

## Vehicle Service Contracts Put Car Owners in a Fix

**T**he closure of a local vehicle service contract (VSC) seller is a case of deja vu all over again at BBB.

**Auto Service Warranty**, a Parma Heights business, closed abruptly in April leaving contract holders with no recourse. According to its attorney, ASW will not be filing bankruptcy and had sold around 1,600 contracts. BBB files show this is not a new story in the VSC industry. Since this industry first came to BBB's attention in 1984 when **Griffin Systems** appeared on the scene in Cleveland, VSC companies have developed a history of going out of business leaving buyers with worthless contracts.



Griffin Systems closed after selling 96,000 contracts for an average price of \$315 each. Other VSC's with similar records include

- **Ultimate Warranty Corporation** - This Rocky River business was incorporated in 1996 and sold more than 137,000 contracts nationwide. In 2007, the company ceased operations leaving \$15,000 in a loss fund to cover an expected \$48 million in claims. Its insurer, South Carolina based Capital Assurance Risk Retention Group, was put into receivership by regulators in that state as a result of the claims risk. To date, no claims have been paid.
- **Platinum Warranty** - This business first came to BBB's attention in 1999 and filed Chapter 7 (liquidation) bankruptcy in 2005. It was also sued by the Ohio Attorney General in 2004 for failing to honor its contracts which were sold for \$1,000 each.

*(continued inside)*

## QR Codes - A New Marketing Tool for You

**Y**ou may have noticed images like the one in this article popping up in magazine advertisements and other media. They are QR (Quick Response) codes and are quickly become an effective marketing tool.



A QR code is a bar code that can link to various types of data including websites and text. These codes can be read by smartphones and can be printed on anything - posters, business cards, coupons - even T-shirts. The code in this article will link you to our website.

**New Feature for BBB Accredited Businesses!** You can easily create your own QR code that will link smartphone users directly to your BBB Business Review. When your QR code is scanned, mobile phone users will view your BBB rating, accreditation status, business profile, directions to your business, and any coupons, photos or videos you have added to your BBB Business Review.

To take advantage of this new benefit, go to [www.cleveland.bbb.org](http://www.cleveland.bbb.org) and click on the orange "Login" button in the upper left hand corner. Log into your BBB AB Website and click on the "QR Code" link located on the left. If you prefer, you can contact us and we will send your unique code to you by email. Call Laura Fitzgerald at (216) 623-8964 x107 or email [mybbb@cleveland.bbb.org](mailto:mybbb@cleveland.bbb.org). □

## Greater Cleveland BBB Activity Report January – May 2011

### Service to the Community

Reports issued on companies/charities.....	316,641
Customer complaints filed.....	4,753
Lists of BBB Accredited Businesses provided by industry.....	36,142
<a href="http://www.cleveland.bbb.org">www.cleveland.bbb.org</a> visits.....	302,991
Advertising review cases initiated.....	83

### Top 10 Inquiry-Generating Industries

1. Roofing Contractors
2. Mortgage Brokers
3. Construction & Remodeling Services
4. General Contractors
5. Collection Agencies
6. Health & Medical
7. Auto Dealers - New
8. Auto Repair & Service
9. Plumbing Contractors
10. Window Installation/Service

### Top 10 Complaint-Generating Industries

1. Insurance Companies
2. Auto Dealers - Used
3. Roofing Contractors
4. Auto Dealers - New
5. Auto Repair & Service
6. Collection Agencies
7. Mail Order/Catalog Shopping
8. Cable/Satellite TV
9. Manufacturers & Producers
10. Banks

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## BBB Director Receives National Honor

John Barnard, Executive Chairman of Vita-Mix Corporation and BBB Board Director, was honored as the Small Business Person of the Year by the Small Business Council of America. He was recognized at a Congressional Awards Reception held in Washington, D.C. on May 4, 2011. The award honors an American business person for outstanding accomplishments in promoting a favorable environment for the small businesses of America.

