

IN THE SUPERIOR COURT OF THE DISTRICT OF COLUMBIA
Civil Division

DISTRICT OF COLUMBIA

a municipal corporation
441 4th Street, N.W.
Washington, D.C. 20001,

Plaintiff,

v.

HANDY TECHNOLOGIES, INC.

33 W. 19th Street
New York, New York 10011,

Defendant.

Case No.:

JURY TRIAL DEMANDED

COMPLAINT FOR INJUNCTIVE AND OTHER RELIEF

Plaintiff District of Columbia (“District”), by the Office of the Attorney General, brings this action pursuant to D.C. Code § 28-3909 for injunctive relief, restitution, damages, costs, and civil penalties against Defendant Handy Technologies, Inc. for violations of the District’s Consumer Protection Procedures Act (CPPA), D.C. Code §§ 28-3901, *et seq.* In support of its claims, the District states as follows:

1. Defendant Handy Technologies, Inc. (“Handy”) is part of a wave of new companies that brandish themselves as part of the “sharing” or “gig” economy. Handy tells consumers that through its webpage and smartphone application, it can provide access to vetted and trusted professionals who will perform cleaning services at a consumer’s home. Although Handy represents to consumers that its cleaning professionals are background-checked and can otherwise be trusted with unfettered access to one’s home, consumers have reported a pattern of

thefts by Handy cleaners. Handy's advertised background-check procedures have also failed to identify and exclude cleaners with criminal backgrounds.

2. In addition, despite advertising prices for single cleanings, Handy automatically enrolls consumers into what it calls "cleaning plans" that include recurring charges. Consumers are often unaware that they have been enrolled in these cleaning plans, finding out for the first time when a Handy cleaner arrives at their door for an automatically scheduled subsequent cleaning. When consumers try to cancel their cleaning plan, they face a confusing and difficult task that requires them to navigate through various webpages and emails and are forced to pay for cleaning services they neither wanted nor knowingly authorized.

3. The District institutes this proceeding to stop Handy from engaging in the unlawful trade practices summarized above in connection with its offer and sale of cleaning services, including its practice of (1) making untrue or misleading representations regarding the safety and security of its cleaners; (2) enrolling consumers without their knowledge and/or consent into a "cleaning plan" for recurring house cleanings; and (3) making misleading statements to consumers about their ability to cancel their plans and receive refunds. The District seeks injunctive relief to prevent Handy from engaging in these and similar unlawful trade practices, civil penalties to deter Handy from engaging in these and similar unlawful trade practices, costs and attorney's fees, and restitution for consumers victimized by Handy's conduct.

Jurisdiction

4. This Court has jurisdiction over the subject matter of this case pursuant to D.C. Code §§ 11-921 and 28-3909.

5. This Court has personal jurisdiction over Defendant Handy pursuant to D.C. Code § 13-423(a).

The Parties

6. Plaintiff, the District, a municipal corporation that is authorized to sue and be sued, is the local government for the territory constituting the seat of the government for the United States of America. The District brings this action, through its Attorney General's Office of Consumer Protection, pursuant to D.C. Code § 28-3909, which authorizes the Attorney General to bring court actions to enforce the District's consumer protection laws, including the CPPA.

7. Defendant Handy Technologies, Inc. (formerly known as Handybook, Inc.), doing business as Handy, is a Delaware corporation with its headquarters and principal place of business at 33 West 19th Street, New York, New York 10011. Handy engages in the business of offering and selling various home services, including, but not limited to, home cleaning services in Washington, D.C. ("D.C."). Although Handy does business in D.C., it has failed to lawfully register to conduct business with the District of Columbia Department of Consumer and Regulatory Affairs.

Handy's Home Cleaning Services

8. Handy provides prearranged home cleaning services using a webpage (Handy.com) and smartphone application (the "Handy App") to connect cleaning professionals with consumers seeking home cleaning services. Handy engages, and has engaged, in the offer and sale of goods or services to consumers in D.C. for their personal, household or family purposes, by offering and selling home cleaning services to D.C. consumers.

