

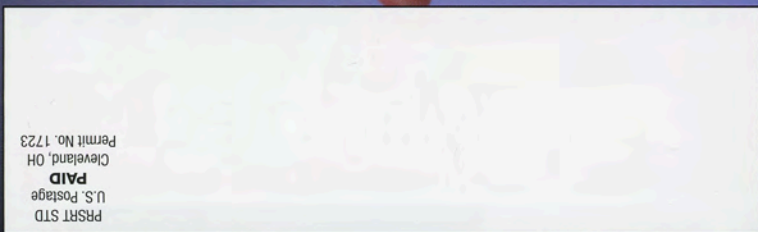
The Newsmagazine of the Door & Access Systems Industry

door+access systems



THE WORST

GARAGE DOOR COMPANY IN THE NATION



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**Are Hardware Overhauls
Justified?**

**Changes Coming to UL 325
for Gate Operators**

*GDS or Garage Door Services is not the same company as Garage Door Services of Houston, aka GDS of USA, the company that owns Windsor Door.



THE WORST

GARAGE DOOR COMPANY IN THE NATION

By Tom Wadsworth, CDDC
Editor, Door + Access Systems

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PART 1: WHAT'S HAPPENING

“Man, you’re goin’ to hell.”

So said A.J. Viola, the GDS trainee, to his trainer. After getting hired by GDS in March, Viola was riding with another tech in Southern California. They came to a customer who was in a hurry and told them to “just get it fixed.”

“We could have done the job in five minutes, but the tech deliberately took his time, and then charged the customer about \$1,000 for 10 rollers and a couple hinges. I was stunned.”

At first, he didn’t say anything to his trainer. But soon after that, they came to a customer who just needed hinges and a strut. The trainer showed Viola how it’s done: he charged the customer “\$900 for about 10 minutes of work.”

When they got back in the truck, that’s when Viola said, “Man, you’re goin’ to hell.” But the seasoned GDS veteran just laughed it off and said something like, “Yeah, but I’m going with lots of money.” (He gets paid about 20 percent of his ticket totals.)

“They basically wanted us to steal from people.”

That was the beginning of Viola’s rocky four months as a GDS tech until he was fired. You might think he’s just an irresponsible young kid who couldn’t handle the life of a technician.

You’d be wrong. Viola is 39 years old, has three kids, and is eight units short of a bachelor’s degree in criminal justice from San Jose State. After playing pro football for two years, he gained 10 years of experience as a garage door tech.

But all that door experience may have been his biggest flaw at GDS. Viola knew what honest techs do and what honest companies charge. But GDS was a completely different operation.

“I totally felt like they basically wanted us to steal from people,” he said. “If you charged \$1,000 for a spring job, you would be praised and get high fives. But if you charged only \$250, you’d be told to get your averages up,” he said. “If you didn’t, the pressure would become drastic.”

Viola continued to struggle with his conscience and the constant badgering from his boss. It all came to a head in July. “I got fired basically because I refuse to charge someone \$1,000 for a \$180 job,” he said.

2002: Exposed on national TV

A.J. Viola’s story is consistent with what we’ve learned about GDS for the last 13 years. We first became acquainted with the company on Jan. 4, 2002, when “Dateline NBC” exposed their Dallas-area operation in a hidden-camera investigation on national TV.

The company was then known as AA Able Overhead Door (and many other names). NBC reported that they “vastly overcharged our homeowners three out of four times.” Listening in on a meeting with their techs at an IHOP, NBC reported, “We heard the manager tell his repairmen, quote, ‘Work those tickets so they stay high. Stay around \$400.’”

But \$400 is chump change in 2015. It now appears that \$1,000 is the mark to hit.

continued on page 36

continued from page 35

The name game

Being exposed on national TV would've stopped most companies. But Peter James (Pete) Stephens Jr., the company founder, quickly changed the company name to America's Choice Overhead Door — even before the Dateline episode hit the airwaves. And the scheme continued to roll.

A few years later, after dodging more cases of bad publicity, America's Choice was no longer the name "du jour." Today, the company has primarily settled into using GDS and/or Garage Door Services. We say "primarily" because the company also goes by dozens of other names.

