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SUPERIOR COURT BERGEN COUNTY
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GENERAL EQUITY
CASE PROCESSING

JUN 17 2015

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By: Mark E. Critchley (#014112012)
Deputy Attorney General
[REDACTED]

SUPERIOR COURT OF NEW JERSEY
CHANCERY DIVISION, BERGEN COUNTY
DOCKET NO. BER-C-183-15

JOHN J. HOFFMAN, Acting Attorney General of the
State of New Jersey, and STEVE C. LEE, Acting
Director of the New Jersey Division of Consumer
Affairs,

Plaintiffs,

v.

STANLEY WARRANTY, LLC d/b/a STANLEY
SAFE CLUB; STANISLAV MANKOVSKY a/k/a
STANLEY MANKOVSKY a/k/a STAN
MANKOVSKY individually and as owner, officer,
director, member, manager, employee, representative
and/or agent of STANLEY WARRANTY, LLC d/b/a
STANLEY SAFE CLUB; JANE AND JOHN DOES
1-10, individually and as owners, officers, directors,
shareholders, founders, members, managers, agents,
servants, employees, representatives and/or
independent contractors of STANLEY WARRANTY,
LLC d/b/a STANLEY SAFE CLUB; and XYZ
CORPORATIONS 1-10,

Defendants.

Civil Action

COMPLAINT

Plaintiffs John J. Hoffman, Acting Attorney General of the State of New Jersey ("Attorney
General"), with offices located at 124 Halsey Street, Fifth Floor, Newark, New Jersey, and Steve C.

Lee, Acting Director of the New Jersey Division of Consumer Affairs (“Director”), with offices located at 124 Halsey Street, Seventh Floor, Newark, New Jersey, by way of Complaint state:

PRELIMINARY STATEMENT

1. At all relevant times, Defendants Stanley Warranty, LLC d/b/a Stanley Safe Club (“Stanley Warranty”) and Stanislav Mankovsky a/k/a Stanley Mankovsky a/k/a Stan Mankovsky (“Mankovsky”) (collectively, “Defendants”) have been engaged in the advertisement, offering for sale, and sale of merchandise to consumers in the State of New Jersey (“State” or “New Jersey”) and elsewhere.

2. Defendants advertise on the internet and elsewhere that their “home warranty program” will cover the repair and replacement of essential home systems and appliances such as heating systems, air conditioning systems, and hot water heaters. Defendants further advertise that they “will pay 100% of the cost of the repair or replacement, up to the limit per event, or help you toward the purchase of a new system or appliance.” However, contrary to such advertisements, Defendants do not actually sell “home warranties” to consumers, but rather residential service contracts (“RSCs”) with coverage that is reduced by numerous and substantial exclusions and limitations of liability.

3. Through the internet and otherwise, Defendants are also engaged in the sale of motor vehicle “warranties” which are advertised as providing “24 x 7 x 365” coverage. To the contrary, Defendants are actually engaged in the sale of motor vehicle service contracts (“MVSCs”), which include numerous exclusions and limitations of liabilities.

4. Additionally, Defendants advertise on the internet and elsewhere that their home warranty program has “you covered 24 hours a day, 7 days a week, 365 days a year” and “will reduce your costs, reduce your stress and reduce your frustration.” Moreover, regarding their motor

vehicle warranty program, Defendants advertise that their claims specialists are there “to make the process worry free” and “to support you before, during, and after your vehicle is repaired.” Despite such representations, consumers have experienced an expensive, stressful and frustrating relationship with Defendants. Among other things, Defendants have repeatedly evaded consumer complaints by failing to answer and/or return consumer telephone calls, emails and letters in a timely manner or at all. Consumers’ complaints have gone unanswered for weeks and even months, until consumers finally give up. Moreover, with regard to the RSCs, Defendants do not have a functioning service claim or repair process. Many consumers have been forced to hire their own independent out-of-network contractors with the promise of later reimbursement. However, after consumers submit proof of their out-of-pocket expenses, Defendants have failed to respond to the consumers’ submissions, refused to honor the reimbursement or reduced the previously promised reimbursement amount. Ultimately, the RSCs and MVSCs purchased by consumers were of little to no value to consumers.

5. To date, the New Jersey Division of Consumer Affairs (“Division”) has received 97 complaints from consumers concerning the business practices of Stanley Warranty.

6. Further, the Division has received 498 complaints from the Better Business Bureau (“BBB”) about Stanley Warranty. At present, the BBB has given Stanley Warranty an “F” rating.

7. The conduct of Stanley Warranty and/or Mankovsky constitutes multiple violations of the New Jersey Consumer Fraud Act, N.J.S.A. 56:8-1 et seq. (“CFA”), the Act Governing Service Contracts, N.J.S.A. 56:12-87 et seq. (“Service Contracts Act”), and the Regulations Governing General Advertising, N.J.A.C. 13:45A-9.1 et seq. (“Advertising Regulations”). The Attorney General and the Director submit this Complaint to end Defendants’ deceptive and unconscionable business practices and to prevent consumers from suffering further economic and other harm.

PARTIES AND JURISDICTION

8. The Attorney General is charged with the responsibility of enforcing the CFA, the Service Contracts Act and the Advertising Regulations. The Director is charged with the responsibility of administering the CFA, the Service Contracts Act and the Advertising Regulations on behalf of the Attorney General.

9. By this action, the Attorney General and Director (collectively, "Plaintiffs") seek injunctive relief and other relief for violations of the CFA, the Service Contracts Act and the Advertising Regulations. Plaintiffs bring this action pursuant to their authority under the CFA, specifically N.J.S.A. 56:8-8, 56:8-11, 56:8-13 and 56:8-19.

10. Venue is proper in Bergen County, pursuant to R. 4:3-2, because it is a county in which the Defendants have maintained a business address and otherwise conducted business.

11. On October 13, 2011, Stanley Warranty was established as a Limited Liability Company in the State.

12. At all relevant times, Stanley Warranty has maintained a business and mailing address of [REDACTED]

13. Stanley Warranty's registered agent in the State is Mankovsky, with a mailing address of [REDACTED]

14. On July 30, 2013, Stanley Warranty amended its registration with the New Jersey Department of Treasury to include an alternate name of "Stanley Safe Club."

15. At all relevant times, Mankovsky has been an owner, principal, Chief Executive Officer, Managing Member and/or Member of Stanley Warranty and has controlled, directed and participated in the management and operation of Stanley Warranty.

16. At all relevant times, Mankovsky has maintained a mailing address of [REDACTED]

17. John and Jane Does 1 through 10 are fictitious individuals meant to represent the owners, officers, directors, shareholders, founders, members, managers, agents, servants, employees, and/or representatives of Stanley Warranty who have been involved in the conduct that gives rise to this Complaint, but are heretofore unknown to Plaintiffs. As these defendants are identified, Plaintiffs shall amend the Complaint to include them.

18. XYZ Corporations 1 through 10 are fictitious corporations meant to represent any additional business entities who have been involved in the conduct that gives rise to the Complaint, but are heretofore unknown to Plaintiffs. As these defendants are identified, Plaintiffs shall amend the Complaint to include them.

GENERAL ALLEGATIONS COMMON TO ALL COUNTS

A. Defendants' Business Practices Generally:

19. Since at least December 2011, Defendants have advertised, offered for sale, and sold RSCs to consumers in the State and elsewhere.

20. On or about December 2011, Defendants entered into a Dealer Agreement with Universal Administrators, which was signed by Mankovsky as CEO of Stanley Warranty.

21. Among other things, the Dealer Agreement, provided that Defendants: (a) were to sell to their customers the Safe Secure Club Program designed by Universal Administrators ("Safe Secure Club Program"); and (b) appointed Universal Administrators to administer the Safe Secure Club Program.

22. The Safe Secure Club Program included an RSC known as the Safe Secure Home Care Plan ("Safe Secure Club RSC," a copy of which is attached as Exhibit A).

23. Between at least December 2011 and April 2013, Defendants advertised, offered for sale and sold the Safe Secure Club Program.

24. Upon information and belief, in April 2013, Defendants terminated the Dealer Agreement with Universal Administrators.

25. Upon information and belief, since at least July 30, 2013, Defendants have advertised, offered for sale, sold and administered their own club program titled "Stanley Safe Club Program."

26. At varying times, Defendants have advertised the Stanley Safe Club Program as a "home warranty program," when, in fact, it is a RSC ("Stanley Safe Club RSC"). (A copy of the current Stanley Safe Club RSC is attached as Exhibit B).

27. The Safe Secure Club Program and the Stanley Safe Club RSC are collectively referred to as the "Stanley Warranty RSC."

28. Upon information and belief, since at least August 2013, Defendants have also advertised, offered for sale and sold MVSCs created and administered by third parties. (A copy of Defendants' current MVSC is attached as Exhibit C.)

29. Upon information and belief, Mankovsky's responsibilities as owner, Chief Executive Officer, Managing Member, and/or Member of Stanley Warranty include, among other things:

- (a) selling RSCs to consumers;
- (b) processing consumer refund and cancellation requests;
- (c) registering Stanley Warranty's websites;
- (d) negotiating agreements with RSC and/or MVSC administrators; and
- (e) responding to consumer complaints filed with the BBB.