9. When signing up for cleaning services on either Handy.com or the Handy App, consumers enter information, such as the number of bedrooms and bathrooms in the home, their zip code, and the date and time that they would like the cleaning to occur to get a price quote for a single cleaning. After receiving the price quote, whether signing up on Handy.com or through the Handy App, consumers are automatically enrolled in a recurring cleaning program (“cleaning plan”). Consumers are not given an option to sign up for a single, one-time cleaning or otherwise opt out of the recurring program.

Handy’s Misleading Representations about Safety and Security Measures

10. Handy’s business model relies on persuading consumers to allow strangers to enter their homes and have full access to their personal belongings. Handy acknowledges that its model depends entirely on “putting trust, safety, and security at the forefront of every decision we make.” In order to reassure consumers and create a sense of safety and security, Handy represents to consumers that its cleaning professionals are fully vetted and screened. On its webpage Handy.com, on the Handy App, and in advertisements and communications with consumers, Handy expressly represents that its cleaning professionals are “trusted,” “fully vetted,” “background- and identity-checked,” “pre-screened,” and “top-quality.” These representations are designed to foster the impression that Handy’s cleaning professionals are carefully screened and can be trusted not to commit criminal acts or otherwise threaten consumers’ safety and security.

11. Handy’s representations leave consumers with the net impression that Handy takes sufficient steps to ensure the safety and security of consumers and their personal property by adequately checking the background of its cleaning professionals. Handy’s representations are likely to mislead consumers to believe that its background-check procedures are sufficient to

screen out individuals that either have a relevant criminal history or that are likely to steal from consumers' homes. In fact, Handy does not adequately check the background of its cleaning professionals, and individuals with prior criminal convictions or that are likely to steal from consumers have been accepted by Handy. As a result, numerous Handy cleaners have stolen property from the homes of D.C. consumers.

12. For instance, one of Handy's cleaning professionals was arrested and charged for stealing credit cards from a Handy consumer in D.C. while performing cleaning services in October 2015. The arrested cleaning professional has a lengthy prior criminal record with offenses in Maryland, Virginia, and the District of Columbia. His criminal record includes a 2010 conviction for access device fraud, identity theft, and possession of stolen property; a 2005 conviction for theft; a 2005 conviction for petit larceny; a 2005 conviction for uttering; a 2004 conviction for shoplifting; and a 2002 conviction for unauthorized use of a motor vehicle. Despite this criminal history, the arrested cleaning professional was accepted as a Handy cleaner.

13. In addition, between March 25, 2015 and June 3, 2016, twenty-four (24) D.C. consumers filed police reports with the District's Metropolitan Police Department alleging that Handy cleaners stole property from those consumers' homes.

14. Handy's representations, both expressed and implied, about its safety and security measures, including representations regarding background- and identity-checks and screening procedures, constitute representations that Handy's cleaning services have a certification or characteristic that they do not have.

15. Handy's representations, both expressed and implied, about its safety and security measures, including representations regarding background- and identity-checks and screening

procedures, constitute misrepresentations of material fact that have the tendency to mislead consumers.

16. Handy's failure to inform consumers that its screening procedure does not (i) identify cleaners with clear criminal backgrounds, or (ii) effectively screen out cleaners who are likely to steal from consumers' homes are material facts, the omission of which tended to mislead consumers.

Handy's Misleading Scheduling and Billing Practices

17. Handy automatically enrolls consumers who schedule cleaning services into what Handy refers to as "cleaning plans." Cleaning plans work by automatically scheduling future recurring cleanings when a consumer schedules an initial cleaning with Handy. Cleaning plans are not simply an option that a consumer may select on the Handy webpage or on the Handy App when scheduling a cleaning service. Instead, Handy has made cleaning plans the default option for any consumer that schedules a cleaning through Handy. Accordingly, even consumers who only want to schedule a single one-time cleaning for their homes are automatically enrolled in a cleaning plan. In fact, there is no option at all for consumers to schedule a one-time cleaning through the Handy webpage or the Handy App.

