

VOUCHER DISPUTE | FALSE ADVERTISING CLAIMS

# Heating, cooling company faces suits

*Customers assert that rebates in promotion were not distributed*

By Shawn Day  
The Virginian-Pilot

## VIRGINIA BEACH

Twenty-five lawsuits have been filed in four South Hampton Roads cities accusing a heating and cooling company of false advertising and breach of contract.

The suits contend that more than 100 people agreed to a voucher promotion, which promised thousands in cash back to customers and resulted in more than \$1.4 million in sales for Russell's Heating and Air Conditioning. But no customer received the rebate, the suits say.

An attorney for Chesapeake-based Russell's said the customers should focus on another, now-bankrupt company that ran the scheme.

Consumers Trust, based in England, has been in financial shambles since 2005. That year, Missouri's attorney general sued the company for refusing to pay customers who tried to redeem vouchers for big-ticket purchases.

A judge ordered the company, and its marketing arm, Missouri-based Consumer Promotions Inc., in August 2005 to pay nearly \$2 million in restitution to the state and its customers. Three months later, Consumers Trust filed for bankruptcy protection.

Russell's was among the businesses that bought the vouchers and promoted them to customers looking for new

He had orchestrated a scheme to defraud these people; it worked, and he has kept their money."

Attorney John Barrett, who is representing Russell's Heating and Air Conditioning customers, talking about Russell's owner William Russell "Buddy" Smith III

heating and cooling systems, the company's attorney, David M. Zobel, said.

"Russell's ... feels like a victim in this case, too," he said.

So far, he said, 11 of the 25 cases against Russell's have been resolved. He would not discuss the resolutions. Attorney John Barrett, who is representing Russell's customers, also declined to comment on those cases.

Each plaintiff is seeking \$75,000 in punitive damages, the original amount of

the voucher -- most ranged between \$3,000 and \$6,000 -- plus interest and court and attorney fees, he said.

Russell's made offers to settle with some, Barrett said, but withdrew them after learning the customers received money from Consumers Trust. Those payments, Barrett said, ranged from \$50 to \$80, less than 2 percent of the original heating and cooling system price, and the customers refused to cash them.

The customers sued Russell's

because company salesmen had guaranteed the vouchers for half off and claimed some local public officials took the offer, Barrett said.

"He had orchestrated a scheme to defraud these people; it worked, and he has kept their money," Barrett said, referring to company owner William Russell "Buddy" Smith III.

Barrett said many customers said they had doubts about the voucher's rules, one of which required them to wait three years from the date of purchase before redeeming it.

"The majority of them said, 'I should have known, if it sounded too good ...'" he said. "They had an instinct; they just had a real good sales pitch and they went for it."

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