Parte* Attachment on Trustee Process, and Preliminary Injunction After a Hearing, pursuant to Mass. R. Civ. P. 4.1(f), 4.2(g), 65(a), & 65(b).

#605, North Quincy, Massachusetts. VTech has also been known as “VTechies Inc.” and “VTechGeeks.”

6. As of 2017, VTech had only one employee.

7. Defendant Shalu Chawla (“Shalu”) is a Massachusetts resident. Shalu’s primary residence is at 29 Hopkins Street, Melrose, Massachusetts, which is the same address as VTech’s principal place of business. Shalu previously resided at 115 W Squantum St., Unit #605, North Quincy, Massachusetts.

8. Since VTech’s creation, Shalu has continuously and concurrently served in the following positions at VTech: (1) Registered Agent, (2) President, (3) Treasurer, (4) Secretary, and (5) Director. She continues to currently hold each of these positions with VTech. No other officers are identified in VTech’s documents filed with the Secretary of the Commonwealth.

9. Shalu is the only shareholder of VTech.

10. Shalu also has gone by the name “Shalu Kalra”.

11. Defendant Vishal Chawla (“Vishal”) is a Massachusetts resident. Vishal’s primary residence is at 29 Hopkins Street, Melrose, Massachusetts, which is the same address as VTech’s principal place of business. Vishal is an authorized signer on a number of VTech’s bank accounts. Vishal is the owner of the property located at 29 Hopkins Street, Melrose, Massachusetts.

12. Shalu and Vishal are married to each other.

13. Defendant Techmate Inc., formerly known as Nextgen Software Solution Inc., (“Techmate”) is a Delaware corporation with a principal place of business at 301 Edgewater Place, Suite 100, Wakefield, Massachusetts. Techmate previously had a principal business

addresses of 29 Hopkins Street, Melrose, Massachusetts, and 6 Victoria Street, Number 107, Everett, Massachusetts.

14. On October 4, 2016, Techmate Inc. filed a name change with the Delaware Secretary of State, changing its name to from Nextgen Software Solution Inc. to Techmate Inc.

15. Since its inception, Shalu has been the President and sole Director of Techmate.

16. Vishal is an authorized signer for a number of Techmate's bank accounts.

17. Shalu is the sole shareholder of Techmate.

18. Shalu and Vishal regularly intermix assets from VTech and Techmate with their personal assets, and intermix assets between VTech and Techmate.

19. Vishal and Shalu have written checks from VTech and Techmate accounts to themselves, to each other, or to pay for personal services.

20. Vishal and Shalu have withdrawn thousands of dollars in assets from VTech and Techmate and transferred those assets to themselves.

21. Trustee-Defendant Bank of America, N.A. ("Bank of America"), is a national bank with a principal place of business in Massachusetts at 100 Federal Street, Boston, Massachusetts. One or more of the Defendants maintain or have maintained accounts at Bank of America and the Commonwealth requests that a Summons for Trustee Process issue against Bank of America pursuant to Mass. R. Civ. P. 4.2.

22. Trustee-Defendant Capital One Financial Corporation ("Capital One") is a bank holding company with a registered agent in Massachusetts at 84 State Street, Boston, Massachusetts. One or more of the Defendants maintain or have maintained accounts at Capital One and the Commonwealth requests that a Summons for Trustee Process issue against Capital One pursuant to Mass. R. Civ. P. 4.2.

23. Trustee-Defendant Citizens Bank, N.A. (“Citizens Bank”), is a national bank with a principal place of business in Massachusetts at 28 State Street, Boston, Massachusetts. One or more of the Defendants maintain or have maintained accounts at Citizens Bank and the Commonwealth requests that a Summons for Trustee Process issue against Citizens Bank pursuant to Mass. R. Civ. P. 4.2.

24. Trustee-Defendant Digital Federal Credit Union (“DCU”) is a credit union with a principal place of business in Massachusetts at 220 Donald Lynch Boulevard, Marlborough, Massachusetts. One or more of the Defendants maintain or have maintained accounts at DCU and the Commonwealth requests that a Summons for Trustee Process issue against DCU pursuant to Mass. R. Civ. P. 4.2.

