

Kevin V. Olsen, Director
Utah Division of Consumer Protection
160 East 300 South, Second Floor
PO Box 146704
Salt Lake City, UT 84114-6704
PH. (801) 530-6601/FAX (801) 530-6001

**BEFORE THE DIVISION OF CONSUMER PROTECTION
OF THE STATE OF UTAH**

IN THE MATTER OF:

ICON SECURITY, INC.,

Respondent.

DCP Legal File No. 64557

ADMINISTRATIVE CITATION

PURSUANT TO THE AUTHORITY granted by UTAH CODE §13-2-6(3), as amended, which empowers the Division of Consumer Protection to issue a citation upon any person reasonably believed to be engaged in the violation of any statute listed in UTAH CODE §13-2-1, as amended, it appears, upon information and belief, that you are in violation of the *Consumer Sales Practices Act*, UTAH CODE §13-11-1 *et seq.* In particular, the Division of Consumer Protection alleges:

1. The Respondent on several occasions engaged in misrepresentations of the uses and benefits of the transaction that their consumers were entering in to when they were solicited to purchase an alarm security system. Sales representatives of the Respondent while out making direct solicitations of their alarm system misrepresented the facts of the transaction by representing that the consumer could cancel the contract at anytime or that they could easily cancel their contract with their existing alarm company by simply sending a cancellation notice when they knew this was not the case. They also misrepresented the facts of the transaction by failing to provide pertinent and critical information to the consumer that would have allowed them to make a more informed decision about the transaction that they were entering in to. Sales representatives also gave misinformation to consumers by telling them that should they move to a

new location all they needed to do was contact the Respondent and they would come and install an entirely new system at the new residence when this was not the case. The Respondent repeatedly made misrepresentations about the uses and benefits of entering into a transaction with them for an alarm system in order to simply make a sale and entrap the consumer in a binding contract.

2. The above actions are in violation of the Utah Consumer Sales Practices Act §13-11-4 Deceptive Act or Practice by Supplier:

(2) Without limiting the scope of Subsection (1), a supplier commits a deceptive act or practice if the supplier knowingly or intentionally:

(a) indicates that the subject of a consumer transaction has sponsorship, approval, performance characteristics, accessories, uses, or benefits, if it has not;

3. **The alleged actions are charged as one (1) count of violation of the above statutes for each of the consumers listed in addendum A, for a total of 3 counts, with a potential maximum fine of \$7,500.00 (\$2,500.00 per count).**

4. The Respondent on several occasions while engaging in direct solicitation sales of their alarm systems have exhibited a pattern of malicious and misrepresentative behavior which includes the following. The sales representatives approached consumers that had existing alarm systems with other companies not affiliated with the Respondent and represented that they were with those particular companies and that they were there to upgrade their existing systems. The sales representatives then had the consumer sign a new contract under the pretext that they were signing with their existing alarm companies and were just signing a new contract because they were getting an upgraded system at no cost to themselves. The reality is that the consumer was signing a new contract with the Respondent which made it so that they had a contract with their already existing alarm company as well as a new contract with the Respondent. The consumer would then discover that they were being charged by both alarm companies and had contracts with two different alarm companies.

5. The Respondent's sales representatives while conducting direct solicitations also approached consumers and in their initial contact with the consumers failed to clearly and expressly identify themselves, the product they were selling and the company they represented. The sales representatives repeatedly played off of the assumptions of the consumers that they were with their already existing alarm company or blatantly represented that they were with their existing alarm company. This act was deceptive in nature as the consumers believed they were speaking with representatives from their existing alarm companies when in fact they were not.

6. The above actions are in violation of the Utah Consumer Sales Practices Act §13-11-4 Deceptive Act or Practice by Supplier:

(2) Without limiting the scope of Subsection (1), a supplier commits a deceptive act or practice if the supplier knowingly or intentionally:

(i) indicates that the supplier has a sponsorship, approval, or affiliation the supplier does not have;

7. The above actions are also in violation of the Utah Consumer Sales Practices Act Rules, R 152-11-9 Direct Solicitations:

(A) It shall be a deceptive act or practice in connection with a consumer transaction involving any direct solicitation sale for a supplier to do any of the following:

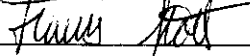
(1) Solicit a sale without clearly, affirmatively, and expressly revealing at the time the seller initially contacts the consumer or prospective consumer, and before making any other statements or asking any questions, except for a greeting: the name of the seller, the name or trade name of the company, corporation or partnership the seller represents, and stating in general terms the nature of the consumer

commodities the seller wishes to show or demonstrate.

8. **The alleged actions are charged as one (1) count of violation of the above statute and as one (1) count of violation of the above rule for each of the consumers listed in addendum B, for a total of 14 counts, with a potential maximum fine of \$35,000.00 (\$2,500.00 per count).**

9. **The above alleged actions are charged as a TOTAL of seventeen (17) counts of violation of the above statutes, with a potential maximum fine of \$42,500.00 (\$2,500.00 per count).**

THIS CITATION ISSUED this the 24th day of November 2008



Travis Scott

Investigator

Utah Division of Consumer Protection

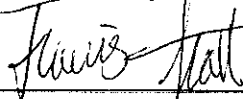
CERTIFICATE OF SERVICE

THIS IS TO CERTIFY that the undersigned duly mailed via regular and certified mail, properly addressed and postage paid, a true and exact copy of the above and foregoing Administrative Citation to the parties listed below:

By regular and certified mail to:

ICON SECURITY, INC.
ATTN: ROB MACKAY
3507 NORTH UNIVERSITY AVENUE SUITE 200
PROVO, UT 84604

Date this the 24th day of November 2008



Travis Scott

Investigator

Utah Division of Consumer Protection

IMPORTANT NOTICE - READ CAREFULLY

This citation may be contested by filing a request for a hearing, in writing, within ten (10) days from receipt of this citation. Such hearing shall be conducted as an informal hearing under Title 63, Chapter 46b, Administrative Procedures Act. A citation which is not so contested becomes the final order of the Division. In addition to any fines which might be levied, a cease and desist order shall be entered against you. An intentional violation of a final cease and desist order is a third degree felony pursuant to UTAH CODE ANNOTATED §13-2-6(2), as amended. If you desire a hearing on this citation you may mail your request to:

Kevin V. Olsen, Director
Utah Division of Consumer Protection
PO Box 146704
Salt Lake City, UT 84114-6704

Please be advised that all inquiries, correspondence, or other contacts concerning this citation, with the exception of any written request for hearing as set out above, should be directed to the below named Division employee, designated by the Director of the Division of Consumer Protection pursuant to UTAH CODE §13-2-6(3)(a)(iv) and §63-46b-3(2)(a)(i)(1953), as amended:

Travis Scott - Investigator
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