

STATE OF NORTH CAROLINA

FILED IN THE GENERAL COURT OF JUSTICE

COUNTY OF WAKE

2010 AUG 31 AM 10:4 SUPERIOR COURT DIVISION

WAKE COUNTY, O.S.C. File No. 09 CVS 09519

BY W

STATE OF NORTH CAROLINA,)
ex rel. ROY COOPER, ATTORNEY)
GENERAL,)

Plaintiff,)

v.)

ANNA KONEVSKY, individually and in)
her capacity as agent and officer of both 704)
LOCKSMITH, INC. and NC CHARLOTTE)
LOCKSMITH, INC., 704 LOCKSMITH,)
INC. and NC CHARLOTTE LOCKSMITH,)
INC., TAMIR AVRAHAM, individually)
and in his capacity as agent and officer of)
LOCKSMITH SERVICES, INC., and)
LOCKSMITH SERVICES, INC.,)

Defendants.)

**JUDGMENT AND PERMANENT
INJUNCTION**

THIS MATTER came on to be heard by the undersigned Judge presiding over the August 30, 2010 civil session of Wake County Superior Court upon Plaintiff State of North Carolina's motions under Rules 55 and 56 for entry of Judgment by Default against defendants Tamir Avraham and his company, Locksmith Services, Inc., and for Summary Judgment under Rule 56 against defendants Anna Konevsky and her company 704 Locksmith, Inc. and NC Charlotte Locksmith, Inc. Assistant Attorney General David N. Kirkman appeared on behalf of the plaintiff, while no one appeared on behalf of any defendant following due notice hereof. The Court, having reviewed the record in this cause and heard the presentation of plaintiff's counsel, finds and concludes as follows:

I. FINDINGS OF FACT

1. Plaintiff commenced this action against defendants on May 14, 2009, alleging in its Complaint and supporting affidavits that defendants were engaging in Unfair and Deceptive Trade Practices against North Carolina property owners who were locked out of their homes or cars.
2. The Court entered a Temporary Restraining Order against all defendants on May 14, 2009.
3. A preliminary Injunction was entered against defendants Tamir Avraham and Locksmith Services, Inc. on May 29, 2009. During that hearing, plaintiff introduced a recording of defendant Avraham harassing a licensed and legitimate Raleigh locksmith over the telephone for complaining to the Attorney General and causing this enforcement action to be filed against him.
4. Also on May 29, 2009, the Temporary Restraining Order against Anna Konevsky and her two companies, 704 Locksmith, Inc. and NC Charlotte Locksmith, Inc., was extended until June 6, 2009. On June 11, 2009, after defendant Konevsky filed an affidavit claiming, *inter alia*, that she no longer was offering locksmith services or advertising them, the Court denied plaintiff's request for a Preliminary Injunction against her and her two companies. Instead, it ordered expedited discovery as to Anna Konevsky.
5. Plaintiff made repeated attempts during the summer and fall of 2009 to take defendant Konevsky's deposition pursuant to the Court's expedited discovery ruling. Defendant Konevsky would not appear. Counsel for defendant Konevsky and her companies moved to withdraw from the case on October 28, 2009.
6. Early this year, plaintiff sent defendant Konevsky another notice that it would take her

deposition on March 16, 2010 in Charlotte. In response to that notice, counsel of record for defendant Konevsky and her companies, 704 Locksmith, Inc. and NC Charlotte Locksmith, Inc., renewed his motion to withdraw and calendared it for hearing. Counsel for said defendants stated that his clients had not communicated with him since September of 2009. He was granted leave to withdraw from the case on March 12, 2010.

8. Plaintiff's counsel traveled to Charlotte on March 16, 2010 to take defendant Konevsky's deposition. She did not appear for her deposition.

9. All five defendants were served with process by publication in The Charlotte Observer newspaper.

10. None of the defendants in this action have filed an answer or dispositive motion in this cause.

11. The Clerk entered default against defendants Tamir Avraham and Locksmith Services, Inc. on April 27, 2010.

12. The record in this cause clearly shows that defendants, each of them, beginning in early February 2009, engaged in an elaborate "bait & switch" scheme at the expense of persons who were locked out of their cars or homes. These stranded property owners searched for local locksmiths on their computers or on cell phones that had internet capabilities. Thanks to defendants' deceptive internet ads, some of which employed the names of legitimate local locksmith services, these property owners called defendants or their representatives. Defendants' representatives would quote these property owners a nominal price over the phone. After the property owners agreed to utilize defendants' services, defendants would dispatch unlicensed locksmiths who typically showed up well beyond the time promised. These unlicensed

locksmiths would represent that the job would be much more difficult than anticipated and would increase the price substantially. If the property owners consented to the higher price, defendants' phony locksmiths simply would drill holes through the locks to open the doors. They often requested more money to install new locks to replace the ones they had just destroyed.

13. None of the defendants, and none of the individuals dispatched by defendants to these customers' homes or cars, ever possessed a license issued by the North Carolina Locksmith Licensing Board, as required by N.C. Gen. Stat. §74F-1, *et seq.*

14. As shown by the accompanying affidavits of Julie Daniel of the North Carolina Attorney General's Office and Lee Denney, a private investigator working for the North Carolina Locksmith Licensing Board, defendants Avraham and Locksmith Services, Inc. have continued to operate their illegal scheme since the entry of the Court's Preliminary Injunction.

15. Defendant Konevsky's company, defendant 704 Locksmith, Inc., has continued to advertise and operate throughout the pendency of this action, as shown by the accompanying affidavits of Julie Daniel and Lee Denney. Mr. Denney's affidavit further establishes that defendant Konevsky's husband, Lior Dangoor, remains deeply involved in these schemes.

