

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF NORTH CAROLINA
CHARLOTTE DIVISION
3:20-CV-00504-FDW-DSC

CPI SECURITY SYSTEMS, INC.

Plaintiff and Counterclaim Defendant,

v.

VIVINT SMART HOME, INC.
f/k/a MOSAIC ACQUISITION CORP.;
LEGACY VIVINT SMART HOME, INC.
f/k/a VIVINT SMART HOME, INC.

Defendants and Counterclaimants.

**DEFENDANTS' ANSWER,
AFFIRMATIVE DEFENSES, AND
COUNTERCLAIMS**

Defendants Vivint Smart Home, Inc. f/k/a Mosaic Acquisition Corp. and Legacy Vivint Smart Home, Inc. f/k/a Vivint Smart Home, Inc. (together, "Vivint") respond to Plaintiff CPI Security Systems, Inc.'s amended complaint as follows:

First Defense

CPI's claims fail as a matter of law, including for the reasons described in Vivint's motion to dismiss the amended complaint.

Second Defense

Vivint responds to the correspondingly numbered allegations of the complaint as follows:

1. Denied.
2. Denied.
3. Denied.
4. Denied.

5. Denied.

6. Denied.

7. Denied.

8. Denied.

9. Denied.

10. Denied.

11. The allegation that CPI is a “leader in customized security and home automation solutions for more than 25 years” is denied. Vivint is without knowledge or information sufficient to admit or deny the remaining allegations of this paragraph, and, therefore, denies the same.

12. It is admitted that Vivint Smart Home, Inc. is a Delaware corporation with its principal place of business located at 4931 North 300 West in Provo, Utah 84604, and that its registered agent for service of process is The Corporate Trust Company located at Corporation Trust Center, 1209 Orange Street in Wilmington, Delaware 19801. The remaining allegations of this paragraph are denied. Vivint’s 10K filing, which describes the merger and entity formation, can be found here:

www.sec.gov/Archives/edgar/data/1713952/000119312520073113/d822776d10k.htm.

13. It is admitted that Vivint is listed on the New York Stock exchange. It is denied that Vivint currently has a market capitalization of \$3.6 billion.

14. Denied.

15. This paragraph contains legal conclusions to which no response is required. To the extent that a response may be deemed to be required, Vivint denies the allegations contained in this paragraph.

16. It is admitted that Defendant Legacy Vivint Smart Home, Inc. is a Delaware corporation with its principal place of business located at 4931 North 300 West in Provo, Utah 84604, and that its registered agent for service of process is The Corporate Trust Company located at 4931 N. 300 West in Provo, Utah 84604. The remaining allegations of this paragraph are denied.

17. This paragraph contains legal conclusions to which no response is required. To the extent that a response may be deemed to be required, Vivint denies the allegations contained in this paragraph.

18. This paragraph contains legal conclusions to which no response is required. To the extent that a response may be deemed to be required, Vivint denies the allegations contained in this paragraph.

19. Denied.

20. Denied.

21. This paragraph contains legal conclusions to which no response is required. To the extent that a response may be deemed to be required, Vivint denies the allegations contained in this paragraph.

22. Denied. The trademark bearing the registration number 2537673 is a design mark with the words: "Warning CPI Security System."

23. Denied.

24. Denied.

25. It is admitted that Vivint operates in most states, including North Carolina, and that it is registered to do business in North Carolina. The remaining allegations of this paragraph are denied.

26. It is admitted that Vivint and CPI are competitors. The remaining allegations of this paragraph are denied.

27. Denied.

28. Denied.

29. Denied.

30. Denied.

31. Denied.

32. Denied.

33. Denied.

34. Denied.

35. Denied.

36. Denied.

37. Denied.

38. Denied.

39. Denied.

40. Denied.

41. Denied.

42. Denied.

43. Denied.
44. Denied.
45. Denied.
46. Denied.
47. Denied.
48. Denied.
49. Denied.
50. The preceding responses in this answer are incorporated by reference.
51. Denied.
52. Denied.
53. Denied.
54. Denied.
55. Denied.
56. Denied.
57. Denied.
58. Denied.
59. Denied.
60. The preceding responses in this answer are incorporated by reference.
61. Denied.
62. Denied.
63. Denied.
64. Denied.

