

DISTRICT COURT, DENVER CITY AND COUNTY, COLORADO 1437 Bannock Street Denver, Colorado 80202	DATE FILED: March 26, 2015 11:09 AM FILING ID: 9EFF3351F6A78 CASE NUMBER: 2015CV31093  <b>▲ COURT USE ONLY ▲</b>
STATE OF COLORADO, ex rel. CYNTHIA H. COFFMAN, ATTORNEY GENERAL,  Plaintiffs,  v.  212 HOME, INC. (d/b/a DENVER AIR DUCT), and ELIRAN RAVIV. Individually  Defendants.	
Attorneys for Plaintiff: CYNTHIA H. COFFMAN Attorney General JAY B. SIMONSON, 24077* First Assistant Attorney General MARK T. BAILEY, *36861 Assistant Attorney General 1300 Broadway, 7 <sup>th</sup> Floor Denver, CO 80203 (720)508-6209 (720)508-6040 Fax *Counsel of Record	Case No.:  Div.:
<b>COMPLAINT</b>	

Plaintiff, the State of Colorado, upon relation of Cynthia H. Coffman, Attorney General for the State of Colorado, by and through undersigned counsel, states and alleges against Defendants 212 Home, Inc. (d/b/a Denver Air Duct) and Eliran Raviv (collectively, “Defendants”) as follows.

INTRODUCTION

This is an action brought by the State of Colorado pursuant to the Colorado Consumer Protection Act, §§ 6-1-101 *et seq.*, C.R.S. (2015) (“CCPA”), to enjoin and restrain Defendants from engaging in certain unlawful deceptive trade practices, for statutorily mandated civil penalties, and for disgorgement, restitution, and other relief as provided in the CCPA.

## PARTIES

1. Cynthia H. Coffman is the duly elected Attorney General of the State of Colorado and is authorized under C.R.S. § 6-1-103 to enforce the provisions of the CCPA.
2. Defendant 212 Home, Inc. d/b/a Denver Air Duct is a New York corporation that began doing business in the Denver area in or around November 2013.
3. Defendant Eliran Raviv is the owner of 212 Home, Inc. d/b/a Denver Air Duct, and controls its business operations.

## JURISDICTION AND VENUE

4. Pursuant to C.R.S. §§ 6-1-103 and 6-1-110, this Court has jurisdiction to enter appropriate orders prior to and following an ultimate determination of liability.
5. The violations alleged herein occurred, in part, in Denver County, Colorado. Therefore, venue is proper in Denver County pursuant to C.R.S. § 6-1-103 and Colo. R. Civ. P. 98 (2015).

## RELEVANT TIMES

6. The conduct that gives rise to the claims for relief contained in this Complaint began in November 2013.
7. This action is timely brought pursuant to C.R.S. § 6-1-115 in that it is brought within three years of the date on which the last in a series of false, misleading, and deceptive acts or practices occurred and/or were discovered.

## PUBLIC INTEREST

8. Through the unlawful practices of their business or occupation, Defendants have deceived, misled, and financially injured consumers in Colorado. Further, Defendants have taken market share from their competitors who do not engage in deceptive trade practices. Therefore, these legal proceedings are in the public interest and are necessary to safeguard citizens from Defendants' unlawful business activities.

## PERSONAL LIABILITY

9. This action is brought against corporate Defendant 212 Home, Inc. (d/b/a Denver Air Duct). This action is also brought against Defendant Eliran Raviv, individually. At all relevant times, Defendant Eliran Raviv conceived of, directed,

participated in, and controlled the deceptive business practices alleged herein, and is personally liable for all such deceptive trade practices.

### ACTS OF AGENTS

10. Whenever reference is made in this Complaint to any act or practice of Defendants, such allegation shall be deemed to mean that the principals, owners, employees, independent contractors, agents, and representatives of such Defendants performed, directed, or authorized such act or practice on behalf of said Defendants, while actively engaged in the scope of their duties.

### GENERAL ALLEGATIONS

11. Defendants have provided residential air duct cleaning services in Colorado.

12. The process of cleaning a residential air duct system involves work on several distinct parts of the home's heating and cooling system. Attached hereto as **Exhibit A** is a depiction of a typical residential air duct system.