B. Defendants' Advertisement of "Home Warranties":

30. Since at least October 2011, Defendants have included the following logo on Stanley Warranty's advertisements and correspondence:



Stanley Warranty[™]

Standard Of Safety

We've Got You Covered 24 x 7 x 365

31. Since at least July 2013, Defendants have included the following logo on Stanley Warranty's advertisements and correspondence:



Stanley Safe Club

Standard Of Safety

We've Got You Covered 24 x 7 x 365

32. Since at least September 2008 and at all relevant times, Defendants have maintained a website at www.stanleywarranty.com ("Stanley Warranty Website").

33. At least as of April 13, 2015, the Stanley Warranty Website homepage appears as follows:



Stanley Safe Club
Standard Of Safety
We're On You Covered 24 x 7 x 365

Plans Start at \$19.99 p/m

888-782-6539
Call NOW! 888-STANLEY

Home FAQs Club Plans WrapAround Club Benefits Auto Protection Contractors Stanley Life Request Service



Stanley Safe Club™
Standard Of Safety
We're On You Covered 24 x 7 x 365

Membership Savings

1-888-STANLEY (888-782-6539)

- ☆ HOME INVENTORY
- ☆ CHILD SECURITY
- ☆ DISCOUNT ALARMSERVICE
- ☆ FIRE TROUBLESHOOTING
- ☆ BUYERS' ASSISTANCE
- ☆ DINING, SHOPPING & AUTOMOTIVE



- ☆ Every Day Savings of up to 50% OFF
- ☆ At Over 300,000 Merchants Nationwide
- ☆ Serving 100% of Top U.S. Markets
- ☆ In Over 3,000 Cities and Towns
- ☆ 100,000+ "Show Your Phone" Mobile Coupons
- ☆ Over 500 National Brands

Get Your Free Stanley Safe Club Quote Today! Get Free Quote Now!

Stanley Safe Club | Stanley Warranty
Home Warranty | Auto Protection
NATIONWIDE SERVICE COVERAGE!

NO Service Fee NO Deductible
Available On Any Of Our Plans

TOP RATED COMPANY
 **Home Warranty**
Reviews.com

Click Here
To See! 

Choose from club plans to match your home and your budget

Why Stanley Safe Club Coverage?

FACT: An American homeowner spends an average of nearly \$1,800 per year on repairing major systems and appliances. At Stanley Safe Club, we understand your pain and have created a home warranty program that will reduce your costs, reduce your stress and reduce your frustration. **Stanley Safe Club will pay 100% up to the limit* per event, or system or appliance. Stanley Safe Club has you covered 24 hours a day, 7 days a week, 365 days a year.**

Members who enroll in our club receive an array of benefits, from an on-line personal inventory registration system to Credit Restoration, appliance protection and exclusive programs designed to protect your most valuable assets - your family. Your personal data is held in our data warehouse, located in a state of the art facility recovery site. When your world is in turmoil, you can be sure that Stanley Safe Club will be there to help. Read more about the benefits available to you, or enroll today and start enjoying the peace of mind that only Stanley Safe Club can offer.

Read more about Club Benefits

- Gold Club Plan
- Silver Club Plan
- Bronze Club Plan
- Systems Club Plan



34. The home page of the Stanley Warranty Website includes references to “Stanley Safe Club Home Warranty” and “Stanley Warranty Auto Protection.”

35. The home page of the Stanley Warranty Website states “Stanley Safe Club has you covered 24 hours a day, 7 days a week, 365 days a year.”

36. The home page of the Stanley Warranty Website specifically provides as follows:

Why Stanley Safe Club Coverage?

FACT: An American homeowner spends an average of nearly \$1,800 per year on repairing major systems and appliances. At Stanley Safe Club, we understand your pain and have created a home warranty program that will reduce your costs, reduce your stress and reduce your frustration. Stanley Safe Club will pay 100% of the cost of the repair or replacement, up to the limit per event, or help you toward the purchase of a new system or appliance. Stanley Safe Club has you covered 24 hours a day, 7 days a week, 365 days a year.*

37. The "Frequently Asked Questions" section of the Stanley Warranty Website states, among other things: "What is a home warranty? A home warranty is a service contract that protects homeowners against the cost of unexpected covered repairs of their major systems and appliances that break down due to normal wear and tear.*"

38. The "Frequently Asked Questions" section of the Stanley Warranty Website provides the following statement at the bottom of the webpage: "*To see Terms and Conditions Click Here," which links to the Stanley Safe Club RSC.

39. The "Frequently Asked Questions" section of the Stanley Warranty Website includes the following statement: "How do I get service? Make one toll-free call to our Claims Department at 1-888-STANLEY (888-782-6539). Our call center is available 24 hours a day, 7 days a week, 365 days a year. You may also submit a claim online or via email."

40. The "Frequently Asked Questions" section of the Stanley Warranty Website also includes the following statement: "Are there technicians in my area? We have a network of over 90,000 expert licensed and bonded technicians throughout the country. There are many to choose from in almost every town in the United States. We add new vendors to our network every day."

41. The Stanley Warranty Website includes the following illustration:



Rain or Shine, We Are There For You,
Keeping America Safe And Secure One
Family At A Time!

42. The Stanley Warranty Website also includes the following illustration:

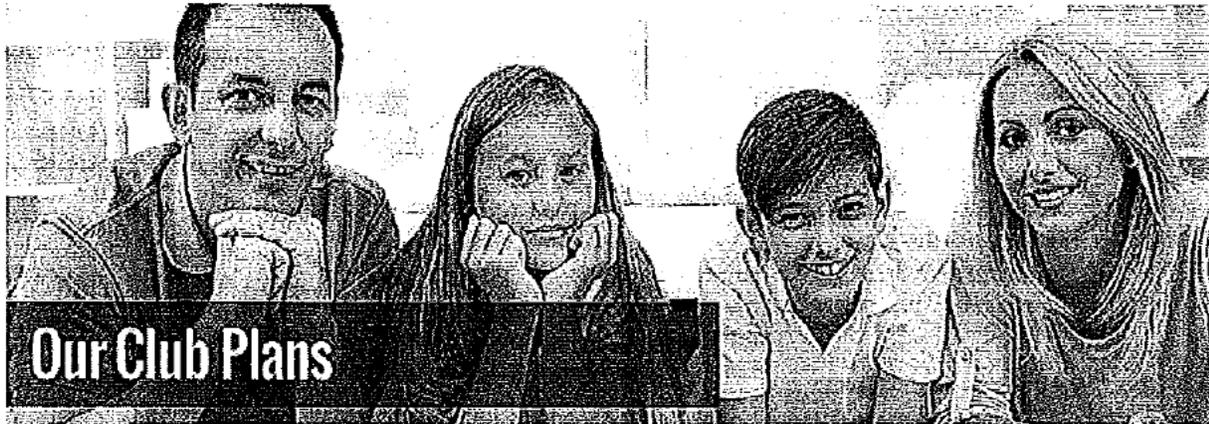


Your Home Is Your Largest
Investment, Don't Take Chances,
Protect Your Family and Get
Coverage Today!

43. At least as of July 2013, Defendants have advertised, offered for sale and/or sold varying coverage plans, referred to as "Club Plans," for its Stanley Safe Club RSC.

44. The Stanley Warranty Website describes the various "Club Plans" and identifies the

"COVERED BENEFIT ITEMS INCLUDED WITH OUR CLUB PLANS" as follows:



ESSE
Award Winner
Most Popular

COVERED BENEFIT ITEMS INCLUDED WITH OUR

CLUB PLANS

GOLD	SILVER	COPPER	BRONZE	MAJOR SYSTEMS
Range	Range	Range	Range	Hot Water Heater
Oven	Oven	Oven	Oven	Central A/C System
Cook Top	Cook Top	Cook Top	Cook Top	Furnace and Heating
Stove	Stove	Stove	Stove	Interior Electric Wiring
Refrigerator	Refrigerator	Refrigerator	Refrigerator	
Dishwasher	Dishwasher	Dishwasher	Dishwasher	
Built-In Microwave	Built-In Microwave	Built-In Microwave	Built-In Microwave	
Trash Compactor	Trash Compactor	Trash Compactor	Trash Compactor	
Clothes Washer	Clothes Washer	Hot Water Heater		
Clothes Dryer	Clothes Dryer	Central A/C System		
Hot Water Heater	Hot Water Heater	Furnace and Heating		
Central A/C System	Central A/C System	Telephone Wiring		
Furnace and Heating	Furnace and Heating			
Telephone Wiring	Telephone Wiring			

Get A Free Quote Now!

NO Service Fee and NO Deductible
On Any Of Our Plans
Limited Time Offer

Interior Electric

Garage Door Opener

Central Vacuum

Exhaust Fan

Burglar Alarm

Hot Water Dispenser

Interior Plumbing

Stand Alone Freezer

Ductwork



WRAPAROUND PLAN FROM THE CLUB**

ELECTRONICS

APPLIANCES

COMPUTERS



Click Here
To See Details Of
Coverage



45. The "About Us" section of the Stanley Warranty Website provides as follows:

Welcome to Stanley Safe Club

Stanley Safe Club is a Company with an array of club products, headquartered in the New York Area. The ownership of Stanley Warranty has extensive experience and colossal expertise in countless real estate and service industries and has a tremendous understanding for consumer needs. With over twenty-five years of knowledge of the service industry and stellar reputation, we strive for perfection one customer at a time.