65. Denied.

66. Denied.

67. Denied.

68. The preceding responses in this answer are incorporated by reference.

69. This paragraph contains legal conclusions to which no response is required. To the extent that a response may be deemed to be required, Vivint denies the allegations contained in this paragraph.

70. This paragraph contains legal conclusions to which no response is required. To the extent that a response may be deemed to be required, Vivint denies the allegations contained in this paragraph.

71. Denied.

72. Denied.

73. Denied.

74. Denied.

75. Denied.

76. Denied.

77. Denied.

78. Denied.

79. The preceding responses in this answer are incorporated by reference.

80. Denied.

81. Denied.

82. Denied.

83. Denied.

84. Denied.

85. The preceding responses in this answer are incorporated by reference.

86. This paragraph contains legal conclusions to which no response is required. To the extent that a response may be deemed to be required, Vivint denies the allegations contained in this paragraph.

87. Vivint is without knowledge or information sufficient to admit or deny the allegations contained in this paragraph and, therefore, denies the same.

88. Denied.

89. Denied.

90. Denied.

91. Denied.

92. Denied.

Any allegations not expressly admitted above are denied.

AFFIRMATIVE DEFENSES

First Affirmative Defense

CPI's claims are barred, in whole or in part, by CPI's unfair, deceptive, unlawful, and anticompetitive conduct, including but not limited to CPI representatives defaming Vivint and deceiving customers about Vivint, as well as CPI's violations of the right-of-cancellation requirements of 16 CFR § 429.1 and N.C. Gen. Stat. § 25A-40, which constitute *per se* unfair and deceptive trade practices under N.C. Gen. Stat. § 75-1.1. CPI's failure to comply with federal and state law

requirements for consumer notification of the right-of-cancellation renders those consumer accounts void, and, therefore, not a lawful basis for damages. For the same reasons, CPI's claims are barred, in whole or in part, by the doctrines of unclean hands and estoppel.

Second Affirmative Defense

CPI's claims are time-barred, in whole or in part, by the applicable statute of limitations and the doctrine of laches.

Third Affirmative Defense

CPI's claims are barred, in whole or in part, by Vivint's pro-competitive justification and privilege as a competitor. Vivint has a legitimate business purpose in growing its business by soliciting customers and explaining to them Vivint's pricing, products, and services and how they are different and better than those of Vivint's competitors.

Fourth Affirmative Defense

CPI's claims are barred, in whole or in part, by truth as an absolute defense to the allegedly defamatory statements at issue in the amended complaint.

Fifth Affirmative Defense

CPI's claims are barred, in whole or in part, because they are premised upon constitutionally protected speech.

Sixth Affirmative Defense

CPI's claims are barred, in whole or in part, by the doctrine of fair use, which entitles Vivint's representatives to mention CPI by name and make true and non-

misleading statements about CPI, its goods, and its services, in furtherance of competition.

Seventh Affirmative Defense

CPI's claims are barred, in whole or in part, by CPI's failure to mitigate any alleged damages. After CPI allegedly lost certain customer accounts, it made no efforts to attempt to recapture those accounts, and it waited years to complain. Accordingly, CPI is precluded from bringing this action or, alternatively, its alleged damages should be reduced by its failure to mitigate its damages.

Eighth Affirmative Defense

CPI's claims are barred, in whole or in part, because to the extent that any Vivint sales representatives engaged in unlawful conduct or made any false or misleading statements, they were acting outside of their authority and scope of employment.

Ninth Affirmative Defense

CPI's claims are barred, in whole or in part, because the trademark it registered with the USPTO is a design mark with the words: "Warning CPI Security System." This mark is highly descriptive and weak and, therefore, not entitled to protection under the Lanham Act.

Tenth Affirmative Defense

CPI's claims seeking damages for loss of goodwill or damage to reputation are barred, in whole or in part, because any purported loss of CPI's goodwill or damage to CPI's reputation were the result of CPI's own conduct or other conduct for which Vivint is not responsible.

Reservation and Non-Waiver

Vivint reserves the right pursuant to Rule 15 of the Federal Rules of Civil Procedure to amend its answer to assert additional counterclaims or affirmative defenses.