13. A home's air duct system circulates air throughout the house through ducts and registers. *See **Exhibit A***. The typical system contains at least one "supply" duct, which supplies warm air from the furnace to the registers that blow the warm air into the home. *See id.* Most homes contain ten or more warm-air registers. The typical system also contains at least one "return" duct. The return duct takes air from the home and circulates it back to the furnace, where it is heated up before being re-circulated through the supply duct as warm air. The return duct is fed by return registers, which, like main registers, open into the house. *See id.* Most single family homes contain multiple supply and return ducts.

14. Defendants advertise air duct cleaning through online coupons on sites such as Amazon, Living Social, and Groupon. Defendants' coupons offered through these websites are all priced at \$39.

15. On Amazon, Defendants advertisements state that "[f]or the past 20 years, the talented and extensively trained technicians at Denver Air Duct Cleaning have been bringing cleaner air to homes by removing everything from pollen to dust mites."

16. Defendants' Amazon advertisements further state that Defendants' technicians are "licensed and insured."

17. Defendants' Amazon advertisements state that they include cleaning of "unlimited supply vents, one main duct, and one return vent, dryer vent cleaning as

well as a furnace inspection.” Depending on the advertisement, the coupons state that the services offered for \$39 had a value of \$275, \$175, and \$199.

18. On Living Social, Defendants advertisements encourage consumers to “keep your home and family safe with this service, which will make sure that harmful vent buildup doesn’t threaten your house or its interior airwaves. Technicians will clean out your system to make sure that your home is free of allergens, pollutants, dust, dust mites, and other harmful materials — allowing you to breathe deep with relief.”

19. Defendant’s Living Social coupons state that they include “unlimited cleaning of all vents, one return vent and main duct” and an inspection of furnace and dryer vents. The coupons state that the services offered for \$39 had a value of \$239 and \$199.

20. On Groupon, Defendant’s coupons state that they include “air-duct cleaning for up to 12 vents and dryer-vent cleaning” and a furnace inspection. The coupon state that the services offered for \$39 had a value of \$175.

21. Defendants’ advertised price of \$39 is far lower than the price they actually charge consumers.

22. The Attorney General reviewed Defendants’ invoices for the months of January and August, 2014. Defendants’ invoices for January 2014 show that 68% of Denver Air Duct’s customers paid more than \$39, with an average of \$147.40 in additional charges. Defendants’ invoices for August 2014 show that 79% of Denver Air Duct’s customers paid more than \$39, with an average of \$182.05 in additional charges.

23. When consumers insist on paying no more than the coupon price, Defendants perform only the specific services listed on their coupon – which is almost always only a partial cleaning of the consumers’ air duct systems. Because air ducts are circulatory systems, a cleaning of one part of the system is essentially worthless, as dust and debris from the uncleaned portions will spread throughout the system the next time the furnace or air conditioner is turned on.

24. Defendants’ advertisement that they are “licensed” is false.

25. Defendants’ advertisement that “most of the dust in your home contains mold” is false and unsupported by reliable scientific evidence.

26. Defendants’ advertisement that “[f]or the past 20 years, the talented and extensively trained technicians at Denver Air Duct Cleaning have been bringing cleaner air to homes by removing everything from pollen to dust mites,” is false.

## **FIRST CLAIM FOR RELIEF**

(Makes false or misleading statements of fact concerning the price of goods, services, or property or the reasons for, existence of, or amounts of price reductions in violation of C.R.S. § 6-1-105(l))

27. Plaintiff incorporates herein by reference all allegations contained in paragraphs 1 – 26 of this Complaint.

28. Through the conduct described in this Complaint and in the course of their business, vocation, or occupation, Defendants have knowingly made false or misleading statements of fact concerning the price of their goods and services and the existence of and amounts of price reductions.

29. By means of the above-described conduct, Defendants have deceived, misled, and unlawfully acquired money from consumers.

## **SECOND CLAIM FOR RELIEF**

(Employs “bait and switch” advertising, which is advertising accompanied by an effort to sell goods, services, or property other than those advertised or on terms other than those advertised and which is also accompanied by one or more [specified practices] in violation of C.R.S. § 6-1-105(n))

30. Plaintiff incorporates herein by reference all allegations contained in paragraphs 1 – 26 of this Complaint.

31. Through the conduct described in this Complaint and in the course of their business, vocation, or occupation, Defendants have knowingly made advertisements accompanied by an effort to sell services other than those advertised and on terms other than those advertised, which conduct was accompanied by:

- Showing or demonstrating defective services which are unusable or impractical for the purposes set forth in the advertisement ((C.R.S. § 6-1-105(n)(V))
- In the case of the pre-paid coupons, accepting a deposit for their services and subsequently switching the purchase order to higher-priced services ((C.R.S. § 6-1-105(n)(VI))

32. By means of the above-described conduct, Defendants have deceived, misled, and unlawfully acquired money from consumers.

