

CONSUMER PROTECTION DIVISION, *
OFFICE OF THE ATTORNEY GENERAL, *
STATE OF MARYLAND, *

Proponent, *

v. *

ATCL-MD, INC., *
T/A AROUND THE CLOCK LOCKSMITH, *
8971 Fort Smallwood Road, Unit C *
Pasadena, MD 21122, *

And *

JOSEPH M. HORTON, *
3921 Creekside Dr. *
Pasadena, MD 21122, *

Respondents. *

IN THE
CONSUMER PROTECTION
DIVISION OF THE
OFFICE OF THE
ATTORNEY GENERAL

Case No. 10-013-184207

OAH No. _____

* * * * *

STATEMENT OF CHARGES

1. The Office of the Attorney General, Consumer Protection Division, institutes this proceeding on behalf of the State of Maryland to enjoin Respondents ATCL-MD, Inc., T/A Around the Clock Locksmith (“ATCL”), and Joseph M. Horton (“Horton”) from engaging in unfair or deceptive trade practices in the course of offering and selling consumer goods, and to obtain relief for consumers victimized by Respondents’ unfair or deceptive trade practices.

The Parties

2. The Proponent in this proceeding is the Consumer Protection Division, Office of the Attorney General, State of Maryland. This proceeding is brought by the Proponent to redress violations and to prevent future violations of Maryland’s Consumer Protection Act, Md. Code Ann., Com. Law § 13-101, *et seq.* (2005 Repl. Vol. and 2009 Supp.) by the Respondents.

3. ATCL is a Maryland corporation formed on March 19, 2008. It identifies its resident agent as Joseph Horton, using an address at 8971 Fort Smallwood Road, Unit C, Pasadena, MD 21122, and claiming a principal office at P.O. Box 1648, Pasadena, MD 21123-1648.

4. On March 19, 2008, Horton registered a trade name of Around the Clock Locksmith for ATCL-MD, Inc.

5. Horton is ACTL's president, owner and sole employee. He lives in Pasadena, Maryland.

6. At all times pertinent hereto, Horton possessed and exercised the authority to control the policies and trade practices of ATCL. Horton was responsible for creating and implementing the unfair or deceptive policies and practices of ATCL that are alleged herein. Horton knew or should have known of the unfair and deceptive trade practices that are alleged herein and had the power to stop them, but rather than stop them, promoted their use. Horton committed the unfair and deceptive trade practices that are alleged herein.

Statement of Facts

7. Respondents have engaged in the offer and sale of consumer goods and services in the State of Maryland, by offering and selling locksmith goods and services to consumers for a fee.

8. The goods and services that Respondents have offered and sold to consumers are offered and sold to individuals for their personal, household or family purposes, and are therefore consumer goods and consumer services.

9. Respondents, operating under the name of Around the Clock Locksmith,

advertise on the Internet and in telephone directories. ATCL's website states that it is "the #1 locksmith in Baltimore, MD. We provide the fastest, most reliable lockout service 24 hours a day, seven days a week, every day of the year - all at competitive rates and fully insured." It claims that it has a team of licensed professionals and that it is "licensed, bonded and insured," although it appears that Horton is the only person who works with ATCL. Neither of the Respondents is licensed as a locksmith or as a Security Systems Agent. ATCL does not appear to be insured or bonded.

10. Respondents' website also states that satisfaction is "100% guaranteed." Respondents have not satisfied consumers who have complained.

11. Respondents' advertisements state that ATCL is a BBB accredited business, has affiliations, such as with the Associated Locksmiths of America, and has connections with competing locksmiths, when, in fact, ATCL is no longer accredited by the BBB and does not have the affiliations or connections.

12. Respondents promote themselves by writing "We specialize in lock outs, lock repair, lock installation surveillance camera installation, or any type of unlocking service. WE ARE AVAILABLE 24/7!!!" Because of Respondents' 24/7 services, consumers frequently telephone ATCL in emergency situations when they are locked out of their homes or cars.

13. Some consumers ask Respondents for an estimate of the cost to perform a particular service. Respondents, then, may give the consumer an estimate. In other instances, however, Respondents either do not respond to the inquiry, or refuse to provide an estimate until they look into the problem.

14. If the consumer does not ask for a cost estimate, Respondents do not volunteer

one.

15. Even when Respondents give consumers a cost estimate, the estimate typically includes only a “locksmith services,” “door opening” or “door unlocking” fee. Respondents do not include in their estimates other fees that Respondents usually bill, such as what they call a “Service Fee” and a “Locksmith Supplies Fee.” Moreover, the estimates that Respondents provide to consumers are normally very low, are designed to entice consumers to hire Respondents, and bear no relationship to the actual amounts that Respondents bill consumers for their services.

16. Respondents’ highest fees are usually categorized under the heading “service fee.” Respondents charge unusually high service fees if the services take place outside of normal business hours, on the weekend or in bad weather, a fact that Respondents do not disclose until after they perform their services. These fees far exceed the standard fees in the profession.