* * *

For the foregoing reasons, Vivint respectfully requests that the Court:

- (1) deny CPI any and all relief;
- (2) award attorneys' fees and costs to Vivint as allowed by law; and
- (3) award any and all other relief that the Court deems just and proper.

COUNTERCLAIMS

Vivint Smart Home, Inc. f/k/a Mosaic Acquisition Corp. and Legacy Vivint Smart Home, Inc. f/k/a Vivint Smart Home, Inc. (together, "Vivint") complains against CPI Security Systems, Inc. ("CPI") and in support of their counterclaims allege the following:

Parties

1. Vivint Smart Home, Inc. is a Delaware corporation with its principal place of business located in Provo, Utah.
2. Legacy Vivint Smart Home, Inc. is a Delaware corporation with its principal place of business located in Provo, Utah.
3. Vivint and its predecessors have been in business since 1999.

4. On information and belief, CPI Security Systems, Inc. is a North Carolina corporation with its principal place of business located in Charlotte, North Carolina.

Jurisdiction and Venue

5. This Court has jurisdiction over this action because it presents a federal question under Section 43 of the Lanham Act. *See* 28 U.S.C. § 1331.

6. This Court has supplemental jurisdiction over Vivint's state law claims under 28 U.S.C. § 1367(a).

7. Venue is proper in this Court because CPI resides in this District, *see* 28 U.S.C. § 1391(b)(1), and because CPI is subject to the Court's personal jurisdiction with respect to this action, *see* 28 U.S.C. § 1391(b)(3).

Factual Allegations

Vivint is a Leading Provider in the Smart Home Services Industry

8. Vivint is in the business of providing full-service smart home products and services, including electronic home automation and security systems and services, to customers and businesses throughout the United States, Canada, and New Zealand. Vivint's products and services include, among other things, the sale of integrated smart home security systems, professional installation, and 24/7 monitoring and support for its customers.

9. Through years of considerable effort and expense, Vivint has grown into an innovative and industry-leading smart home company, serving more than 1.5 million customers throughout the United States and Canada.

10. Vivint's consistent efforts have generated valuable good will and a stellar reputation, enabling it to acquire, maintain, and retain long-standing relationships with its customers.

11. CPI is engaged in similar business, selling and installing security and home automation services in the Southeast region of the United States.

12. CPI directly competes with Vivint for customers.

CPI's History of Targeting Vivint with False and Unfounded Accusations

13. For years, CPI has improperly lodged, or caused or encouraged its customers to lodge, unfounded complaints and accusations against Vivint to regulatory agencies, including the North Carolina Alarm Systems Licensing Board.

14. Upon information and belief, many—if not all—of the customer complaints are caused by CPI misrepresenting to consumers that Vivint is acting illegally.

15. None of these complaints have resulted in any adverse findings or liability against Vivint, yet Vivint has been forced to continually defend itself against CPI's onslaught of unfounded claims. This lawsuit is the latest example of CPI's ongoing campaign to damage Vivint.

16. Upon information and belief, CPI has engaged in this conduct, at least in part, to prevent consumers from terminating their CPI contracts and switching their equipment and monitoring services to Vivint.

17. Upon information and belief, CPI has engaged in this conduct as a strategy to unfairly compete with Vivint, undermine and damage Vivint's good will and reputation, and disrupt Vivint's potential and current long-standing relationships with its customers.

CPI's Active Campaign to Defame Vivint

18. CPI's latest scheme against Vivint involves a widespread campaign of disseminating false statements about Vivint to consumers, especially those CPI customers actively trying to switch to Vivint.

19. CPI is uniquely equipped to target customers switching to Vivint, as CPI receives an electronic signal when its security-system hardware is being replaced. Upon receiving this signal—often times while a Vivint representative is still in the process of installing hardware in a new customer's home—CPI contacts its former customer.

20. On these "urgent" calls, in an attempt to deceive and intimidate the customer into not switching providers, CPI representatives disseminate a barrage of false and defamatory statements about Vivint.

21. CPI also makes misrepresentations about Vivint's business practices, telling customers that funds Vivint provides for the customer to buy-out their existing CPI contract are simply "added to the end of [their Vivint] contract." CPI also sends

customers copies of lawsuits purportedly filed against Vivint by third parties in other jurisdictions, characterizing those documents as proof that Vivint is a “scam.”

