

NEWS RELEASE

Luther Strange

Alabama Attorney General



FOR IMMEDIATE RELEASE

October 2, 2015

For More Information, contact:

Mike Lewis (334) 353-2199

Joy Patterson (334) 242-7491

AG AND AGRICULTURE COMMISSIONER ANNOUNCE SETTLEMENT OF \$987,000 TO STATE OF ALABAMA, REFUNDS FOR CONSUMERS

(MONTGOMERY) – Attorney General Luther Strange and Agriculture and Industries Commissioner John McMillan today announced a major settlement that could refund more than half-a-million dollars to Alabama consumers and bring nearly \$1 million to the State of Alabama. The agreement – with Guardian Pest Control Inc., doing business as Knox Pest Control; and J.J.S.K. Solutions Inc. – also requires reforms of the companies’ business practices.

A consent decree was filed in the Shelby County Circuit Court to resolve the State’s allegations that the companies sold termite protection agreements that violated the Alabama Deceptive Trade Practices Act and laws and regulations of the Alabama Department of Agriculture and Industries. The State alleges that the companies marketed and sold warranties that offered protection against structural pests, but failed to provide treatment or control measures to prevent those pests. As multiple current and former customers of the companies were prepared to testify, they had no idea that State laws and regulations deemed the protections in their existing contracts inadequate. Other allegations involved company advertisements the State believed to be misleading. In one example, the companies mailed an invoice to customers without termite coverage offering a termite bond “with no start up treatment cost” even though state regulations typically require substantial initial treatments when a termite bond is issued. In another mailer, the companies offered to “re-treat” properties that the companies had not previously treated.

The agreement identifies 517 Alabama consumers who will receive their choice of service credits for termite treatments and inspections, or refunds totaling \$539,458. Eligible consumers will be notified by the companies. In addition, the companies will pay \$862,000 in penalties and \$125,000 for attorney fees, totaling \$987,000, to the State of Alabama. Significant business reforms are being put into place to prevent the recurrence of alleged abusive practices. In particular, the companies have agreed to revise their advertising practices and customer contracts to enhance customer awareness, make regular reports to the Department of Agriculture and Industries, and work to ensure all of their employees abide by existing regulations.

--more--



501 Washington Avenue • Montgomery, AL 36104 • (334) 242-7300
www.ago.state.al.us

“This is an important settlement for the State of Alabama and our consumers,” said Attorney General Strange. “It provides appropriate penalties for alleged bad practices and will make whole the consumers who were affected by these practices. I am pleased that we also achieved substantial reforms that will continue to protect consumers in the future. I want to thank Commissioner McMillan for his outstanding leadership in helping to resolve this matter.”

“By law, it is our responsibility to regulate pest control companies and protect consumers in situations similar to this,” said Commissioner McMillan. “Our staff followed protocol and detected violations of our regulations. The combined efforts of the AG’s office and our department are a good example of how agencies can work together. We commend Attorney General Strange and his staff for their commitment to protecting Alabama consumers.”

The Attorney General and the Commissioner of Agriculture and Industries thanked those who were involved in bringing this case to a successful conclusion, noting in particular Assistant Attorney General Noel Barnes, chief of the Attorney General’s Consumer Litigation Section, and Legal Counsel Patrick Moody of the Department of Agriculture and Industries, along with Assistant Attorneys General Cameron McEwen and Kyle Beckman of the Attorney General’s Consumer Litigation Section.