18. Consumers who navigate to Handy's home webpage, Handy.com, will find no information on the initial page, a sample of which is attached as Exhibit A, suggesting that Handy only offers a recurring cleaning plan through its webpage. There are no advertisements for cleaning plans, no description of cleaning plans, and no explanation that consumers may only schedule recurring cleaning services through its webpage. Instead, Handy's home webpage creates the impression that consumers are only scheduling a one-time appointment. For example, a central feature of Handy's home webpage is a large hyperlink with the text "Book a

Cleaning,” referring to a singular cleaning and not multiple cleanings. Handy also advises consumers on the webpage to “just pick a time and we’ll do the rest.” In its description of its services on the home webpage, Handy further states that consumers need only to “select the date and time you’d like your professional to show up.” These representations all give the impression that a consumer is purchasing a one-time cleaning service through Handy’s webpage.

19. As the consumer navigates through Handy’s webpage and attempts to schedule (or “book”) a cleaning, Handy continues to misrepresent that the consumer is only booking a single cleaning. After selecting the hyperlink “Book a Cleaning” off of the homepage, consumers are brought to a second webpage, a sample of which is attached as Exhibit B, which asks the user to enter information to “Get a Price” for a cleaning. The information requested includes zip code, number of bedrooms and bathrooms, number of hours for cleaning, and information under a heading “When would you like us to come?” Under that heading, the user is asked to enter in a particular date and time for a cleaning. The user is not asked to enter in any information to schedule recurring cleanings. There is nothing on this page that suggests one-time cleanings may not be booked through Handy’s webpage or that consumers will be automatically entered into a recurring cleaning plan.

20. Moreover, on the second webpage (Exhibit B), Handy offers consumers two additional links to obtain information about the service they are purchasing. The first link, entitled “See what’s included in a Handy cleaning,” suggests the consumer is only purchasing a single cleaning service and does not mention that the consumer is also signing up for a recurring service. The second link is entitled “Terms of Use” and provides a long and detailed explanation of the terms the consumer is agreeing to when purchasing services from Handy. In the Terms of Use, Handy states “When requesting a Professional Service, Requesters may have the option of

choosing that the Professional Service be repeated on a regular basis,” when, in fact, consumers have only one option—to sign up for a recurring cleaning plan.

21. After consumers have entered the requested information and selected the hyperlink “Get a Price,” consumers are directed to a final payment page, a sample of which is attached as Exhibit C. It is only at this final step in the scheduling process, three pages into the booking, that Handy discloses the existence of a cleaning plan. Indeed, this is the first time the phrase “cleaning plan” is used during the entire scheduling process. On this page, consumers are automatically enrolled into what Handy describes as the “most popular” plan of bi-weekly cleanings and are asked to enter in their address and payment information. Consumers have the option to select a weekly cleaning plan instead of the bi-weekly option, but do not have the option to opt out of cleaning plans altogether. There are no statements on this page informing the consumer that they have been entered into a cleaning plan that will bill them for automatically recurring cleanings.

22. Handy’s representations on this final payment page (Exhibit C) are confusing and give the overall impression that the consumer is scheduling a single one-time cleaning. The price shown on the page is the price for a single cleaning and there is only a single date provided in a summary of the booking. Under the heading “Questions,” which provides answers to general questions about Handy’s services, there is no explanation regarding cleaning plans. There is also no information regarding how to cancel a cleaning plan. Although consumers are informed that they “can save up to 28% on your hourly rate by selecting” a cleaning plan, this information gives the impression that a consumer is actually booking a single cleaning and that enrolling in a cleaning plan merely is an option.

23. The day before the scheduled cleaning, Handy sends the consumer a “Meet Your Cleaning Professional” email, which provides the cleaning professional’s name and phone number. The “Meet Your Cleaning Professional” email provides no indication that the consumer has signed up for a cleaning plan and does not provide any further dates on which the consumer can expect to receive cleaning services. The consumer is not contacted further until immediately before the cleaning, when the cleaning professional notifies the consumer that they are on their way.