## BBB Accredited Businesses Take Home PRO Awards

Professional Remodelers of Ohio (PRO) held its annual Evening of Excellence on March 11, 2011. Several BBB Accredited Businesses received "Professional Remodeler of the Year Award" recognition. Congratulations to:

Absolute Roofing & Construction - 1st Place/Residential Exterior Specialty

Artistic Renovations - 1st Place/Residential Best Green Remodel

Dover Home Remodelers - Honorable Mention/Residential Kitchen \$60,000 - \$100,000

Hurst Design-Build-Remodeling - Runner-Up/Residential Kitchen \$60,000 - \$100,000

Joyce Factory Direct - Runner-Up/Residential Exterior Under \$100,000

LoGrasso Deco Co., Inc. - 1st Place/Residential Bath Under \$15,000

Makoski Construction & Remodeling - 1st Place/Residential Interior Over \$250,000

Tamer Construction - 1st Place/Residential Kitchen \$15,000 - \$30,000

## How to Reach Us

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## President's Column

### Relevance Key as BBB Competes for Consumer Attention

**B**BB's credibility with and relevance to consumers has fueled our 100 year existence, and made BBB Accreditation the valuable asset that it is. Remaining relevant in this Cyber Age requires adapting to the "new normal" created by social media, even if it takes us out of our comfort zone.

Every survey BBB has commissioned in the past two decades has clearly indicated that consumers want more complaint and customer experience information in BBB reports. We initially obliged by publishing a complaint matrix in every company's BBB Business Review, showing number, nature and resolution of complaints filed with BBB.

But since technology has enabled them, customer review sites have become the rage. Many, including me, have focused on these sites' lack of trustworthiness – among other things, reviews, both good and bad, can be faked. But consumers have adapted and become savvier interpreting and weighing reviewers' comments. Consumers like these sites because they provide details, raw and unfiltered.

BBB is considered an "authoritative" source of information. The fact that bbb.org is one of the most visited sites on the internet attests to that. But if we don't adapt to these trends, we do so at the risk of our future relevance. So here's what we're doing.

Text of consumer complaints filed with BBB and business responses to them will be posted for viewing in a company's BBB Business Review, giving BBB visitors information they have craved for years. Was the complaint reasonable? How professional was the businesses' response? Now they'll be able to see behind the curtain.

A bolder initiative currently under review would *responsibly* give consumers the opportunity to post and view online "reviews" about specific businesses; to tell others about their experience without filing a formal BBB complaint. Freed of this barrier, we expect many more consumers would express their opinions on our site, drawing many more who would want to view them.

BBB Accredited Businesses will be beneficiaries of our website's enhanced relevance. It translates into more eyeballs on your BBB-accredited status; more prospective customers requesting online quotes, downloading coupons you are offering, or perusing other enhanced content you have uploaded into your Business Review; and far more requests for rosters of BBB Accredited Businesses by product or service offered.

Pair BBB's consumer credibility and authoritative reputation with carefully constructed services that give consumers the raw data they crave, and we'll be in an enviable position entering our second century. Watch for more details in coming months. ☐

## Have You Added Photos to Your Business Review Yet?

**W**ant to showcase recent remodeling projects? Or show potential buyers your products, facilities or crew? You can do all that and more by posting photos on your BBB Business Review. This feature is available only to BBB Accredited Businesses. You can post up to 20 photos which will be prominently displayed in your Business Review.

**New!** BBB Business Reviews can also display videos. Have a video about your business or footage of a recent project? You can upload that, too.

Contact Laura Fitzgerald at (216) 623-8964 x 107 or [mybbb@cleveland.bbb.org](mailto:mybbb@cleveland.bbb.org) for instructions. ☐

## On Our Radar

**T**he following companies have hit BBB's radar as a result of recent consumer inquiry or complaint activity. BBB routinely brings such activity to the attention of state and federal law enforcement agencies and warns the public through alerts issued to local media.

**Nonstop Connections** - This business operates from a mail forwarding address in Pepper Pike. It promises to provide prison inmates with photos and addresses of female pen pals for a \$30-\$50 fee. Complainants allege the firm has cashed their checks but has not sent the ordered photos. In cases where photos were sent, the addresses for the women were not current and mail was returned by the Post Office as undeliverable. BBB rates this company "F" and has alerted Postal Inspectors and the Ohio Attorney General.



**Northeast Electronics Sales & Service** – This Cleveland firm repairs and sells refurbished televisions and small electronics. Complainants generally pay in advance for services or purchases and report significant delays in the delivery of their items. In some cases, televisions brought to the company for repair were not returned or required multiple repairs. Consumers allege the company often doesn't answer their phones and can be verbally abusive and threatening. BBB rates the company "F" primarily due to nearly 60 unanswered complaints and has alerted the Ohio Attorney General and the City of Cleveland's Department of Consumer Affairs. □

## Vehicle Service Contracts

*(continued from front)*

- **Auto Repair Group** - Begun in December, 2002, this company ceased operations in January, 2010. BBB received nearly 200 complaints from consumers who paid from \$1,000 to \$2,000 for vehicle service contracts. Auto Repair Group was sued by the Ohio Attorney General in 2010 and was also the subject of law enforcement actions in Florida, California, Washington and Wisconsin.