25. Trustee-Defendant East Boston Savings Bank is a bank with a principal place of business in Massachusetts at 10 Meridian Street, East Boston, Massachusetts. One or more of the Defendants maintain or have maintained accounts at East Boston Savings Bank and the Commonwealth requests that a Summons for Trustee Process issue against East Boston Savings Bank pursuant to Mass. R. Civ. P. 4.2.

26. Trustee-Defendant Metro Credit Union is a credit union with a principal place of business in Massachusetts at 200 Revere Beach Parkway, Chelsea, Massachusetts. One or more of the Defendants maintain or have maintained accounts at Metro Credit Union and the Commonwealth requests that a Summons for Trustee Process issue against Metro Credit Union pursuant to Mass. R. Civ. P. 4.2.

27. Trustee-Defendant Santander Bank, N.A. (“Santander”), is a national bank with a principal place of business in Massachusetts at 75 State Street, Boston Massachusetts. One or more of the Defendants maintain or have maintained accounts at Santander and the

Commonwealth requests that a Summons for Trustee Process issue against Santander pursuant to Mass. R. Civ. P. 4.2.

28. Trustee-Defendant St. Mary's Credit Union is a credit union with a principal place of business at 46 Lizotte Drive, Marlborough, Massachusetts. One or more of the Defendants maintain or have maintained accounts at St. Mary's Credit Union and the Commonwealth requests that a Summons for Trustee Process issue against St. Mary's Credit Union pursuant to Mass. R. Civ. P. 4.2.

29. Trustee-Defendant TD Bank, N.A. ("TD Bank") is a national bank with registered agent in Massachusetts at 84 State Street, Boston, Massachusetts. One or more of the Defendants maintain or have maintained accounts at TD Bank and the Commonwealth requests that a Summons for Trustee Process issue against TD Bank pursuant to Mass. R. Civ. P. 4.2.

III. JURISDICTION, VENUE, AND AUTHORITY

30. This Court has jurisdiction over the subject matter of this action pursuant to G.L. c. 93A, § 4, and G.L. c. 212, § 4.

31. This Court has personal jurisdiction over Defendant VTech because, inter alia, VTech is domiciled in Massachusetts and it maintains its principal place of business in Massachusetts. G.L. c. 223A, § 2.

32. This Court has personal jurisdiction over Defendants Shalu Chawla and Vishal Chawla because, inter alia, Defendants Shalu Chawla and Vishal Chawla are residents of Massachusetts. G.L. c. 223A, § 2.

33. This Court has personal jurisdiction over Defendant Techmate because, inter alia, Techmate maintains its principal place of business in Massachusetts. G.L. c. 223A, § 2.

34. Venue is proper in Suffolk County under G.L. c. 93A, § 4, because “more than one person is joined as a defendant.” Venue is also proper in Suffolk County under G.L. c. 223, § 5, as the Commonwealth is the plaintiff.

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

36. The Commonwealth seeks a temporary restraining order in this matter. Therefore, the Commonwealth has not notified, and is not required to notify, the Defendants of its intent to bring this action at least five days prior to its commencement. G.L. c. 93A, § 4.

IV. FACTS

A. *VTech’s Business*

37. VTech’s business activities include offering purported technical support (“Tech Support”) services for consumers’ personal computers.

38. VTech’s business is not limited to Massachusetts residents, and it has solicited consumers throughout the United States.

39. VTech contracts with other companies to act as its agents in offering and providing Tech Support.

40. One such company is Clingwires IT Services Private Limited (“Clingwires”), a company based in New Delhi, India.

41. From approximately January 2016 through August 2016, VTech wired at least \$428,500 to various Clingwires bank accounts located in Noida, India.

42. VTech advertises its Tech Support through “pop-up” advertisements that instantly appear on a consumer’s computer screen.

43. These advertisements, among other things, state that a consumer has computer viruses or performance problems and advise the consumer to call VTech's phone number for help in fixing these issues. One phone number VTech uses for this purpose is 855-233-3030. Another phone number used by VTech is 855-424-7200.

44. Sometimes these pop-up ads include siren noises or mimic the color or behavior of a well-known blue screen in Microsoft Windows indicating that a computer has crashed. This screen is colloquially called the "Blue Screen of Death" or "BSOD".

45. In addition to soliciting consumers by means of the pop-up advertisements, VTech's agents also call consumers directly. VTech agents employ multiple outbound phone numbers when calling consumers.