24. Consumers who use the Handy App to schedule cleaning services are also automatically enrolled in a cleaning plan. On the Handy App, consumers are first required to navigate through several screens that seek information regarding the cleaning that the consumer is requesting, including location, numbers of bedrooms and bathrooms, date and time, and contact information. Then, consumers are taken to a screen that shows a price for only a single cleaning but automatically selects for the consumer the “most popular” cleaning plan of every two weeks. Like the booking process on Handy’s webpage, consumers have the option to select a weekly cleaning plan instead of the bi-weekly option, but do not have the option to opt out of cleaning plans altogether. Despite Handy’s representations that consumers “can make individual bookings” on the Handy App, consumers that schedule cleanings through the Handy App are not given an option to schedule a single, one-time cleaning. In addition, there is nothing on the Handy App that explains cleaning plans or informs consumers that they will be automatically billed for recurring cleanings when they schedule their booking.

25. As a result of Handy’s misleading practice of automatically enrolling consumers into recurring cleaning plans, which is either not disclosed or inadequately disclosed, many D.C. consumers were unaware that they were enrolled in a cleaning plan, instead believing they were

scheduling a one-time cleaning. These consumers often only become aware that they were enrolled in a cleaning plan when they are contacted by the cleaning professional immediately before the automatically scheduled cleaning. As a result, they were often charged a cancellation fee for not canceling their cleaning within the appropriate time or they were charged a no-show fee.

26. Handy also represents on its webpage and on the Handy App that consumers may “skip, cancel or reschedule anytime” and that Handy provides a “100% money-back guarantee.” The likely effect these representations have on consumers is to cause them to believe that they can easily cancel without being charged by Handy. In fact, Handy charges cancellation fees for any scheduled cleaning services that are cancelled by the consumer less than 24 hours before the scheduled time. In addition, consumers that cancel at least 24 hours before the scheduled time are still automatically charged for the cleaning and given a credit that may be applied to a future cleaning.

27. In particular, Handy charges \$15 for any scheduled cleaning service that is cancelled by the consumer two to twenty-four hours before the scheduled cleaning time. Handy charges the full amount for any scheduled cleaning service that is cancelled less than two hours before the scheduled time. Handy also charges the full amount for the cleaning service in instances where a cleaning professional arrives and the consumer is not at home and has not provided a means for entry. This is referred to by Handy as the no-show fee. Last minute cancellations or incurring no-show fees are not infrequent occurrences because many consumers do not become aware they have been enrolled into cleaning plans until either right before second appointments or after missed appointments and they are billed for services they did not want or knowingly authorize.

28. Moreover, the process for cancelling a cleaning plan on Handy.com is also confusing and difficult for consumers. There is no customer service or other phone number listed on Handy.com. The “Contact Us” hyperlink on Handy.com does not provide consumers with the means to directly contact Handy. Instead, the “Contact Us” hyperlink directs consumers to a page with further hyperlinks for “Suggested Topics,” including one titled “Cancel my cleaning plan.” Selecting “Cancel my cleaning plan” does not itself allow consumers to cancel, and instead directs consumers to log in to their Handy.com account to cancel. Once logged in, consumers may elect to cancel their cleaning plans. However, after cancelling through their Handy.com accounts, consumers receive an email from Handy stating, among other things, that if the consumer still wishes to cancel their cleaning plan, they must follow an embedded hyperlink provided in the email. The cancellation email makes it unclear to consumers whether they have successfully cancelled their cleaning plan and the lack of direct contact information on Handy.com makes it difficult for consumers to seek clarification.

29. Handy’s representations to consumers that they are purchasing a single cleaning service and they can opt for recurring services when, in fact, all consumers who use Handy’s webpage or the Handy App are enrolled in recurring plans, are misrepresentations of material facts that tend to mislead consumers.

30. Handy’s representations to consumers that they may purchase a single cleaning service through the Handy App when, in fact, all consumers who use the Handy App are enrolled in recurring plans, are misrepresentations of material facts that tend to mislead consumers.