Stanley Safe Club is a National provider of home club benefits which includes warranty and auto protection products, helping homeowners, buyers, sellers and renters achieve financial stability and safety. We continue to expand our ability to deliver the highest quality products and services to our clients.

Stanley's mission is to dedicate our experience, integrity and reputation to deliver unparalleled level of customer satisfaction to homeowners and renters who want a cost-effective, simple and comprehensive home warranty solution. Because we utilize a network of well-trained, skilled professional contractors, Stanley Safe Club quickly remedies any covered maintenance or repair matter that you may face as a homeowner or a renter.

Stanley Safe Club offers multiple residential protection plans as part of the Benefits and custom industrial and commercial plans. These protection plans provide comprehensive coverage to most of the home's mechanical systems, major appliances and many other items. We also offer coverage plans for commercial and industrial real estate, which we evaluate on a case-by-case basis for the purpose of warranty coverage. Our home warranty products are transferable to the new owner when the property is sold.

We are a privately held Company and our coverage area is throughout the continental United States and Canada, except for where prohibited by local rules and regulations.

If you are buying or selling a house, Stanley Safe Club provides you Protection and Benefits for a peace of mind because we have you covered 24 x 7 x 365

46. At varying times, Defendants have advertised discounts on the Stanley Warranty Website, including the following ("Stanley Warranty Discount"):

**Club Benefits Include a Home Warranty
NO Service Fee NO Deductible
30% OFF Plus One FREE MONTH
Get A FREE Quote Now!**

47. The Stanley Warranty Discount does not state the period of time during which the price reduction is applicable, the former price or the price reduction.

C. Defendants' Sale of "Home Warranties":

48. At varying times, consumers have contacted Defendants either through the Stanley Warranty Website or by telephone, and have spoken with Mankovsky and/or Defendants' sales representatives.

49. At varying times, Defendants' sales representatives have described each type of "home warranty" offered by Defendants, which Defendants have referred to, among other things, as Club Plans, Home Care Plans and Stanley Plans (collectively, "Plans").

50. At varying times, Defendants have offered several types of Plans, labeled Gold, Silver, Copper and Bronze, among others, which include different levels of coverage.

51. At varying times, Defendants' sales representatives have identified the home appliances and systems "covered" under each Plan.

52. At varying times, Defendants' sales representatives have informed consumers that they could add a specific home appliance and/or system that was not already included in their Plan for an extra charge.

53. At varying times, consumers have selected specific home appliances and/or systems to be added onto their Plan (e.g., swimming pool, air conditioner, garage door opener).

54. On at least one occasion, after calling Defendants to purchase a "home warranty plan," Defendants' sales representative advised the consumer that Mankovsky was a manager and proceeded to transfer the consumer to him.

55. At varying times, Defendants' sales representatives have informed consumers that a home appliance or system was "fully" covered by the selected Plan when, in fact, both the Safe

Secure Club RSC and the Stanley Safe Club RSC had numerous exclusions and limitations of liability.

56. At varying times, Defendants have offered no deductible and/or service fees on some of their Plans.

57. On at least one occasion, Defendants' sales representative told a California consumer that Stanley Warranty has an office in California.

58. On at least one occasion, Defendants' sales representative told a consumer that Stanley Warranty is a BBB-accredited business.

59. Defendants have charged consumers \$200.00 to \$2,400.00 for varying Plans.

60. At varying times, consumers have paid for the Stanley Warranty RSC by making either a single, upfront payment or a down payment followed by monthly installments.

61. At varying times, after consumers have provided their payment information to Defendants' sales representatives to purchase the Stanley Warranty RSC, Defendants have forwarded to consumers a confirmation letter and/or e-mail ("Confirmation Letter"), which states:

- (a) "Your Home Appliances are now protected from unexpected repairs.";
- (b) "Our job is to deliver peace of mind protection from those intrusions that can strike you and your family as well as those that can strike your home. There is only one number that you need to call. Now that's peace of mind."; and/or
- (c) "That's what you expect from the number one selection for complete home protection clubs in America today. That's right we have been number one for 5 years in a row and as you look at all of the club benefits you can understand why."

62. At varying times, Defendants' sales representatives have stated that they would forward the Stanley Warranty RSC and the consumer would have thirty (30) days to review and accept the terms of the Stanley Warranty RSC before coverage became effective.

63. At varying times, Defendants' sales representatives have told consumers that they could cancel their Stanley Warranty RSC during the thirty (30) day period and would receive a full refund.

64. On multiple occasions, consumers have not received their Stanley Warranty RSC from Defendants.

65. On multiple occasions, when consumers have contacted Defendants by telephone, letter and/or e-mail concerning the failure to send them the Stanley Warranty RSC, Defendants have failed to respond to the consumers' complaints in a timely manner or at all.

66. At varying times, consumers have attempted to cancel their Stanley Warranty RSC within the initial thirty (30) day period, but Defendants have: (a) continued to charge the consumers' bank accounts or credit cards; (b) imposed a cancellation fee in contradiction to the Stanley Warranty RSC; and/or (c) refused to offer a refund.

67. At varying times, Defendants have failed to respond to consumers who attempted to cancel their Stanley Warranty RSC within the initial thirty (30) day period.

D. Defendants' Stanley Safe Club RSCs:

68. Since on or about July 2013, Defendants have modified the format and/or content of the Stanley Safe Club RSC on several occasions.

69. Upon information and belief, as of August 2014, Defendants have used the Stanley Safe Club RSC described below (attached as Exhibit B).

70. The eight-page Stanley Safe Club RSC is organized as follows:

- I. COVERAGE
- II. COVERAGE PERIOD AND FEE
- III. HOW YOU GET SERVICE

- IV. SELECTED CLUB PLAN
- V. COVERAGE (COVERAGE DEPENDANT [sic] ON PLAN)
- VI. OPTIONAL COVERAGE (REQUIRES ADDITIONAL PAYMENT)
- VII. LIMITATION OF LIABILITY AND CONDITIONS
- VIII. ADDITIONAL LIMITATION OF LIABILITY AND CONDITIONS
- IX. MEDIATION / MANDATORY ARBITRATION
- X. SEVERABILITY
- XI. CANCELLATION OF THE STANLEY CLUB PLAN
- XII. CREDIT CARD AUTHORIZATION AGREEMENT

71. Section I of the Stanley Safe Club RSC titled "COVERAGE" states, in relevant part:

Coverage includes only the items stated as covered, excluding all others and is subject to the limitations, exclusions and provisions stated in this contract. For your specific coverage and selections see your Contract Agreement pages, which are incorporated into this contract.

During the coverage period, Our sole responsibility will be to arrange for a qualified service contractor ("Service Provider") to repair or replace, at Our expense (up to the limits set forth below), the systems and components mentioned as "Included" in accordance with the terms and conditions of this contract so long as such systems and components:

- ▶ Are located inside the confines of the main foundation of the home or attached or detached garage (with the exception of the exterior pool/spa, well pump, septic tank pumping and air conditioner); and
- ▶ Become inoperative due to normal wear and tear; and
- ▶ Are in place and in proper working order on the effective date of this home warranty contract. This contract does not cover any known or unknown pre-existing conditions. It is understood that WE ARE NOT A SERVICE PROVIDER and are not undertaking to repair or replace any such systems or components. . . . This contract describes the basic coverage and options available. Coverage is subject to limitations and conditions specified in this contract. Please read your contract carefully. NOTE: This is not a contract of insurance, residential service, warranty, extended warranty, or implied warranty.

72. Section III of the Stanley Safe Club RSC titled "HOW YOU GET SERVICE" states,

in relevant part:

[Stanley Warranty] must be notified as soon as the malfunction is discovered and prior to expiration of the contract term. The quickest and most accurate way to file a claim is to do it on line at www.stanleywarranty.com and click on **request service** on the top menu. In an emergency you may call our dedicated claims toll free number 888-550-8123 or 1-888-STANLEY(888-782 6539) Option 3 during normal working hours Monday - Friday, 9:00AM ET - 8:00PM ET. Emergency service is available 24 hours a day for Central Home Heating and Air Conditioning Systems, if those products are named in Section II of this STANLEY CLUB PLAN. Service is considered an emergency when the Central Home Heating malfunctions during a period of cold weather or when the temperature below 40 degrees Fahrenheit or Air Conditioning System malfunctions during a period of warm weather when the temperature exceeds 95 degrees Fahrenheit. **We will not pay for any services performed without prior authorization.** Notice of any mechanical or electrical breakdown must be given to us immediately upon discovery and must be during the coverage period. When you place a service request, we will notify an INDEPENDENT CONTRACTOR (Service Provider) who will contact you directly to schedule a convenient appointment during normal business hours. Under normal circumstance, our service effort will be initiated within 48 hours. Though out the service effort, we urge you to take reasonable measures to prevent secondary damage (ex. turning off water to the home in the case of a major pipe leak).

To ensure you receive reputable and unbiased service, we have an extensive network of SERVICE PROVIDERS who supply service to our Club Members at fair and reasonable rates. Our network, however, is not all inclusive trade, in every town, across the nation. For that reason, we may authorize you to contact an Independent out of Network Contractor directly to obtain Service.