16. Defendants Avraham, Locksmith Services, Inc. and 704 Locksmith, Inc. have run this scheme from at least early February 2009 through the present time, for a total of more than 78 weeks.

17. Defendant Konevsky, as opposed to her company 704 Locksmith Services, Inc., does not appear to have supported or operated a phony locksmith operation following the Preliminary Injunction hearing of June 6, 2009. Her involvement spanned a period of at least 12 weeks, beginning in mid-February of 2009, if not earlier. She did, however, acknowledge in an affidavit

submitted to the Court on June 6, 2009 that she released control of the 704 Locksmith website to another party while the Temporary Restraining Order was in effect.

18. Plaintiff did not seek default against defendant Konevsky and her two companies because an attorney made an appearance on their behalf before withdrawing. No genuine issue of material fact remains to be tried between plaintiff and defendants Anna Konevsky, her company 704 Locksmith, Inc. and her company NC-Charlotte Locksmith, Inc.

19. Defendants' unlicensed locksmith operations, and the manner in which they were advertised and conducted, were in and affecting commerce in North Carolina and had a substantial and negative impact thereon.

20. Defendants' unlicensed locksmith operations, and the manner in which they were advertised and conducted, were conceived and executed by each of the defendants knowingly and willfully.

21. None of the defendants have made any attempt to resolve this litigation. Defendants Avraham, Locksmith Services, Inc. and 704 Locksmith, Inc. have continued to defy the Court's orders throughout the pendency of this action. Defendant Konevsky facilitated the continuation of the 704 Locksmith scam by releasing control over its website to other parties while under a temporary restraining order and by refusing to make herself available for the taking of her deposition so that the identities of those who continued to operate her company could be determined.

22. Plaintiff's counsel have submitted affidavits reflecting that between the two of them they devoted at least 70 hours of their time to the prosecution of this civil enforcement action. Both counsel are known to this Court for their experience and competency in prosecuting enforcement

actions under N.C. Gen. Stat. § 75-1.1, *et seq.* The time and efforts they have devoted to this action appear more than reasonable. The Court has compensated plaintiff for their legal services at a rate of \$150.00 per hour in previous cases and finds that to be an appropriate rate in this action.

II. CONCLUSIONS OF LAW

23. The Court concludes as a matter of law that it has both personal jurisdiction over the defendants and subject matter jurisdiction in the cause.

24. Plaintiff's factual allegations have not been contested by defendants. Moreover, no genuine issues of material fact exist between plaintiff and any of the defendants herein. Plaintiff is entitled to judgment by default against defendants Avraham and Locksmith Services, Inc. and to summary judgment against the remaining defendants as a matter of law.

25. The Court further concludes that defendants' locksmith scheme violated the Unfair and Deceptive Trade Practices Act, N.C. Gen. Stat. § 75-1.1. Under N.C. Gen. Stat. § 75-8, each week that their scheme persisted constitutes a separate violation of that Act.

III. JUDGMENT FOR CIVIL PENALTIES

IT IS THEREFORE ORDERED, ADJUDGED AND DECREED, that judgment is hereby entered against all defendants, jointly and severally, for violating the North Carolina Unfair and Deceptive Trade Practices Act, N.C. Gen. Stat. § 75-1.1, *et seq.* Pursuant to N.C. Gen. Stat. §§ 75-8 and 15.2, plaintiff shall have and recover civil penalties from defendants as follows:

- a. Defendants Tamir Avraham, 704 Locksmith, Inc. and Locksmith Services, Inc. each are liable to plaintiff in the amount of \$395,000.00, which represents civil

penalty payments of \$5000.00 for each of the 79 weeks that their illegal practices have persisted in North Carolina.

- b. Defendant Anna Konevsky is liable to plaintiff in the amount of \$60,000.00, which represents civil penalty payments of \$5,000.00 for each of the twelve weeks that she engaged in the foregoing illegal practices.

IV. PERMANENT INJUNCTION – BAN ON ALL LOCKSMITH-RELATED ACTIVITIES IN NORTH CAROLINA

IT IS FURTHER ORDERED that each of the defendants, together with their respective agents, employees, corporate officers, contractors, successors, and assigns, as well as any third party call centers, telephone service providers, internet service companies or other parties acting in concert with any of the defendants having knowledge hereof, be and hereby are Permanently Enjoined and prohibited from:

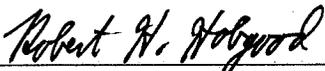
- a. Offering or providing locksmith services (including “lock-out” assistance services) in North Carolina, whether directly or through employees, agents, subcontractors, other vendors or other parties; or
- b. In any way assisting others to offer or provide locksmith services (including “lock-out” assistance services) in North Carolina, whether directly or through employees, agents, subcontractors, other vendors or other parties. Such assisting includes, but shall not be limited to, advertising, website design, website hosting, website optimization, website management, call center operations, receiving or re-directing calls received from customers or prospective customers, providing leads to said other parties, providing shelter, equipment or vehicles for said parties or

their employees, credit card processing or other payment processing, and allowing one's name to be used to incorporate, obtain credit for, or obtain utilities service for, any person, persons or business engaged in such activities.

V. COSTS AND ATTORNEYS FEES AWARDED TO PLAINTIFF

IT IS FURTHER ORDERED, that plaintiff shall recover from defendants, jointly and severally, attorneys fees in the amount of \$10,500 plus all other costs of this action, including \$70.00 to run a Notice of Service of Process by Publication in The Charlotte Observer, provided, however, that only defendant Anna Konevsky shall be required to pay the \$445.00 court reporter and videographer costs incurred by plaintiff in its unsuccessful attempt to take her deposition in Charlotte on March 16, 2010.

August 31, 2010



SUPERIOR COURT JUDGE