22. Upon information and belief, CPI promulgates this false information without even knowing the nature of those particular customers’ interactions with Vivint.

23. Furthermore, CPI also publishes false and defamatory statements to its existing customers to predispose them to believe that Vivint—a leading smart home provider with over 1.5 million customers that has been in business since 1999—operates as a “scam” or “fraud,” and that it is “illegal” for Vivint to even approach an existing CPI customer who already has a security system. CPI disseminates these false and defamatory statements to its existing customers despite knowing that it lacks any actionable information that Vivint has done anything unlawful towards those customers. CPI knew that its accusations were false or, at the very least, acted with reckless disregard of the truth or falsity of its accusations.

24. Specifically, in or around August and September 2020—and, upon information and belief, still to this day—CPI made the following false statements to Vivint customers in both North Carolina and South Carolina:

25. CPI is telling customers that Vivint is a “scam.”

26. CPI is telling customers who elect to switch their business to Vivint that it is “illegal” for Vivint to install a new security system because the customer already has a CPI system. In one instance, a Vivint customer, Dianna Dixon, filed a complaint against Vivint with the State of North Carolina after she “tried to call CPI

and cancel and [CPI] told me that what Vivint did was illegal and they're not allowed to sign up a new service for security while another one is active." In another instance, a former CPI customer, Courtney Thomas, reported to Vivint that CPI called and told her that "it was illegal for Vivint to install while [she] had CPI service."

27. Another former CPI customer who elected to switch her business to Vivint, Alline Maxwell, reported that CPI told her that Vivint "promise[s] everything and [does not] come through [with] what [Vivint is] supposed to do."

28. Another former CPI customer, Ingrid Forsythe, reported to Vivint that when they opened their CPI app, they were greeted with a message from CPI warning about Vivint:

We have received complaints regarding competitor door-to-door sales *scams* targeting our customers. In particular, *Vivint Smart Home Pros have made false statements* that they have purchased CPI. This is not true. *Law enforcement is currently looking into this matter.*

....

Unfortunately, we have had customers call in after *being taken advantage of by Vivint and their deceptive sales practices*, locking them into agreements under *false pretenses*. Should you be approached by someone inquiring about your alarm system, please contact us immediately.

Exhibit A (emphasis added).

29. The CPI app also blasts their customers with a large red box graphic stating: "ALERT. Important *Vivint Door Knocker Scam Alert*."



30. CPI is also disseminating statements misrepresenting Vivint’s business practices and stating that those practices are a “scam” and “illegal”:

Scam 2

Vivint will buy out their contract



Truth: Only up to \$600 that is added on to the backend of the contract... Not a true “buyout”

Scam 4

30 Day Free Trail



Truth: Does NOT exist... Sales tactic to get customer past 3 day right of refusal

Is it Legal?

No!

This makes the 3 day right of rescission null and void

This can be written or verbal

Tortious interference



Tortious interference, also known as intentional interference with contractual relations, in the common law of torts, occurs when one person intentionally damages someone else's contractual or business relationships with a third party causing economic harm. [Wikipedia](#)

31. Upon information and belief, CPI urges its customers to believe that every sale by Vivint is deceptive and illegal.

32. In addition to making direct, defamatory phone calls, CPI also sends an automatic email to departing customers when their system is replaced:

“Panel Tamper Alert”

*We have received a panel tamper alert from your CPI system and want to make sure that everything is functioning properly. In many cases, when we receive panel tamper alerts we find that **Vivint Smart Home sales representatives are using deceptive sales practices to gain access to the security systems as well as coerce CPI customers to lock them into high-priced 5-year finance & monitoring contracts.***

Vivint representatives routinely make false and misleading statements including:

- » Vivint has purchased or is purchasing CPI
- » Vivint is purchasing CPI customers or customer agreements
- » Vivint manufactures CPI's equipment and is at your home to upgrade the system
- » Vivint is here to upgrade the equipment but you will still be monitored by CPI
- » Vivint offers a 30 day free trial period, in reality, it's 3 days
- » Vivint will buy out remaining CPI customer agreements
- » Vivint not fully disclosing their total costs of the financing (one senior citizen customer received a financing bill of \$5,000)

....