When we request or authorize you to obtain an INDEPENDENT OUT OF NETWORK CONTRACTOR to perform diagnosis and/or service::1) We recommend that the Contractor be qualified and insured, and charge fair and reasonable rates for parts and service. 2) Once the technician is at the home, and prior to any services being rendered, you must call our Authorization Department with the technician's diagnosis and dollar amount of services required. 3) We will provide an Authorization Number in writing for the covered services and dollar amount that we have authorized. Failure to contact us as outlined will result in denial of coverage. 4) upon completion of the authorized services, the Contractor must provide you an itemized invoice for the authorized charges. 5) You must submit the itemized invoice, including the Authorization Number provided by us, for reimbursement. 6)

You are expected to pay the Independent Out-of-Network Contractor directly for the services rendered and then submit the invoice to us for reimbursement. Reimbursement checks will be sent to you within 60(sixty days) of receiving the invoice for covered repair performed.

73. Section IV of the Stanley Safe Club RSC, titled "SELECTED CLUB PLAN," identifies the Club Plan selected by the consumer (e.g., Gold) and lists the home appliances and systems covered under the selected Club Plan as well as any add-ons (e.g., swimming pool).

74. Section V of the Stanley Safe Club RSC, titled "COVERAGE," lists the included and excluded parts for the home appliances and systems specified in Section IV of the Stanley Safe Club RSC. Section V of the Stanley Safe Club RSC states, in part:

16. PLUMBING SYSTEM / TOILET TANKS AND BOWLS / STOPPAGE (Separate Coverage Required For Each, Extra Charges Apply)
INCLUDED: Leaks and breaks of water, drain, gas, waste or vent lines, except if caused by freezing or roots - Toilet tanks, bowls and mechanisms (replaced with builder's grade as necessary), toilet wax ring seals - Valves for shower, tub, and diverter angle stops, rinses and gate valves - Permanently installed interior sump pumps - Built-in bathtub whirlpool motor and pump assemblies - Stoppages/Clogs in drain and sewer lines up to 100 feet from access point. Mainline stoppages are only covered if there is an accessible ground level clean out, except:
EXCLUDED: Stoppages and clogs in drain and sewer lines that cannot be cleared by cable or due to roots, collapsed, broken, or damaged lines outside the confines of the main foundation (even if within 100 feet of access point) – Access to drain or sewer lines from vent or removal of water closets - Cost to locate, access or install ground level clean out – Slab leaks - Polybutylene or Quest piping – Galvanized drain lines - Hose Bibs - Drum traps - Flange-Collapse of or damage to water, drain, gas, waste or vent lines caused by freezing, settlement and/or roots – Faucets, fixtures, cartridges, shower heads & shower arms - Baskets and strainers - Pop-up assemblies - Bathtubs and showers - Cracked porcelain - Glass - Shower enclosures and base pans – Roman tubs – Bath tub drain mechanisms - Sinks - Toilet lids and seats - Cabling or grouting - Whirlpool jets - Whirlpool control panel - Septic tanks - Sewage ejector pumps - Water softeners - Pressure regulators - Inadequate or excessive water pressure - Flow restrictions in fresh water lines caused by rust, corrosion or chemical deposits - Holding or storage tanks - Saunas and/or steam rooms. NOTE: We will provide access to plumbing systems through unobstructed walls, ceilings or floors, only, and will return the access opening to rough finish condition. We will pay no more than \$500 per contract term for access, diagnosis and repair and/or replacement. Our

authorized Service Provider will close the access opening and return it to rough finish condition, subject to the \$500 limit indicated. We shall not be responsible for payment of the cost to remove and replace any built-in appliances, cabinets, floor coverings or other obstructions impeding access to walls, ceilings, and/or floors.

75. Section VII of the Stanley Safe Club RSC, titled "LIMITATION OF LIABILITY AND CONDITIONS," includes nineteen (19) limitations.

76. Section VIII of the Stanley Safe Club RSC, titled "ADDITIONAL LIMITATION OF LIABILITY AND CONDITIONS," includes thirteen (13) additional limitations.

77. Section IX of the Stanley Safe Club RSC, titled "MEDIATION-MANDATORY ARBITRATION," provides, in relevant part:

In the event of a dispute over claims or coverage You agree to file a written claim with Us and allow Us thirty (30) calendar days to respond to the claim. The parties agree to mediate in good faith before resorting to mandatory arbitration in the State of New Jersey.

Except where prohibited, if a dispute arises from or relates to this Agreement or its breach, and if the dispute cannot be settled through direct discussions you agree that:

....

3. Any and all claims, judgments and awards shall be limited to actual out-of-pocket costs incurred to a maximum of \$1500 per claim, but in no event attorneys' fees.

4. Under no circumstances will you be permitted to obtain awards for, and you hereby waives all rights to claim, indirect, punitive, incidental and consequential damages and any other damages, other than for out-of pocket expenses, and any and all rights to have damages multiplied or otherwise increased. . . .

78. Section XI of the Stanley Safe Club RSC, titled "CANCELLATION OF THE STANLEY CLUB PLAN," provides, in relevant part:

You may cancel your contract within the initial 30 (thirty) day grace period for any reason and receive a full refund. This is a maintenance agreement for repair, replacement, or partial replacement of the products listed that are deemed manufactured or sold by the manufacturer. This is not a contract of insurance, residential service, warranty, extended warranty, or implied

warranty. PURCHASER may cancel STANLEY CLUB PLAN by CONTACTING Stanley Warranty via mail at 560 Sylvan Avenue, Suite 3032 Englewood Cliffs, NJ 07632 or by faxing notification to 800-764-3049 Attn. Stanley Warranty Club Plans, Supervisor. Cancellation becomes effective upon receipt of said cancellation request from the PURCHASER. If this STANLEY PLAN is cancelled after the initial 30 (thirty) day grace period, the PURCHASER shall be entitled to a pro-rata refund of the paid STANLEY CLUB PLAN price for the un-expired term less a \$50 Cancellation fee, administrative fees and any and all service costs incurred by Stanley Warranty.

....

If a claim has been approved by Stanley Safe Club Warranty Administrator, the policy may not be cancelled per the same contract year. However, the policy holder may receive a prorated refund for the remaining years on a multi-year term.

If a claim had been denied as per the terms of this contract the policy may NOT be cancelled solely for that reason. Should the policyholder wish to cancel based on the fact a claim has been legitimately denied, a prorated refund may be issued but will be subjected to a penalty equal 25% (twenty-five percent) of the paid premium.

79. The current Stanley Safe Club RSC does not include: (a) the provider's name, principal or other appropriate business address, and telephone number; (b) the administrator's name, principal or other appropriate business address, and telephone number; (c) the provider fee or a reference to any other documentation that contains the provider fee; (d) language that if the contract holder cancels the Stanley Safe Club RSC within the initial thirty-day period, Stanley Warranty will pay the contract holder a 10% per month penalty if the refund is not completed within 45 days; (e) language that if Stanley Warranty cancels the Stanley Safe Club RSC it will mail a written notice to the contract holder containing the reason for the cancellation and the effective date of the cancellation; and (f) language regarding whether the service contract is insured by a reimbursement insurance policy.

80. Since at least July 16, 2014, Defendants have failed to insure each Stanley Safe Club RSC under a reimbursement insurance policy.

81. Since at least July 16, 2014, Defendants have failed to establish a funded reserve account for their obligations under each Stanley Safe Club RSC.

82. Upon information and belief, since at least July 16, 2014, Defendants have not maintained a net worth or stockholders' equity of at least \$100,000,000.

E. Defendants' Handling of Consumers' Requests for Repair or Replacement of Home Systems and Appliances

83. At varying times, as instructed by the Stanley Warranty RSC and/or Defendants' representatives, consumers have submitted service requests regarding their home systems and appliances through the Stanley Warranty Website and/or over the telephone.

84. At varying times, after submitting a service request, consumers have not received a response from Defendants for several days, if at all.

85. At varying times and after a consumer's submission of a service request, Defendants have contacted consumers by email or telephone to advise that a service provider would contact the consumer within forty-eight (48) hours.

86. At varying times, after submitting a service request, consumers have not been contacted by a service provider for several days, or at all.

87. On at least one occasion, a consumer called Defendants to file a service request and was told that the claim would not be logged in because it was after hours.

88. At varying times, Defendants have scheduled a service provider to service a consumer's request, but then failed to inform the consumer of the date and time of the repair appointment.

89. At varying times, Defendants have represented by e-mail and/or telephone that a repair appointment had been scheduled, when such was not the case.

90. At varying times, Defendants have represented by e-mail and/or telephone that a service provider would contact the consumer, but such did not occur.

91. At varying times, after informing a consumer that a repair appointment had been scheduled, Defendants have failed to inform the consumer that the service provider cancelled the appointment.

92. At varying times, consumers have submitted emergency service requests for central home heating or air conditioning systems, but Defendants did not respond for several days, or at all.

93. At varying times, Defendants have failed to arrange a repair appointment on an emergency service request for several days, or at all.

94. At varying times, consumers have located their own independent out-of-network contractor and paid out-of-pocket because Defendants failed to schedule a service provider.