46. VTech targets senior citizens for its Tech Support services.

47. After a VTech agent makes phone contact with a consumer, the agent falsely claims that the consumer's computer has a performance problem, or is infected with a virus, that the agent can fix.

48. VTech's agents have no way of knowing whether a particular consumer's computer has performance problems or is infected with a virus when placing unsolicited sales calls or when a consumer calls VTech based on an advertisement.

49. *After* a VTech agent has already told the consumer that their computer has a performance problem or is infected with a virus, VTech agents remotely connect to the consumer's computer.

50. VTech agents sometimes make a false or misleading claim to consumers that VTech has an association with Microsoft or other third parties, that they are calling from

Microsoft or another third party, or that they work on behalf of Microsoft or another third party to help with the consumers' computer problems.

51. VTech agents ask the age of the consumer they are speaking with on the phone.

52. VTech agents do not specifically identify particular performance problems or viruses when speaking with consumers.

53. VTech agents may tell consumers that the consumer's social security number or bank accounts are vulnerable to access by unauthorized third parties.

54. VTech agents tell consumers that VTech can only fix the supposed problems or viruses by remotely taking control of the consumer's computer.

55. By establishing a remote connection, VTech agents take control of a consumer's computer, controlling the mouse cursor and keyboard strokes.

56. While VTech agents have control of a consumer's computer, they take little or no action to fix any problems or delete any viruses.

57. Some time after taking control of a consumer's computer, VTech agents instead simply tell the consumer that the claimed problem or virus has been fixed.

58. VTech regularly discloses the price for its supposed services for the first time only after VTech has completed these supposed services.

59. Sometimes VTech agents offer "Protection Plans" of various durations, such as 1-year, 2-year, or so-called "lifetime" protection plans.

60. After a consumer utilizes VTech's Tech Support, VTech agents repeatedly call that consumer again. On these follow-up calls, VTech agents claim that to have identified a new problem on the consumer's computer. The agents request additional payment to solve the new purported computer problem. If the consumer previously purchased a protection plan, VTech

agents also claim that the protection plan that the consumer purchased does not cover this new issue.

61. VTech agents also call consumers to claim that the consumer is owed a refund. While on the phone, VTech agents claim that they need the consumer's bank account number or need login information for the consumer's online banking to issue the refund. In truth, VTech takes money from the consumer's account rather than refunding it.

62. VTech sends consumers receipts via email after VTech performs its Tech Support. These receipts are often non-sensical and self-contradictory, making it difficult to discern what purported services were purchased. For example, one receipt claims that a consumer purchased a "Comprehensive Support Plan + 3 Years Network Security Program", but later states that one of the terms of this product is that the consumer is entitled to "one year of complimentary service." The receipt does not further explain the nature of this "complimentary service."

63. VTech has accepted payments online through the use of online credit card payment processors, through software that remotely creates a check, and by handwritten checks.

64. Remotely created checks utilize a third-party service and a consumer's bank account and routing number to remotely print a check from that consumer that can then be deposited into VTech's bank account. Such services used by VTech for this purpose include a service called "Vcheck", provided by SSNet, Inc., and a service called "SeamlessChex," provided by Seamless Chex, Inc.

65. From approximately June 2014 through November 2016, VTech charged consumers at least \$2,393,583.66 in approximately 7,455 transactions. This includes more than \$600,000 from remotely created check transactions, and over \$1.7 million in credit card

transactions. The average transaction amount was greater than \$300. The largest remotely created check amount during this time period was \$2,996.00.

B. Techmate's Business

66. Techmate provides Tech Support to consumers.

67. Techmate receives payment from consumers through remotely generated checks using SeamlessChex, as does VTech. Some checks sent to Techmate include in the memo line “computer fix”, or “Techmate PC Support,” or “Quick Fix PC Support”.

68. Techmate remotely generates checks from consumers without those consumers’ express authorization.

V. CAUSES OF ACTION

Count I – Violations of c. 93A – Deceptive Acts or Practices
(Against Vtech Software Solution Inc., Shalu Chawla, and Vishal Chawla)

69. The Commonwealth incorporates and re-alleges paragraphs 1–68.

70. General Laws c. 93A, § 2(a) declares unlawful “unfair or deceptive acts or practices in the conduct of trade or commerce.”