17. Respondents sometimes charge unusually high service fees for after hours services when, in fact, the services were performed during regular business hours, but requested outside of those hours, or performed outside regular business hours, but requested as a non-emergency service well within normal business hours.

18. Respondents charge consumers a fee for “locksmith supplies,” in addition to any separate charges for new locks, keys and other goods. They charge these locksmith supplies fees even when they use standard, reusable tools of the trade.

19. Respondents charge consumers excessive prices for the locks they install and misrepresent on the sales invoices the list prices of the locks installed. Like their service fees and locksmith supplies fees, these prices are not disclosed to consumers until after Respondents

perform the locksmith services.

20. When Respondents finish their service, they typically ask the consumer for the consumer's credit card and, perhaps, car registration or license. Respondents represent that they need this information to verify the consumer's identity, prepare an invoice and charge the consumer's credit card.

21. Respondents prepare an invoice reflecting their fees and place the charges on the consumer's credit card before showing the invoice to the consumer. The charges billed to the credit card are significantly higher than the previously provided estimate (if one was given) and are excessive.

22. If consumers question the charges or refuse to sign the credit card slip, Respondents refuse to return the consumers' car keys, credit cards and other documents, or otherwise act to intimidate consumers, until the consumers sign the receipts accepting the charges. When some consumers refuse to authorize payment by signing the credit card slip, Respondents sign the slip. Many consumers sign the credit card slip and invoice because they feel they have no choice and they feel intimidated.

23. In order to overcome consumers' reluctance to pay Respondents' excessive charges, Respondents advise consumers that their insurance carriers will reimburse them for the costs. In fact, few, if any, insurance policies cover locksmith charges such as those of Respondents.

24. Respondents often do not give consumers a cost estimate, even when asked, and do not perform their services for the estimated cost, as required by the Maryland Locksmith Act, Business Regulation Article, § 12.5, *et seq.* (2004 Repl. Vol. and 2009 Supp.). Respondents'

sales receipts also do not provide information that is required of licensed locksmiths pursuant to the Maryland Locksmith Act, including the quoted cost of the service, and frequently do not include other required information, including the type of lock being serviced and the vehicle identification number, when applicable.

25. Respondents' false and misleading statements, including their statements concerning the charges for their services, the prices of locks and other materials, their insurance and bonding, reimbursement by the consumers' insurance companies, their guarantee of 100% satisfaction, their licensing status, connections and affiliations, have the capacity, tendency or effect of deceiving or misleading consumers.

26. Respondents' advertisements contain representations that they have a sponsorship, approval, status, affiliation or connection which they do not have.

27. Respondents' failure to disclose in advance to consumers the total cost of their services and to disclose the fact that they do not provide services and information as required under the Maryland Locksmith Act are omissions of material fact that deceive or tend to deceive consumers.

28. Throughout their operational history, Respondents have committed unfair or deceptive trade practices in connection with their offer and sale of locksmith services in Maryland. In the period from October 1, 2009 to the present alone, Respondents have provided locksmith services to at least 332 customers. In each of these transactions, Respondents made material misrepresentations and omissions, as described above.

Violations of the Consumer Protection Act

29. Respondents' practices, as set forth above, constitute unfair or deceptive trade

practices in the sale and offer for sale of consumer goods and services in violation of § 13-303 of the Consumer Protection Act.

30. Respondents' false and misleading statements to consumers, as set forth above, have the capacity, tendency or effect of deceiving or misleading consumers and constitute unfair or deceptive trade practices as defined in § 13-301(1) of the Consumer Protection Act.

31. Respondents' representations that they have licenses, accreditation by the BBB and other connections and affiliations which they do not have, constitute unfair or deceptive trade practices as defined in § 13-301(2) of the Consumer Protection Act.

32. Respondents' failure to state material facts, as set forth above, the omission of which deceives or tends to deceive consumers, constitutes unfair or deceptive trade practices as defined in § 13-301(3) of the Consumer Protection Act.

33. Respondents' practice of charging consumers exorbitant, undisclosed fees for goods and services and then pressuring them to approve the fees constitutes unfair trade practices pursuant to § 13-303 of the Consumer Protection Act. These practices have caused and are likely to cause substantial injury to consumers, which consumers cannot reasonably avoid. The injuries that consumers have suffered as a result of Respondents' undisclosed, high fees are not offset by any benefit to consumers or to competition.


WHEREFORE, the Proponent respectfully requests that the Consumer Protection Division issue an Order:

- A. requiring Respondents to cease and desist from engaging in unfair or deceptive trade practices in violation of the Maryland Consumer Protection Act;
- B. requiring Respondents to take affirmative action, including posting a performance

bond or other security with the Consumer Protection Division, before Respondents offer or sell any consumer goods or services in Maryland or to Maryland residents;

- C. requiring Respondents to take affirmative action, including the payment of restitution;
- D. requiring Respondents to pay the costs of this proceeding, including all costs of investigation;
- E. requiring Respondents to pay civil penalties pursuant to § 13-410 of the Consumer Protection Act; and
- F. granting such other and further relief as is appropriate and necessary.

Respectfully submitted,



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