95. At varying times, after representing on the Stanley Warranty Website or through sales representatives that a home appliance or system was “covered” under the selected Club Plan, Defendants have denied consumers’ service claims by referring to exclusions and/or limitations in the Stanley Safe Club RSC (e.g., denying a claim to repair a leaking toilet because bowls and tanks were excluded under the RSC, denying a claim to repair a leaking pipe under a sink because the RSC only covered pipes in the wall).

96. At varying times, Defendants have verbally authorized an independent out-of-network contractor to make a repair but then later denied the claim after the contractor completed the repair, requiring that consumers to pay for the repair out-of-pocket.

97. At varying times, Defendants have verbally authorized an independent out-of-network contractor to make a repair, but then failed to pay the contractor's invoices that were subsequently sent to Defendants by the contractor, requiring consumers to pay for the repair out-of-pocket.

98. At varying times, Defendants have instructed consumers to pay an independent out-of-network contractor out-of-pocket and have promised to reimburse the consumers only after the consumers submit proof of payment.

99. At varying times, Defendants have instructed consumers to pay for replacement home appliances or systems out-of-pocket and have promised to reimburse the consumers for all or a portion of the entire amount, only after they submit proof of payment.

100. At varying times, after Defendants promised to reimburse consumers for out-of-pocket expenses made to independent out-of-network contractors and/or for replacement home appliances or systems, and the consumers have submitted proof of payment, Defendants have: (a) failed to respond to the consumers' submissions for several days or at all; (b) refused to reimburse the consumers; and/or (c) reduced the reimbursement allowance from the previously promised amount.

101. At varying times, Defendants have represented to consumers that they would send a reimbursement check for out-of-pocket expenses made to independent out-of-network contractors and/or for replacement home appliances or systems, which the consumers never received.

102. At varying times, consumers have been charged a deductible or service fee when Defendants or the Stanley Safe Club RSC represented that no charge or fee would be required.

F. Defendants' Customer Service:

103. At varying times, when consumers have made any type of request or complaint to Defendants by telephone, letter or e-mail (e.g., to check on a service claim, request a refund, or cancel the Stanley Warranty RSC), Defendants have failed to respond for several days or weeks, if at all.

104. At varying times, when consumers have made requests or complaints to Defendants by telephone, other than those related to price quotes and purchase of the Stanley Warranty RSC, Defendants have not contacted the consumers for several days or weeks, if at all.

105. At varying times, Defendants have placed consumers on hold for extended periods of time and then terminated the telephone call.

106. At varying times, consumer telephone calls have been sent to voice mail, which instruct the consumer to leave a message and promise that a representative of Defendants will return the consumer's call.

107. At varying times, after a consumer left a message on Defendants' voice mail, Defendants have failed to return the consumer's call for several days or weeks, if at all.

108. At varying times, after stating they would return the consumer's call, Defendants have failed to return the consumer's call for several days or weeks, if at all.

109. At varying times, when consumers have contacted Defendants by telephone, letter and/or e-mail to cancel their Stanley Warranty RSC, Defendants have failed to provide a response for several days or weeks, if at all.

110. At varying times, when consumers have contacted Defendants by telephone, letter and/or e-mail to request a refund, Defendants have failed to provide a response for several days or weeks, if at all.

111. At varying times, consumers have spoken with and/or emailed Mankovsky regarding, among other things, service claims, refund requests and/or cancellation of their Stanley Warranty RSC.

112. On at least one occasion, Mankovsky informed a consumer that he would receive a refund upon sending in a written cancellation request, but then failed to provide the refund after the consumer sent in such request.

113. At varying times, Defendants have offered a refund that contradicted the terms of a consumer's Stanley Warranty RSC (e.g., imposing a cancellation fee or calculating the refund contrary to the Stanley Warranty RSC).

114. At varying times, when consumers have cancelled their Stanley Warranty RSC, Defendants have represented that they would send a refund check, which consumers have never received.

115. At varying times, Defendants have renewed consumers' Stanley Warranty RSCs without their authorization and/or knowledge and have charged the consumers' bank accounts or credit cards for such renewal.

116. At varying times, when consumers have cancelled their Stanley Warranty RSC by telephone, letter and/or e-mail, Defendants have continued to charge consumers' bank accounts or credit cards for their Stanley Warranty RSC.

117. At varying times, after consumers have attempted to cancel their Stanley Warranty RSC, Defendants have threatened to send their accounts to a collection agency or to impose cancellation fees contrary to the Stanley Warranty RSC.

G. Defendants' Advertisement and Sale of MVSCs:

118. At least as of April 18, 2013, the Stanley Warranty Website has advertised motor vehicle "warranties," as depicted below:

DON'T EVER PAY FOR COVERED EXPENSIVE REPAIRS AGAIN!

Get Your Free Stanley Safe Club Quote Today!

Window Motor \$785

Alternator \$825

Engine Computer \$3,800

Air Conditioning \$1,850

Water Pump \$750

Suspension \$2,725

Steering \$1,650

Transmission \$4,985

As featured in

We've Got You Covered
24 x 7 x 365

No Service Fee, 30% Off, No Deductible

888-STANLEY

Stanley Automotive Solutions is here to help protect you from the high cost of auto repairs. We are the preferred agent for several of the largest vehicle service plan administrators nationwide. Depending on your needs, we can custom tailor a policy for you. We are committed to providing you with the best coverage and value so that you may make the best decision for you automotive needs.

Most of our plans include 24 hour roadside assistance so that you will never be stranded when you need help the most. All of our plans give you the option of having your vehicle serviced at the dealer or ASE licensed repair facility of your choice. If your vehicle breaks down or you have reason to believe it may be about to, you'll be routed to our Claims specialists. This team is there to make the process worry free. The Stanley team will be there to support you before, during, and after your vehicle is repaired.

Start your coverage immediately with easy pay options, Life Time Warranty Available Ask Now

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↑
Click Here
To See Details Of
Coverage

*LifeTime Coverage is only available on some vehicles based on current year, make, model and mileage. Please call in to see if your vehicle qualifies

119. Defendants have also advertised motor vehicle “warranties” at www.stanleyautowarranty.com, which directs a consumer to the Stanley Warranty Website.

120. The motor vehicle “warranties” advertised, offered for sale and sold by Defendants were in fact MVSCs created and administered by third parties with numerous exclusions from coverage and limitations of liabilities (“Stanley Warranty MVSC”) (A copy the current Stanley Warranty MVSC is attached as Exhibit C.)

121. The Stanley Warranty Website has advertised Stanley Warranty MVSCs that provided different levels of coverage for repair work including, but not limited to, Ultimate, Deluxe and Powertrain Plans.

122. At varying times, consumers have paid Defendants for Stanley Warranty MVSCs by either making a single, upfront payment or a down payment followed by monthly installments.

123. The Stanley Warranty Website has included a link to sample contracts, specifically, the Stanley Warranty MVSCs.

124. At varying times, Defendants’ sales representatives have stated that they would forward the Stanley Warranty MVSC and the consumer would have thirty (30) days to review and accept the terms of the Stanley Warranty MVSC before coverage became effective.

125. At varying times, Defendants’ sales representatives have told consumers that they could cancel their Stanley Warranty MVSC within the thirty (30) day period and would receive a full refund.

126. At varying times, consumers have attempted to cancel their Stanley Warranty MVSC within the initial thirty (30) day period, but Defendants have refused to provide a full refund.

127. On several occasions, consumers never received their Stanley Warranty MVSC.

128. At varying times, Defendants have not responded to consumer requests or complaints as to their Stanley Warranty MVSCs (e.g., service requests, cancellation requests, and requests for copy of contract) for several days or at all.

129. At varying times, after consumers have cancelled their Stanley Warranty MVSC, Defendants have continued to charge the consumers' credit cards or bank accounts.

130. At varying times, after consumers have cancelled their Stanley Warranty MVSC and requested a refund, Defendants have refused to issue a refund.

131. The current Stanley Warranty MVSC does not include: (a) the provider fee, or a reference to any other documentation which contains the provider fee and the terms under which the contract is sold; (b) whether the provider's use of refurbished, reconditioned, or non-original manufacturer's parts is permitted; (c) language that if the contract holder cancels the Stanley Warranty MVSC within the initial thirty-day period, the provider will pay the contract holder a 10% per month penalty if the refund is not completed with 45 days; and (d) language that if the provider cancels the Stanley Warranty MVSC it will mail a written notice to the contract holder containing the reason for the cancellation and the effective date of the cancellation or that written notice is not required if the reason for cancellation is nonpayment of the provider fee, a material misrepresentation or omission, or a substantial breach of contractual obligations concerning the property or its use.

COUNT I

VIOLATION OF THE CFA BY DEFENDANTS (UNCONSCIONABLE COMMERCIAL PRACTICES)

132. Plaintiffs repeat and reallege the allegations contained in paragraphs 1 through 131 above as if more fully set forth herein.

133. The CFA, N.J.S.A. 56:8-2, prohibits:

The act, use or employment by any person of any unconscionable commercial practice, deception, fraud, false pretense, false promise, misrepresentation, or the knowing[] concealment, suppression, or omission of any material fact with intent that others rely upon such concealment, suppression or omission, in connection with the sale or advertisement of any merchandise or real estate, or with the subsequent performance of such person as aforesaid, whether or not any person has in fact been misled, deceived or damaged thereby . . .