Vivint has a long history of deceptive practices which have resulted in multiple class-action lawsuits and government actions. These cases have taken place across the country including but not limited to Oregon, Wisconsin, Arkansas, Ohio, Nebraska, Kansas, Pennsylvania, Wyoming, California, North Carolina, Florida and most recently a case was filed last week in the United States District Court in Florida.

If you believe you are a *victim of these practices*, please contact us immediately!

Exhibit B (emphasis added).

33. The form email that CPI sends to its departing customers also comes from an email address designed, in name, to disparage Vivint: vivintscam@cpisecurity.com.

CLAIMS FOR RELIEF

First Cause of Action (Trade Slander/Defamation *Per Se*)

34. Vivint incorporates by reference all preceding allegations.

35. CPI has made false and defamatory statements about Vivint and its products and services to CPI's existing customer, former customers, Vivint's customers, and others.

36. CPI's false and defamatory statements are defamatory *per se* because they impute illegal conduct to Vivint that is derogatory to its character and standing as a business. Indeed, CPI's false and defamatory statements described above are facially harmful to Vivint's business reputation and character.

37. By charging Vivint with unlawful and dishonorable business conduct, CPI's false and defamatory statements are designed to harm Vivint.

38. CPI knew that these statements were false and defamatory when they published them to third parties, and that these statements would cause injury to Vivint's professional reputation, by, among other things, causing Vivint to lose profits from customer contracts.

39. CPI's conduct, as described above, has directly caused Vivint to lose a substantial amount of business.

40. Vivint has been damaged by CPI's defamatory statements, in an amount to be established as trial.

Second Cause of Action
(Unfair Competition under 15 U.S.C. § 1125(a)(1)(B))

41. Vivint incorporates by reference all preceding allegations.

42. CPI and Vivint are engaged in commercial competition.

43. CPI engaged in an organized campaign to make false and misleading representations of fact about Vivint's products or services, in connection with the commercial advertisement or promotion of CPI's products or services to its existing and former customers.

44. On information and belief, CPI aimed its false statements about Vivint at a subset of CPI's existing and former customers, based on alerts or information compiled by CPI to receive notice that Vivint had interacted, or was likely to interact, with these existing and former customers.

45. CPI's false and misleading representations were material, in that its false and misleading misrepresentations of fact about Vivint's products or services were likely to influence its customers to continue to do business with CPI rather than exercise their right to do business with Vivint.

46. CPI's false and misleading representations actually deceived its existing and former customers or, at a minimum, had the tendency to deceive a substantial segment of its customers to falsely believe that Vivint is a "scam" and engages in deceptive and unlawful sales and business practices.

47. CPI placed its false and misleading representations of fact in commerce via phone calls, emails, and purported "alerts" sent to customers through apps on various platforms.

48. As a result of CPI's conduct, Vivint has and will continue to be injured by the direct diversion of sales to customers who were deceived to do business with CPI instead of Vivint, and by a lessening of goodwill associated with Vivint's products and services.

Third Cause of Action
(Violation of N.C. Gen. Stat. § 75-1.1)

49. Vivint incorporates by reference all preceding allegations.

50. As described above, CPI engaged in trade slander and defamation *per se* that impeached Vivint in its business activities and adversely affected Vivint's business interests. As described above, CPI also engaged in an organized campaign of unfair competition against Vivint.

51. At all relevant times, CPI's trade slander and defamation, as well as CPI's unfair competition, were "in or affecting commerce" under N.C. Gen. Stat. § 75-1.1.

52. CPI's unfair and deceptive conduct proximately caused actual injury to Vivint, as described above, including actual injury to Vivint's professional reputation, lost profits from customer contracts, and the loss of a substantial amount of business.

53. Under N.C. Gen. Stat. § 75-16, Vivint is entitled to treble damages against CPI. Moreover, because CPI willfully engaged in the unfair and deceptive acts described above, and to the extent that CPI refuses to resolve this matter, Vivint is entitled to its attorneys' fees under N.C. Gen. Stat. § 75-16.1.