71. VTech conducts trade or commerce in Massachusetts.

72. As a corporation, VTech is a “person” under G.L. c. 93A, §1(a).

73. VTech has committed, and continues to commit, deceptive acts or practices by, inter alia:

- a. Sending consumers advertisements that claim the consumers have a computer performance problem or a virus without a basis to know whether such a claim is true;
- b. Sending consumers advertisements that mimic a computer crash;

- c. Claiming to consumers that the consumers have a computer performance problem or a virus without a basis to know whether such a claim is true;
- d. Suggesting that VTech is affiliated with Microsoft or other third parties with which it has no connection;
- e. Claiming to perform services that were not actually performed;
- f. Failing to adequately disclose, or misrepresenting, the nature of the services it offered to consumers;
- g. Falsely claiming consumers are owed refunds to induce the consumer to grant VTech access to the consumer's bank account, and subsequently taking money from consumers instead of refunding it;
- h. Failing to adequately disclose the price of services or options for service until after the service is performed; and
- i. Giving consumers receipts that are misleading, contradictory, or incomprehensible as to the nature of the purchase made by the consumer.

74. Accordingly, VTech violated and continues to violate G.L. c. 93A, § 2.

75. VTech knew or should have known that this conduct violates G.L. c. 93A, § 2.

76. Shalu Chawla and Vishal Chawla personally orchestrated, directed, participated in, or facilitated VTech's violations of c. 93A, § 2(a), and therefore are personally liable for VTech's conduct.

77. Because Shalu and Vishal intermingle the funds of VTech and Techmate with their personal funds, and exercise control over VTech and Techmate, Defendants Shalu Chawla, Vishal Chawla, and Techmate are liable for VTech's conduct.

Count II – Violations of the Attorney General’s Advertising Regulations
(Against VTech Software Solution Inc., Shalu Chawla, and Vishal Chawla)

78. The Commonwealth incorporates and re-alleges paragraphs 1–77.

79. The Attorney General’s advertising regulations prohibit “any material representation of fact in an advertisement if the seller knows or should know that the material representation is false or misleading or has the tendency or capacity to be misleading, or if the seller does not have sufficient information upon which a reasonable belief in the truth of the material representation could be based.” 940 C.M.R. 6.04(1).

80. VTech advertisements mimic or have mimicked that a computer has crashed when those computers have in fact not crashed.

81. VTech advertisements represent that a consumer’s computer has a performance problem or virus when VTech does not have sufficient information to form a basis for such a material representation.

82. VTech’s acts or practices violate 940 C.M.R. 6.04(1), and are unfair or deceptive under the meaning of G.L. c. 93A, § 2.

83. Accordingly, VTech violated and continues to violate G.L. c. 93A, § 2.

84. VTech knew or should have known that its conduct violates G.L. c. 93A, § 2.

85. Shalu Chawla and Vishal Chawla personally orchestrated, directed, participated in, or facilitated VTech’s violations of c. 93A, § 2(a), and therefore are personally liable for VTech’s conduct.

86. Because Shalu and Vishal intermingle the funds of VTech and Techmate with their personal funds, and exercise control over VTech and Techmate, Defendants Shalu Chawla, Vishal Chawla, and Techmate are liable for VTech’s conduct.

**Count III – Violations of Attorney General’s “Repairs and Services” Regulations
(Against Vtech Software Solution Inc., Shalu Chawla, and Vishal Chawla)**

87. The Commonwealth incorporates and re-alleges paragraphs 1–86.
88. The Attorney General’s “Repairs and Services” regulations prohibit VTech from:
- a. “Represent[ing] that repairs are indicated to be necessary when such is not a fact,” 940 CMR 3.08(1)(d);
 - b. “Represent[ing] that repairs have been made when such is not a fact,” 940 CMR 3.08(1)(e); and
 - c. “Represent[ing] that the goods being inspected or diagnosed are in a dangerous condition or that the customer’s continued use of them may be harmful to [the customer] when such is not a fact,” 940 CMR 3.08(1)(f).
89. VTech claims to consumers that the consumers have a computer performance problem or a virus without a basis to know whether such a claim is true.
90. VTech claims to perform services that were not actually performed.
91. VTech’s acts or practices violate 940 CMR 3.08(1)(d)–(f), and are unfair or deceptive under the meaning of G.L. c. 93A, § 2.
92. Accordingly, VTech violated and continues to violate G.L. c. 93A, § 2.
93. VTech knew or should have known that its conduct violates G.L. c. 93A, § 2.
94. Shalu Chawla and Vishal Chawla personally orchestrated, directed, participated in, or facilitated VTech’s violations of G.L. c. 93A, § 2(a), and therefore are personally liable for VTech’s conduct.
95. Because Shalu and Vishal intermingle the funds of VTech and Techmate with their personal funds, and exercise control over VTech and Techmate, Defendants Shalu Chawla, Vishal Chawla, and Techmate are liable for VTech’s conduct.