134. The CFA defines “merchandise” as including “any objects, wares, goods, commodities, services or anything offered, directly or indirectly to the public for sale[.]” N.J.S.A. 56:8-1(c).

135. At all relevant times, Defendants have been engaged in the advertisement and sale of merchandise within the meaning of N.J.S.A. 56:8-1(c), specifically, Stanley Warranty RSCs and Stanley Warranty MVSCs.

136. In the operation of their business, Defendants have engaged in the use of unconscionable commercial practices, deception, false promises and/or misrepresentations.

137. Defendants have engaged in unconscionable commercial practices including, but not limited to, the following:

- a. Failing to provide consumers with a copy of their Stanley Warranty RSC or Stanley Warranty MVSC prior to charging consumers’ bank accounts or credit cards;
- b. Failing to respond to complaints from consumers who stated that they never received their Stanley Warranty RSC or Stanley Warranty MVSC;
- c. Failing to respond to consumer complaints and requests in a timely manner or at all;
- d. Failing to respond to consumers’ service requests under their Stanley Safe Club RSC in a timely manner or at all;
- e. Failing to arrange a service provider visit under their Stanley Safe Club RSC in a timely manner or at all;

- f. Failing to inform consumers of the date and time of their repair appointment;
- g. Cancelling a repair appointment and then failing to inform consumers of the cancellation;
- h. Failing to respond to emergency service claims under a Stanley Safe Club RSC in a timely manner or at all;
- i. Failing to arrange and/or authorize a repair on an emergency service claim under a Stanley Safe Club RSC in a timely manner or at all;
- j. Denying a claim under a Stanley Safe Club RSC after verbally authorizing an independent out-of-network contractor to service the home appliance or system;
- k. Failing to pay a service provider's invoices after verbally authorizing repairs, thus requiring the consumer to make an out-of-pocket payment for the repair;
- l. Failing to arrange for a service provider to service consumers' claims under their Stanley Safe Club RSC, thus requiring consumers to locate and make direct payment to an independent out-of-network contractor, and then seek reimbursement from Defendants;
- m. Refusing to reimburse consumers after instructing them to locate and pay an independent out-of-network contractor and promising to reimburse them for payments made to the contractor;
- n. Refusing to reimburse consumers after instructing them to pay for a replacement home appliance or system and promising to reimburse them for such out-of-pocket payments;
- o. Failing to provide reimbursement to consumers after their submission of proof of payment to an independent out-of-network contractor and after promising to provide such reimbursement;
- p. Failing to provide reimbursement to consumers after their submission of proof of payment of a replacement home appliance or system and after promising to provide such reimbursement;
- q. Offering to consumers a reimbursement of out-of-pocket expenses made to independent out-of-network contractors that is lower than the amount previously promised;
- r. Offering to consumers a reimbursement of out-of-pocket expenses for replacement home appliances or systems that is lower than the amount

previously promised;

- s. Terminating consumers' telephone calls after placing them on hold for extended periods of time;
- t. Failing to honor consumer requests for cancellation of the Stanley Warranty RSC in a timely manner or at all;
- u. Failing to honor consumer requests for refunds in a timely manner or at all;
- v. Failing to comply with the refund terms of the Stanley Warranty RSC (e.g., imposing a cancellation fee contrary to the Stanley Warranty RSC);
- w. Including in the "Mediation / Mandatory Arbitration" Section of the Stanley Safe Club RSC a requirement that any consumer dispute be mediated prior to any referral to arbitration;
- x. Including in the "Mediation / Mandatory Arbitration" Section of the Stanley Safe Club RSC a limitation on Defendants' liability to "actual out-of-pocket costs incurred to a maximum of \$1500 per claim, but in no event attorneys' fees";
- y. Including in the "Mediation / Mandatory Arbitration" Section of the Stanley Safe Club RSC a waiver of all damages "other than actual out-of-pocket expenses, and any and all rights to have damages multiplied or otherwise increased";
- z. Charging consumers' bank accounts or credit cards for renewal of their Stanley Warranty RSC without the consumers' authorization and/or knowledge;
- aa. Charging consumers' bank accounts or credit cards after the consumers cancelled their Stanley Warranty RSC or Stanley Warranty MVSC; and
- bb. Threatening to impose excessive cancellation fees or send consumers' accounts to a collections agency if they cancelled their Stanley Warranty RSC.

138. Each unconscionable commercial practice by Defendants constitutes a separate violation under the CFA, N.J.S.A. 56:8-2.

COUNT II

VIOLATION OF THE CFA BY DEFENDANTS (DECEPTION, FALSE PROMISES, MISREPRESENTATIONS)

139. Plaintiffs repeat and reallege the allegations contained in paragraphs 1 through 138 above as if more fully set forth herein.

140. Defendants' conduct in violation of the CFA includes, but is not limited to, the following acts of deception, false promises and/or misrepresentations:

- a. Conducting business under the name "Stanley Warranty," implying that it sells warranties, when it actually sells RSCs and MVSCs;
- b. Representing that it sells "home warranties" and/or "vehicle warranties," when it actually sells RSCs and MVSCs;
- c. Representing that Defendants have consumers "covered 24 hours a day, 7 days a week, 365 days a year," when such is not the case (e.g., not responding to service requests for several days or weeks, if at all);
- d. Representing that "home appliances are now protected from unexpected repairs," when such is not the case (e.g., selling Stanley Warranty RSCs that had numerous exclusions and limitations of liability);
- e. Representing that Defendants offer "peace of mind," when such is not the case (e.g., forcing consumers to pay independent out-of-network contractors out-of-pocket and then failing to respond to consumer requests for reimbursement for several days or weeks, if at all);
- f. Representing that a home appliance or system is fully "covered," when, in fact, Stanley Warranty RSCs have numerous exclusions and limitations of liability;
- g. Representing to a California consumer that Defendants have an office in California when such is not the case;
- h. Representing that Defendants are accredited with the BBB, when such is not the case;
- i. Representing in the Stanley Warranty RSC and otherwise, that a service provider will contact the consumer within 48 hours of filing a service request, when such is not the case;
- j. Representing that a repair appointment has been arranged, when such is not the case;
- k. Representing that a service provider will contact the consumer, when, in fact,

Defendants have failed to arrange for the repair;

- l. Representing that Defendants will reimburse consumers for out-of-pocket payments made to independent out-of-network contractors, and then failing to do so;
- m. Representing that Defendants will reimburse consumers for out-of-pocket payments made on replacement home appliances or systems, and then failing to do so;
- n. Representing a reimbursement amount prior to a consumer's payment for an independent out-of-of-network contractor, and then offering to pay a lower reimbursement amount;
- o. Representing a reimbursement amount prior to a consumer's payment for a replacement home appliance or system, and then offering to pay a lower reimbursement amount;
- p. Representing to consumers that a reimbursement check for out-of-pocket expenses made to independent out-of-network contractors and/or for replacement home appliances or systems will be sent, and then failing to do so;
- q. Representing in the Stanley Warranty RSC and otherwise that consumers will not incur a service fee or deductible, when such is not the case;
- r. Representing that they will return consumers' calls and then failing to do so; and
- s. Representing that a refund check will be sent after consumers cancel their Stanley Warranty RSC or Stanley Warranty MVSC, and then failing to do so.

141. Each act of deception, false promise and/or misrepresentation by Defendants constitutes a separate violation under the CFA, N.J.S.A. 56:8-2.

COUNT III

VIOLATION OF THE SERVICE CONTRACTS ACT BY DEFENDANTS

142. Plaintiffs repeat and reallege the allegations contained in paragraphs 1 through 141 above as if more fully set forth herein.

143. The Service Contracts Act, N.J.S.A. 56:12-87 et seq., among other things, governs

RSCs and MVSCs.

144. Since at least July 16, 2014, Defendants have been “Provider[s]” within the definition of the Service Contracts Act, N.J.S.A. 56:12-87.

145. Since at least July 16, 2014, the RSCs and MVSCs issued, offered for sale and sold by Defendants have been “Service Contract[s]” within the definition of the Service Contracts Act, N.J.S.A. 56:12-87.

146. Since at least July 16, 2014, Defendants were not exempt from the Service Contracts Act, pursuant to N.J.S.A. 56:12-88.

147. The Service Contracts Act provides, in pertinent part:

a. A person shall not issue, offer to sell, or sell service contracts in this State unless the provider complies with one or more of the following means of assuring faithful performance to its contract holders:

(1) each service contract shall be insured under a reimbursement insurance policy issued by an insurer licensed, registered, or otherwise authorized to transact the business of insurance in this State, and which complies with the provisions of section [N.J.S.A. 56:12-92];

(2) a funded reserve account shall be established and maintained for its obligations under each contract issued and outstanding in this State, with reserves calculated at not less than 40% of gross consideration received, then less the amount of claims paid under those contracts. If those reserves fall below the minimum required, the provider has 90 days to come into compliance without violating this section. The reserve account shall be subject to examination and review by the director pursuant to [N.J.S.A. 56:12-96]; or

(3) alone or together with the provider's parent or other affiliated corporation, the provider shall maintain a net worth or stockholders' equity of not less than \$ 100,000,000.