Fourth Cause of Action
(Tortious Interference with Prospective Economic Advantage)

54. Vivint incorporates by reference all preceding allegations.

55. Valid contracts would have existed between Vivint and CPI customers but for CPI's false and defamatory statements inducing customers to not enter into a contract with Vivint.

56. CPI had knowledge of Vivint's potential contracts with these customers, as shown by, among other things, CPI's efforts to tell its customers that any future interaction they have with Vivint will be a "scam."

57. CPI maliciously induced potential customers not to enter into contracts with Vivint by, among other things, deceiving those customers into believing that Vivint is a "scam," that Vivint engages in "deceptive" sales and business practices, and that Vivint (or the customers) were "illegally" entering into new security system contracts.

58. Customers have relied on CPI's misrepresentations, and those misrepresentations were the actual and proximate cause of Vivint losing a substantial amount of business.

59. CPI's false and defamatory statements were made with malice, without justification, and not for any purpose reasonably related to lawful competition; rather, CPI's conduct was intended to prevent its customers from exercising their right to do business with Vivint instead of CPI.

60. CPI's conduct has caused Vivint to suffer actual damages in the form of lost contract profits it would have made from would-be customers.

Fifth Cause of Action
(Tortious Interference with Contract)

61. Vivint incorporates by reference all preceding allegations.

62. Vivint was a party to valid contracts with former CPI customers.

63. CPI had knowledge of Vivint's contracts with its former customers because CPI receives an electronic signal notification when a customer replaces its security system.

64. CPI intentionally induced its former customers to cancel or not perform their contracts with Vivint by bombarding former customers with false and defamatory statements through emails, phone calls, and "alerts" on various platforms.

65. CPI's false and defamatory statements were made with malice, without justification, and not for any reason reasonably related to lawful competition; rather, CPI's conduct was intended to maliciously prevent customers from remaining in valid contracts with Vivint.

66. Customers have relied on CPI's misrepresentations, and those misrepresentations were the actual and proximate cause of Vivint losing a substantial amount of business.

67. CPI's conduct has caused Vivint to suffer actual damages in the form of lost contract profits it would have made from customers who cancelled or failed to perform their Vivint contracts as a result of CPI's false and defamatory statements.

Sixth Cause of Action
(Common Law Unfair Competition)

68. Vivint incorporates by reference all preceding allegations.

69. As described above, CPI engaged in trade slander and defamation *per se* that impeached Vivint in its business activities and adversely affected Vivint's business interests. As described above, CPI also engaged in an organized campaign of unfair competition against Vivint in violation of 15 U.S.C. § 1125(a)(1)(B)). As described above, CPI also engaged in tortious interference with Vivint's prospective economic advantage, and it engaged in tortious interference with Vivint's contracts.

70. This same conduct described above, both independently and collectively, constitutes unfair competition in violation of the common law, and it proximately caused the damages to Vivint described above with respect to that same conduct.

JURY DEMAND

Vivint demands a trial by jury on all issues so triable.

REQUEST FOR RELIEF

WHEREFORE, Vivint respectfully requests that the Court enter judgment against CPI and award it the following relief:

- a. damages in an amount to be proven at trial caused by CPI's false and defamatory statements, including treble damages as allowed by 15 U.S.C. § 1117(a);
- b. disgorgement of CPI's profits resulting from its unfair competition, as allowed by 15 U.S.C. § 1117(a);

- c. treble damages under N.C. Gen. Stat. § 75-16 and attorneys' fees under N.C. Gen. Stat. § 75-16.1;
- d. punitive damages under N.C. Gen. Stat. § 1D-15 or as otherwise allowed by law;
- e. attorneys' fees, costs, and pre-judgment interest to Vivint as otherwise allowed by law; and
- f. any and all other relief that the Court deems just and proper.

Respectfully submitted the 18th day of November, 2020.

GREENBERG TRAURIG, LLP

CLYDE SNOW & SESSIONS, P.C.