31. Handy’s representations to consumers that they can easily cancel or reschedule a cleaning at any time and are eligible for a 100% money-back guarantee if they are not satisfied are misrepresentations of material facts that tend to mislead consumers. In fact, consumers who

cancel cleanings have difficulty doing so, are charged cancellation fees if they fail to cancel more than 24 hours in advance of any scheduled cleaning service, and are charged (and instead provided credit) for cancelling more than 24 hours before any scheduled cleaning service.

32. Handy's failure to inform consumers that they are unable to schedule one-time cleanings and its failure to inform consumers that they are automatically enrolled in and billed for recurring services are material facts, the omission of which tend to mislead consumers.

33. Handy's failure to explain cleaning plans throughout its scheduling process and its representation that consumers may schedule one-time cleanings constitute ambiguities as to material facts that have the tendency to mislead consumers.

Violations of the Consumer Protection Procedures Act

34. The allegations of paragraphs 1 through 33 are re-alleged as if fully set forth herein.

35. The CPPA is a remedial statute that is to be broadly construed. It establishes an enforceable right to truthful information from merchants about consumer goods and services that are or would be purchased, leased or received in the District of Columbia.

36. The cleaning services that Handy offers to sell or supply consumers are purchased for personal, household or family purposes and, therefore, are consumer goods and services.

37. Handy, in the ordinary course of business, offers to sell or supply consumer goods and services and, therefore, is a merchant.

38. The CPPA prohibits unlawful trade practices in connection with the offer, sale and supply of consumer goods and services.

39. Handy's representations to consumers, both express and implied, that its cleaning professionals are pre-screened, background- and identity-checked, have no relevant prior

criminal convictions, and otherwise can be safely trusted to have access to consumers' homes are representations that Handy's cleaning services have a certification or characteristic that they do not have and are unlawful practices that violate the CPPA, D.C. Code § 28-3904(a).

40. Handy's representations, both express and implied, that its cleaning professionals are trusted, pre-screened, background- and identity-checked, have no prior criminal convictions and otherwise can be safely trusted to have access to consumers' homes, that consumers may cancel or reschedule a cleaning service at any time and their satisfaction is 100% guaranteed, and that consumers are purchasing a single cleaning service when, in fact they are purchasing a recurring cleaning plan, are misrepresentations concerning a material fact that have a tendency to mislead consumers and are unlawful trade practices that violate the CPPA, D.C. Code § 28-3904(e).

41. Handy's failure to disclose to consumers that its screening process does not effectively screen the criminal backgrounds of its professional cleaners or that consumers will be enrolled into cleaning plans that automatically bill for recurring services are material facts, the omission of which tended to mislead consumers and are unlawful trade practices that violates the CPPA, D.C. Code § 28-3904(f).

42. Handy's failure to explain cleaning plans throughout its scheduling process, its representation that consumers may cancel or reschedule a cleaning service at any time and their satisfaction is 100% guaranteed, and its representation that consumers may schedule one-time cleanings constitute ambiguities as to material facts that have the tendency to mislead consumers and are unlawful trade practices that violates the CPPA, D.C. Code § 28-3904(f-1).

Prayer for Relief

WHEREFORE, the District of Columbia respectfully requests this Court enter a judgment in its favor and grant relief against Defendant Handy Technologies, Inc. as follows:

- (a) Permanently enjoin Defendant, pursuant to D.C. Code § 28-3909(a), from violating the CPPA;
- (b) Order Defendant to pay restitution pursuant to D.C. Code § 28-3909(a) for amounts collected from District of Columbia consumers in violation of the CPPA;
- (c) Order the payment of statutory civil penalties in the amount of \$1,000 per violation, the number of which shall be proven at trial, pursuant to D.C. Code § 28-3909(b), for the Defendant's violations of the CPPA;
- (d) Award the District the costs of this action and reasonable attorney's fees pursuant to D.C. Code § 28-3909(b); and
- (e) Grant such further relief as the Court deems just and proper.

Jury Demand

The District of Columbia demands a trial by jury by the maximum number of jurors permitted by law.

Dated: September 9, 2016

Respectfully submitted,

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