[N.J.S.A. 56:12-90.]

148. The Service Contract Act also provides specific requirements for the contents of

Service Contracts, stating, in pertinent part:

A service contract issued, offered for sale, or sold in this State shall be written in a simple, clear, understandable, and easily readable way and shall contain the requirements set forth in this section, as applicable:

a. the provider's name, principal or other appropriate business address, and telephone number;

b. the administrator's name, principal or other appropriate business address, and telephone number;

....

d. the provider fee, or a reference to any other documentation which contains the provider fee and the terms under which the contract is sold;

....

g. whether the provider's use of refurbished, reconditioned, or non-original manufacturer's parts is permitted;

....

k. the conditions governing the cancellation of the service contract by the service contract holder, which shall:

(1) permit the contract holder, if the contract holder makes no claim arising under the contract, to cancel the contract:

(a) within 10 days of receipt of the contract, or a longer period specified in the contract, if delivered at the time of purchase; or

(b) within 20 days of the date the contract was sent to the contract holder, or a longer period specified in the contract, if not delivered at the time of purchase; and

(2) if cancelled within the time period specified in subparagraph (a) or (b) of paragraph (1) of this subsection, require the provider to provide the contract holder with the full purchase price or amount paid on the contract by refund or credit to the account of the contract holder, and to additionally pay the contract holder a 10% per month penalty, based upon the purchase price of the contract, if the refund or

credit is not completed within 45 days of the cancellation of the contract;

l. the conditions governing cancellation of the service contract by the provider, prior to the expiration of the contract, which shall:

(1) require, except as provided in paragraph (2) of this subsection, that the provider mail a written notice to the contract holder at the contract holder's last known address:

(a) which contains the reason for the cancellation and the effective date of the cancellation; and

(b) is delivered at least five days prior to the effective date of the cancellation;

(2) explain that a written notice shall not be required if the reason for cancellation is nonpayment of the provider fee, a material misrepresentation or omission, or a substantial breach of contractual obligations concerning the property or its use; and

m. whether the service contract is insured by a reimbursement insurance policy, and:

....

(2) if not insured, the contract shall contain a conspicuous statement in substantially the following form: "Obligations of the provider under this service contract are backed by the full faith and credit of the provider."

[N.J.S.A. 56:12-93.]

149. Moreover, the Service Contract Act provides, in pertinent part:

A service contract shall not be issued, offered for sale, or sold in this State unless the provider or seller, if not the provider, presents:

a. a receipt for, or other written evidence of, the purchase of the service contract to the contract holder; and

b. a copy of the service contract to the service contract holder, which may be presented electronically or in writing, at the point of sale or within a reasonable period of time from the date of purchase.

[N.J.S.A. 56:12-94.]

150. Defendants have engaged in conduct in violation of the Service Contracts Act including, but not limited to, the following:

- a. Failing to assure faithful performance to holders of Stanley Safe Club RSCs by failing to have reimbursement insurance policies, a funded reserve account or a net worth of more than \$100,000,000 (N.J.S.A. 56:12-90);
- b. Failing to include in the Stanley Safe Club RSC the provider's name, principal or other appropriate business address, and telephone number (N.J.S.A. 56:12-93(a));
- c. Failing to include in the Stanley Safe Club RSC the administrator's name, principal or other appropriate business address, and telephone number (N.J.S.A. 56:12-93(b));
- d. Failing to include in the Stanley Safe Club RSC the provider fee, or a reference to any other documentation that contains the provider fee (N.J.S.A. 56:12-93(d));
- e. Failing to include in the Stanley Safe Club RSC all of the conditions governing the cancellation of the service contract by the service contract holder (e.g., failing to include that the provider will pay the contract holder a 10% per month penalty if the refund or credit is not completed within 45 days of the cancellation of the contract) (N.J.S.A. 56:12-93(k));
- f. Failing to include in the Stanley Safe Club RSC all of the conditions governing cancellation of the service contract by the provider (e.g., failing to include that the provider will mail a written notice to the contract holder at the contract holder's last known address containing the reason for the cancellation and the effective date of the cancellation) (N.J.S.A. 56:12-93(l));
- g. Failing to include the required language regarding whether the Stanley Safe Club RSC is insured by a reimbursement insurance policy (N.J.S.A. 56:12-93(m));
- h. Offering for sale Stanley Warranty MVSCs that fail to include the provider fee, or a reference to any other documentation that contains the provider fee (N.J.S.A. 56:12-93(d));
- i. Offering for sale Stanley Warranty MVSCs that fail to include whether the provider's use of refurbished, reconditioned, or non-original manufacturer's parts is permitted (N.J.S.A. 56:12-93(g));

- j. Offering for sale Stanley Warranty MVSCs that fail to include all of the conditions governing the cancellation of the service contract by the service contract holder (e.g., failing to include that the provider will pay the contract holder a 10% per month penalty if the refund or credit is not completed within 45 days of the cancellation of the contract) (N.J.S.A. 56:12-93(k));
- k. Offering for sale Stanley Warranty MVSCs that fail to include all of the conditions governing cancellation of the service contract by the provider (e.g., failing to include that the provider will mail a written notice to the contract holder at the contract holder's last known address containing the reason for the cancellation and the effective date of the cancellation) (N.J.S.A. 56:12-93(l)); and
- l. Failing to provide a copy of the Stanley Warranty MVSC to various consumers at point of sale or within a reasonable period of time from the date of purchase (e.g., failing to provide consumers a copy of their Stanley Warranty MVSC until several weeks after purchase, or at all) (N.J.S.A. 56:12-94).

151. Defendants' conduct constitutes multiple violations of the Service Contracts Act, N.J.S.A. 56:12-87 et seq., each of which constitutes a violation of the CFA, N.J.S.A. 56:8-1 et seq.

COUNT IV

VIOLATION OF THE ADVERTISING REGULATIONS BY DEFENDANTS

152. Plaintiffs repeat and reallege the allegations contained in paragraphs 1 through 151 above as if more fully set forth herein.

153. The Advertising Regulations, N.J.A.C. 13:45A-9.1 et seq., promulgated pursuant to the CFA, among other things, address advertising practices.

154. The Advertising Regulations define "Advertisement" as:

any attempt by an advertiser . . . to directly or indirectly induce the purchase or rental of merchandise at retail, appearing in any newspaper, magazine, periodical, catalog, circular, in-store or out-of-store sign or other written matter placed before the consuming public, or in any radio broadcast, television broadcast, electronic medium or delivered to or through any computer.

[N.J.S.A. 13:45A-9.1.]

155. Among other things, the Advertising Regulations prohibit certain advertising practices and provide, in pertinent part:

(a) Without limiting the application of N.J.S.A. 56:8-1 et seq., the following practices shall be unlawful with respect to all advertisements:

....

5. The use of any type, size, location, lighting, illustration, graphic depiction, or color resulting in the obscuring of any material fact. Disclaimers permitted or required under this section, such as "terms and conditions apply" and "quantities limited," shall be set forth in a type size and style that is clear and conspicuous relative to the other type sizes and styles used in the advertisement.

....

9. The making of false or misleading representations of facts concerning the reasons for, existence or amounts of price reductions, the nature of an offering or the quantity of advertised merchandise available for sale.

[N.J.A.C. 13:45A-9.2(a)(5), (9).]

156. Moreover, the Advertising Regulations provide requirements for price reduction advertisements, stating in pertinent part:

(a) An advertiser offering an item of merchandise specifically advertised for sale at a price of \$ 100.00 or more shall, in addition to complying with the provisions of N.J.A.C. 13:45A-9.2:

....

3. State with specificity in any price reduction advertisement the period of time during which the price reduction shall be applicable, unless the merchandise is advertised in the manner set forth in N.J.A.C. 13:45A-9.2(a) 1i through iii;

4. Set forth the former price or price range or the amount of reduction in dollars in close proximity to the selling price or price range and the advertised item

[N.J.A.C. 13:45A-9.4(a)(3), (4).]