By: s/ Gregory W. Herbert
Florida Bar No. 111510
herbertg@gtlaw.com
450 S. Orange Avenue, Suite 650
Orlando, FL 32801
Telephone: (407) 420-1000

By: s/ Matthew A. Steward
Utah Bar No. 7637
mas@clydesnow.com
Shannon K. Zollinger
Utah Bar No. 12724
skz@clydesnow.com
One Utah Center, 13th Floor
201 South Main Street
Salt Lake City, UT 84111-2216
Telephone: (801) 322-2516

By: s/ Michael N. Kreitzer
Florida Bar No. 705561
kreitzerm@gtlaw.com
Florida Bar No. 96020
kesslerj@gtlaw.com
333 S.E. 2nd Avenue, Suite 4400
Miami, FL 33131
Telephone: (305) 579-0500

Counsel for Defendants

Counsel for Defendants

POYNER SPRUILL LLP

By: s/ Andrew H. Erteschik
Steven B. Epstein
N.C. State Bar No. 17396
sepstein@poynerspruill.com
Andrew H. Erteschik
N.C. State Bar No. 35269
aerteschik@poynerspruill.com
John M. Durnovich
jdurnovich@poynerspruill.com
N.C. State Bar No. 47715
N. Cosmo Zinkow
nzinkow@poynerspruill.com
N.C. State Bar No. 53778
P.O. Box 1801
Raleigh, NC 27602-1801
Telephone: (919) 783-2895

Local Counsel for Defendants

CERTIFICATE OF SERVICE

I certify that I have electronically filed the foregoing document with the Clerk of Court using the CM/ECF system, which will send notification of filing to all counsel and parties of record.

This the 18th day of November, 2020.

s/ Andrew H. Erteschik
Andrew H. Erteschik



We have received complaints regarding competitor door-to-door sales scams targeting our customers. In particular, Vivint Smart Home Pros have made false statements that they have purchased CPI. This is not true. Law enforcement is currently looking into this matter.

If someone from CPI comes to your home, he or she will always identify themselves and can be verified by visiting cpisecurity.com/verify and entering his or her employee ID number.

Unfortunately, we have had customers call in after being taken advantage of by Vivint and their deceptive sales practices, locking them into agreements under false pretenses. Should you be approached by someone inquiring about your alarm system, please contact us immediately:

TEXT: 1 (704) 285-0404

CALL: 1 (800) 948-7133





Panel Tamper Alert



We have received a panel tamper alert from your CPI system and want to make sure that everything is functioning properly.

In many cases, when we receive panel tamper alerts we find that Vivint Smart Home sales representatives are using deceptive sales practices to gain access to the security systems as well as coerce CPI customers to lock them into high-priced 5-year finance & monitoring contracts.

Vivint representatives routinely make false and misleading statements including:

- » Vivint has purchased or is purchasing CPI
- » Vivint is purchasing CPI customers or customer agreements
- » Vivint manufactures CPI's equipment and is at your home to upgrade the system
- » Vivint is here to upgrade the equipment but you will still be monitored by CPI
- » Vivint offers a 30 day free trial period, in reality, it's 3 days
- » Vivint will buy out remaining CPI customer agreements
- » Vivint not fully disclosing their total costs of the financing (one senior citizen customer received a financing bill of \$5,000)

Here are some examples of CPI customers experiences with Vivint:

"A Vivint salesperson came by my home posing as a CPI salesperson... stating that Vivint was "buying out" those customers from CPI... this salesperson was very tricky, shady, and suspicious, lying to us and trying to instill fear into us and intimidate us"

- Susan - Burlington, NC

"Vivint was being very deceitful ... they came in and unhooked and cut all the wires up [to the CPI system] and we are wanting to know how we can go about getting our stuff hooked back up... I still want to be with CPI"

- Carlos- Charlotte, NC

Additional consumer complaints can be found at the [Vivint's Better Business Bureau Page](#).

Vivint has a long history of deceptive practices which have resulted in multiple class-action lawsuits and government actions. These cases have taken place across the country including but not limited to Oregon, Wisconsin, Arkansas, Ohio, Nebraska, Kansas, Pennsylvania, Wyoming, California, North Carolina, Florida and most recently a case was filed last week in the United States District Court in Florida.

If you believe you are a victim of these practices, please contact us immediately!

[1\(844\) 974-0831](tel:18449740831) | vivintscam@cpisecurity.com

Additionally, if you would like to file a formal complaint regarding Vivint, please [click here](#) for more information.