Count IV – Violations of c. 93A – Deceptive Acts or Practices
(Against Techmate Inc., Shalu Chawla, and Vishal Chawla)

96. The Commonwealth incorporates and re-alleges paragraphs 1–95.
97. General Laws c. 93A, § 2(a) declares unlawful “unfair or deceptive acts or practices in the conduct of trade or commerce.”
98. Techmate conducts trade or commerce in Massachusetts.
99. As a corporation, Techmate is a “person” under G.L. c. 93A, § 1(a).
100. Techmate has committed, and continues to commit, deceptive acts or practices by, inter alia, remotely generating checks from consumers without their express authorization.
101. Accordingly, Techmate violated and continues to violate G.L. c. 93A, § 2.
102. Techmate knew or should have known that this conduct violates G.L. c. 93A, §2.
103. Shalu Chawla and Vishal Chawla personally orchestrated, directed, participated in, or facilitated Techmate’s violations of c. 93A, § 2(a), and therefore are personally liable for Techmate’s conduct.
104. Because Shalu and Vishal intermingle the funds of VTech and Techmate with their personal funds, and exercise control over VTech and Techmate, Defendants Shalu Chawla, Vishal Chawla, and VTech are liable for Techmate’s conduct.

PRAYER FOR RELIEF

WHEREFORE, the Commonwealth requests that the Court grant the following relief:

1. Enter Judgment against Defendants;
2. Enter a permanent injunction prescribing appropriate relief against Defendants;
3. Order that Defendants pay civil penalties, restitution, and costs of investigation and litigation of this matter, including reasonable attorneys’ fees, to the Commonwealth of Massachusetts as provided for under G.L c. 93A, § 4, in an amount to be determined at trial;

4. Disgorge profits Defendants obtained as a result of their unfair or deceptive conduct;
5. Enter a temporary restraining order against Defendants that prohibits Defendants from:
 - a. 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, taxpayer information, or other records of any kind or description relating to the business operations of Defendants; and
 - b. Transferring, dissipating, pledging, selling, mortgaging, encumbering, concealing or in any way disposing of ownership or custody of any real or personal property or money that Defendants own, control, have an ownership interest in, or may own or control or obtain an ownership interest in, while such order remains in effect. Such real or personal property includes all real property, wherever located, all vehicles, all bank accounts or other financial accounts, all securities and all lump sums of money or cash equivalents that Defendants own, control, have an ownership interest in, or may own or control or obtain an ownership interest in, while such order remains in effect;
6. Enter a preliminary injunction against Defendants that prohibits Defendants from:

- a. 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, taxpayer information, or other records of any kind or description relating to the business operations of Defendants; and
- b. Transferring, dissipating, pledging, selling, mortgaging, encumbering, concealing or in any way disposing of ownership or custody of any real or personal property or money that Defendants own, control, have an ownership interest in, or may own or control or obtain an ownership interest in, while such order remains in effect. Such real or personal property includes all real property, wherever located, all vehicles, all bank accounts or other financial accounts, all securities and all lump sums of money or cash equivalents that Defendants own, control, have an ownership interest in, or may own or control or obtain an ownership interest in, while such order remains in effect;

7. Enter a preliminary injunction against Defendants that also orders Defendants to provide to the Commonwealth a list of all bank accounts and real property owned or controlled by them or any or any of their immediate family members into which any money attributable to the activities of Defendants while engaging in computer technical support services were deposited; and

8. Order such other just and proper legal and equitable relief.

Respectfully submitted,

COMMONWEALTH OF MASSACHUSETTS
MAURA HEALEY
ATTORNEY GENERAL

By: 

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