157. Defendants have engaged in conduct in violation of the Advertising Regulations including, but not limited to, the following:

- a. On the Stanley Warranty Website, including a list of “items” covered by the various Club Plans, when in fact such “items” shown as covered were not completely and entirely covered under the RSC (N.J.A.C. 13:45A-9.2(a)(5));
- b. On the Stanley Warranty Website, representing that Defendants will “pay 100% of the cost of the repair or replacement, up to the limit* per event, or help you toward the purchase of a new system or appliance,” then setting forth, in small text at the bottom of the web page, “*To see Terms and Conditions Click Here,” which links to the entire RSC (N.J.A.C. 13:45A-9.2(a)(5));
- c. On the Stanley Warranty Website, representing “What is a home warranty? A home warranty is a service contract that protects homeowners against the cost of unexpected covered repairs of their major systems and appliances that break down due to normal wear and tear[,]” then setting forth, in small text at the bottom of the web page, “*To see Terms and Conditions Click Here,” which links to the entire RSC (N.J.A.C. 13:45A-9.2(a)(5));
- d. On the Stanley Warranty Website, representing that Defendants sell “home warranties,” when in fact Defendants sell RSCs with multiple exclusions and limitations of liability (N.J.A.C. 13:45A-9.2(a)(9));
- e. On the Stanley Warranty Website, representing that Defendants sell vehicle “warranties,” when in fact Defendants sell MVSCs with multiple exclusions and limitations of liability (N.J.A.C. 13:45A-9.2(a)(9));
- f. On the Stanley Warranty Website, representing that Defendants “have a network of over 90,000 expert licensed and bonded technicians throughout the country. There are many to choose from in almost every town in the United States,” but then instructing consumers to locate and hire their own independent out-of-network contractor (N.J.A.C. 13:45A-9.2(a)(9));
- g. On the Stanley Warranty Website and logos, representing that Defendants have consumers “covered 24 hours a day, 7 days a week, 365 days a year,” but then failing to respond to consumer requests or complaints for several days or weeks, if at all (N.J.A.C. 13:45A-9.2(a)(9));
- h. On the Stanley Warranty Website, representing that Defendants will “reduce your costs, reduce your stress and reduce your frustration,” but then requiring consumers to pay independent out-of-network contractors out-of-pocket and failing to respond to consumer requests or complaints for several days or

weeks, if at all (N.J.A.C. 13:45A-9.2(a)(9));

- i. On the Stanley Warranty Website, representing that Defendants will “pay 100% of the cost of the repair or replacement, up to the limit* per event, or help you toward the purchase of a new system or appliance,” but then refusing to honor reimbursement requests or failing to send reimbursement checks for out-of-pocket expenses on replacement home appliances or systems (N.J.A.C. 13:45A-9.2(a)(9));
- j. On the Stanley Warranty Website, including an illustration of an umbrella protecting a house and stating, “Rain or Shine, We Are There For You, Keeping America Safe And Secure One Family At A Time!,” but then failing to respond to consumer requests or complaints for several days or weeks, if at all (N.J.A.C. 13:45A-9.2(a)(9));
- k. On the Stanley Warranty Website, including an illustration of a house and stating, “Your Home Is Your Largest Investment, Don’t Take Chances, Protect Your Family and Get Coverage Today!,” but then selling Stanley Safe Club RSCs that are not warranties and that contain multiple exclusions and limitations of liability (N.J.A.C. 13:45A-9.2(a)(9));
- l. On the Stanley Warranty Website, representing that Defendants “quickly remed[y] any covered maintenance or repair matter that you may face as homeowner or a renter,” but then failing to respond to consumers’ service claims and/or arrange for a repair technician for several days or weeks, if at all (N.J.A.C. 13:45A-9.2(a)(9));
- m. On the Stanley Warranty Website, representing that Defendants offer “peace of mind,” but then failing to respond to consumer requests or complaints for several days or weeks, if at all (N.J.A.C. 13:45A-9.2(a)(9));
- n. On the Stanley Warranty Discount, failing to state with specificity the period of time during which the price reduction shall be applicable (N.J.A.C. 13:45A-9.4(a)(3)); and
- o. On the Stanley Warranty Discount, failing to set forth the former price or price range or the amount of reduction in dollars in close proximity to the selling price or price range and the advertised item (N.J.A.C. 13:45A-9.4(a)(4)).

158. Defendants’ conduct constitutes multiple violations of the Advertising Regulations, N.J.A.C. 13:45A-9.1 et seq., each of which constitutes a per se violation of the CFA, N.J.S.A. 56:8-1 et seq.

COUNT V

VIOLATIONS OF THE CFA, THE SERVICE CONTRACTS ACT AND THE ADVERTISING REGULATIONS BY MANKOVSKY

159. Plaintiffs repeat and reallege the allegations contained in paragraphs 1 through 158 above as if more fully set forth herein.

160. At all relevant times, Mankovsky has been the owner, Chief Executive Officer, Managing Member and/or Member of Stanley Warranty, and has controlled, directed and/or participated in the management and operation of that entity, including the conduct alleged in this Complaint.

161. The conduct of Mankovsky makes him personally liable for the violations of the CFA, the Service Contracts Act and/or the Advertising Regulations committed by Stanley Warranty.

PRAYER FOR RELIEF

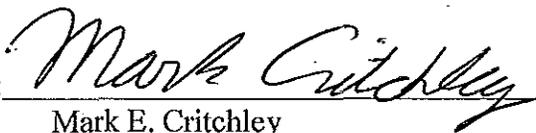
WHEREFORE, based upon the foregoing allegations, Plaintiffs respectfully request that the Court enter judgment against Defendants:

- (a) Finding that the acts and omissions of Defendants constitute multiple instances of unlawful practices in violation of the CFA, N.J.S.A. 56:8-1 et seq., the Service Contracts Act, N.J.S.A. 56:12-87 et seq., and the Advertising Regulations, N.J.A.C. 13:45A-9.1 et seq.;
- (b) Permanently enjoining Defendants and their owners, officers, directors, shareholders, founders, members, managers, agents, members, servants, employees, representatives, independent contractors and all other persons or entities directly under their control, from engaging in, continuing to engage in or doing any acts or practices in violation of the CFA, N.J.S.A. 56:8-1 et seq., the Service Contracts Act, N.J.S.A. 56:12-87 et seq., and the Advertising Regulations, N.J.A.C. 13:45A-9.1 et seq., including, but not limited to, the acts and practices alleged in this Complaint, as authorized by the CFA, N.J.S.A. 56:8-8;
- (c) Ordering Defendants to disgorge all money or real or personal property acquired and/or retained as a result of any acts or practices in violation of the CFA, N.J.S.A. 56:8-1 et seq., the Service Contracts Act, N.J.S.A. 56:12-87 et seq., and the Advertising Regulations, N.J.A.C. 13:45A-9.1 et seq., including,

but not limited to, the acts and practices alleged in this Complaint;

- (d) Declaring that any RSCs entered into between Defendants and consumers that are currently in effect are null and void, thus entitling consumers to recovery of any monies paid thereunder;
- (e) Permanently enjoining Mankovsky from managing or owning any business organization within this State, and from serving as an officer, director, trustee, member of any executive board or similar governing body, principal, manager, stockholder owning 10% or more of the aggregate outstanding capital stock of all classes of any corporation doing business in this State, as authorized by the CFA, N.J.S.A. 56:8-8;
- (f) Cancelling the Certificate of Formation in the State of New Jersey for Stanley Warranty, as authorized by the CFA, N.J.S.A. 56:8-8;
- (g) Directing Defendants, jointly and severally, to restore to any affected person, whether or not named in this Complaint, any money or real or personal property acquired by means of any alleged practice herein to be unlawful and found to be unlawful, as authorized by the CFA, N.J.S.A. 56:8-8;
- (h) Assessing the maximum statutory civil penalties against Defendants, jointly and severally, for each and every violation of the CFA, in accordance with N.J.S.A. 56:8-13;
- (i) Directing the assessment of costs and fees, including attorneys' fees, against Defendants, jointly and severally, for the use of the State of New Jersey, as authorized by the CFA, N.J.S.A. 56:8-11 and N.J.S.A. 56:8-19; and
- (j) Granting such other relief as the interests of justice may require.

JOHN J. HOFFMAN
ACTING ATTORNEY GENERAL OF NEW JERSEY
Attorney for Plaintiffs

By: 
Mark E. Critchley
Deputy Attorney General
Consumer Fraud Prosecution Section

Dated: June 17, 2015
Newark, New Jersey

RULE 4:5-1 CERTIFICATION

I certify, to the best of my information and belief, that the matter in this action involving the aforementioned violations of the CFA, N.J.S.A. 56:8-1 et seq., the Service Contracts Act, N.J.S.A. 56:12-87 et seq., and the Advertising Regulations, N.J.A.C. 13:45A-9.1 et seq., is not the subject of any other action pending in any other court of this State. I am aware that private contract and other actions have been brought against the Defendants, but have no direct information that any such actions involve consumer fraud allegations. I further certify, to the best of my information and belief, that the matter in controversy in this action is not the subject of a pending arbitration proceeding in this State, nor is any other action or arbitration proceeding contemplated. I certify that there is no other party who should be joined in this action at this time.

JOHN J. HOFFMAN
ACTING ATTORNEY GENERAL OF NEW JERSEY
Attorney for Plaintiffs

By: Mark E. Critchley
Mark E. Critchley
Deputy Attorney General
Consumer Fraud Prosecution

Dated: June 17, 2015
Newark, New Jersey

RULE 1:38-7(c) CERTIFICATION OF COMPLIANCE

I certify that confidential personal identifiers have been redacted from documents now submitted to the court, and will be redacted from all documents submitted in the future in accordance with Rule 1:38-7(b).

JOHN J. HOFFMAN
ACTING ATTORNEY GENERAL OF NEW JERSEY
Attorney for Plaintiffs

By: Mark Critchley
Mark E. Critchley
Deputy Attorney General
Consumer Fraud Prosecution Section

Dated: June 17, 2015
Newark, New Jersey

DESIGNATION OF TRIAL COUNSEL

Pursuant to R. 4:25-4, Deputy Attorney General Mark E. Critchley is hereby designated as trial counsel for the Plaintiffs in this action.

JOHN J. HOFFMAN
ACTING ATTORNEY GENERAL OF NEW JERSEY
Attorney for Plaintiffs

By: Mark Critchley
Mark E. Critchley
Deputy Attorney General
Consumer Fraud Prosecution Section

Dated: June 17, 2015
Newark, New Jersey