### **THIRD CLAIM FOR RELIEF**

(Advertises goods, services, or property with intent not to sell them as advertised in violation of C.R.S. § 6-1-105(i))

33. Plaintiff incorporates herein by reference all allegations contained in paragraphs 1 – 26 of this Complaint.

34. Through the conduct described in this Complaint and in the course of their business, vocation, or occupation, Defendants advertised their services with intent not to sell them as advertised.

35. By means of the above-described conduct, Defendants have deceived, misled, and unlawfully acquired money from consumers.

### **FOURTH CLAIM FOR RELIEF**

(Fails to disclose material information concerning goods, services, or property which information was known at the time of an advertisement or sale if such failure to disclose such information was intended to induce the consumer to enter into a transaction in violation of C.R.S. § 6-1-105(u))

36. Plaintiff incorporates herein by reference all allegations contained in paragraphs 1 – 26 of this Complaint.

37. Through the conduct described in this Complaint and in the course of their business, vocation, or occupation, Defendants have failed to disclose material information concerning goods, services, or property at the time of sale. Such failures to disclose material information were intended by Defendants to induce consumers to enter into a transaction with Defendants.

38. After stating and implying, through the coupon advertisements, that they would clean consumers' air duct systems for a specified price, Defendants failed to disclose on their advertisements and coupons that consumers would incur substantial additional charges.

39. By means of the above-described conduct, Defendants have deceived, misled, and unlawfully acquired money from consumers.

### **FIFTH CLAIM FOR RELIEF**

(Knowingly makes a false representation as to the source, sponsorship, approval, or certification of goods, services, or property in violation of C.R.S. § 6-1-105(b))

40. Plaintiff incorporates herein by reference all allegations contained in paragraphs 1 – 26 of this Complaint.

41. Through the conduct described in this Complaint and in the course of their business, vocation, or occupation, Defendants knowingly made false representation as to the licensure of their technicians.

42. By means of the above-described conduct, Defendants have deceived, misled, and unlawfully acquired money from consumers.

### **SIXTH CLAIM FOR RELIEF**

(Represents that goods, food, services, or property are of a particular standard, quality, or grade, or that goods are of a particular style or model, if he knows or should know that they are of another in violation of C.R.S. § 6-1-105(g))

43. Plaintiff incorporates herein by reference all allegations contained in paragraphs 1 – 26 of this Complaint.

44. Through the conduct described in this Complaint and in the course of their business, vocation, or occupation, Defendants have represented that their services and goods were of a particular standard, quality or grade, and Defendants knew or should have known that their services and goods were of another.

45. By means of the above-described conduct, Defendants have deceived, misled, and unlawfully acquired money from consumers.

### **RELIEF REQUESTED**

WHEREFORE, Plaintiff prays for judgment against Defendants and the following relief:

A. An order declaring Defendants' above-described conduct to be in violation of the CCPA, C.R.S. § 6-1-105(1) (l), (n), (i), (u), (b), (g).

B. An order permanently enjoining Defendants, their officers, directors, successors, assigns, agents, employees, and anyone in active concert or participation with Defendants with notice of such injunctive orders, from engaging in any deceptive trade practices as defined in and proscribed by the CCPA and as set forth in this Complaint.

C. Additional appropriate orders necessary to prevent Defendants' continued or future deceptive trade practices.

D. A judgment in an amount to be determined at trial for restitution, disgorgement, or other equitable relief pursuant to § 6-1-110(1), C.R.S.

E. An order requiring Defendants to forfeit and pay to the General Fund of the State of Colorado, civil penalties in an amount not to exceed \$2000 per violation pursuant to § 6-1-112(1), C.R.S., or \$10,000 per violation pursuant to § 6-1-112(3), C.R.S..

F. An order requiring Defendants to pay the costs and expenses of this action incurred by the Attorney General, including, but not limited to, Plaintiff's attorney fees, pursuant to § 6-1-113(4), C.R.S.

G. Any such further orders as the Court may deem just and proper to effectuate the purposes of the CCPA.

Respectfully submitted this 26<sup>th</sup> day of March, 2015.

CYNTHIA H. COFFMAN  
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