The St. Louis BBB recently published a study of the VSC industry that concluded that consumers have lost millions of dollars to worthless service contracts. In a survey of over 600 consumers who had filed complaints at BBB's across the country, 92% felt they were misled about what the contract provided; 93 respondents paid an average of \$1,480 for repairs that should have been covered but were denied by the company.

VSC companies are not considered to be an insurance product in Ohio and, consequently, are not regulated by the Ohio Department of Insurance. There is also no requirement for VSC sellers to maintain a reserve fund to handle claims or to carry any bonding.

BBB Accredited Business, **ServiceGuard Systems**, offers these tips for buying vehicle service contracts:

- Make sure the plan is backed by an insurance company that is rated by AM Best in the "A" category and has a favorable BBB rating.
- Plans purchased through auto dealers may be more reliable since the dealer has, no doubt, checked the integrity of the plan administrator.
- Get a copy of the contract and read it thoroughly before purchasing to determine all limitations, exclusions, and any requirements for preauthorization or routine maintenance in order to be eligible for claims. □

## B2B Discounts for BBB Accredited Businesses

### New! Add a Coupon to Your BBB Business Review!

This new feature exclusively for BBB Accredited Businesses is a high profile opportunity to offer discounts to your customers. Coupons can be printed right from your company's online BBB report.

To add a coupon, call Laura Fitzgerald at (216) 623-8964 x107 or Jan Stagneth at x206.

### New! Payroll Service

Ben Franklin Payroll Service offers a 40% discount off basic payroll services. Call (440) 245-7424

### Credit Card Processing

TSYS Merchant Solutions offers rates as low as 1.52% on retail transactions and 2.09% for mail and phone orders (plus a nominal fee per transaction). Small monthly fee. Call (888) 562-6737 for details.

### Document Shredding

All Ohio Secure Shred will shred documents on site for \$22/month for one container. Also, one-time bulk purge for 10 cents/lb. \$50 minimum. Call (216) 332-9850 or (888) 747-3394.

### Phone Service

Easton Telecom - Rates ranging from 2.5¢ - 3.5¢/minute for long distance calls, toll-free lines as low as 1.79¢/minute. 10% discount off all retail services. Contact Jim Butler at (800) 222-8122.

### Pre-Employment Background Reports

Intellicorp - Instant online background checks for under \$10 per report. Monthly fees waived. Call Chris Hughes for a FREE trial at (888) 290-0634.

### Payroll Service

Heartland Payroll Co. - Savings of as much as 50% on payroll fees. Call Brian Nelson at (440) 371-5245.

### Medical Services

Huge discounts on prepaid lab and imaging work, and prescriptions. [cleveland.bbb.org/healthdiscounts](http://cleveland.bbb.org/healthdiscounts).



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### Dynamic BBB Seal Available for Your Facebook Page

If your business has a Facebook page, don't miss out on the benefits of prominently displaying your BBB Accredited Business seal.

BBB has a dynamic seal available for you that will display your BBB rating in real time.



Instructions for adding the dynamic seal are available on the BBB Accredited Business website.

Go to [cleveland.bbb.org](http://cleveland.bbb.org) and click on the orange "Login" button in the upper left hand corner. You will need your BBB Business ID number and an email address to login. If you have any questions, please contact Laura Fitzgerald at (216) 623-8964 x107 or [mybbb@cleveland.bbb.org](mailto:mybbb@cleveland.bbb.org).

### Businesses Urged to Adopt Distracted Driving Policies

Of the 5,500 fatalities in 2009 caused by auto accidents, 18% involved the use of a cell phone. The US Department of Transportation and BBB have joined to raise awareness of the dangers of distracted driving and to call upon businesses to spread the word to their employees.



The federal government has banned federal employees from texting while driving government-owned vehicles since 2009. The Federal Motor Carrier Safety Administration banned commercial truck and bus drivers from texting while driving in 2010. The Federal Railroad Administration enacted the same ban following a California Metrolink crash in 2008 that killed 25 people.

A strong distracted driving policy at your business can help save lives, reduce time lost from work due to accidents and injuries, reduce insurance premiums, and save money.

**BBB.org** has a link to a free tool kit that contains samples of a company policy, memo to employees and press release. The site also features videos from "Faces of Distracted Driving" - a video series that tells stories from family members who have lost loved ones due to distracted driving accidents. Educational information targeted at teenage drivers is also available.