In San Diego, for example, the company's parent organization, Global Development Strategies, has registered 52 "Fictitious Business Names" since 2009. They include Affordable Garage Door Repair (27 of them begin with the letter 'A'), First Choice Garage Doors, Jimmy's Garage Doors, Overhead Garage Door Service, Patriot Garage Door Repair, and dozens of others.

But those are only the names in California. In San Antonio, Texas, they reportedly operate under many other names including Discount Garage Door Services, Garage Door Ninjas, Garage Door Doctors, Lifetime Garage Doors, and San Antonio Christian Garage Doors, using over 50 phone numbers.

Another insider speaks out

We also talked to another former employee who was with the operation from 2000 to 2010, even helping Stephens set up affiliate operations in three states. Since he didn't want to be identified, we'll call him Mark.



INVOICE TO 90-YEAR-OLD: This is the summary page of the invoice to an elderly GDS customer. Note the total parts charge (\$2126.80) and the total labor charge (\$2059.89).

"We would advertise with big ads under different company names," he said. "We'd often take the name of other door companies in the area and add a letter or word to it. Customers have no idea that all these company names are actually GDS." "We also used scare tactics to get customers to buy the repairs," he added. "For

example, we'd tell them that their door would fall on their car if they didn't get it fixed." (Dateline reported that same scare tactic in 2002.) Like Viola, Mark's conscience wouldn't let him continue. He said he became a Christian in 2010, and the company's practices bothered him so deeply, he had to quit.

"Blatantly overcharging people"

"The thing that made me the most uncomfortable was blatantly overcharging people and lying to get money from them," he said. The lying often came in telling customers that good parts were defective, he added.

It was tough for him to leave a job that paid so well. As the most senior employee in 2010, Mark made 27 percent commission on all his residential work, but if his gross didn't hit \$5,000, his commission was 20 percent. "In my best week doing residential work, I made about \$3,500," he said.

Commercial work paid even better: 40 percent. "In my best week doing commercial

continued on page 38

GDS EXPOSED in the Media

Recent Examples

Charlotte, N.C., WBTV, April 30, 2014

WBTV Investigates: Hidden camera watches repairman at work

By Jamie Boll

Summary: GDS charged a senior citizen on Social Security nearly \$900 for a broken spring. When the door still didn't work, GDS sent a second tech who installed a strut for nearly \$300 more. WBTV then conducted a hidden-camera investigation in a garage where the only problem was a disconnected photo-eye. The GDS tech wanted to replace the operator for \$451 and \$200 to install it.

continued from page 36

work, I made about \$15,000 in commissions,” he said. In his last years at GDS, Mark was the top tech in the Dallas area, making as much as \$120,000 a year.

In 34 markets nationwide

To find basic information about this company, you’d normally go to their website. But it’s hard to identify the website for this company because they have hundreds. Their LinkedIn page is more helpful. It claims: “We are the leaders in residential garage door repair and installation.” They also widely claim to be “one of the largest garage door service and repair businesses in the nation.”

Even though that may be true, it’s hard to tell when GDS is actually telling the truth. The same LinkedIn page claims: “We are an accredited BBB and IDA member.” That statement is false.

GDS locations are indeed found from coast to coast. Their updated www.garagedoorservice.com website, likely launched in late August 2015, identifies their specific 34 markets in 14 states. It also claims that they have serviced “more than one million overhead garage doors and openers.”

Who are these people?

Many top staff appear to be located in the Dallas area, while some are located in the San Diego office. Top staff include Pete Stephens (alias Jack Barnes); his wife, Kyoung Hwa Lee (sometimes listed as CEO or a company officer); his mother, Marlene Lindsey Stephens (sometimes listed as CEO, president, or owner); and Shinkyu Rhee (chief information officer and Pete’s brother-in-law).

Others include Lance Willard (chief operating officer and/or director of operations); Tom McBride (sometimes listed as managing partner, general sales manager, sales leader, or key executive manager); Jason Romaszewski,



NEW NAME COMING? The new GDS website (www.garagedoorservice.com), launched in late August, identifies the company as “Neighborhood Garage Door Service Company.”

also known as Jason Romo (president of sales); Jim Ryan (assistant director of operations); and Jennifer Shukoski (HR/payroll administrator).

We’ve heard that Brandon Campbell (sometimes listed as CFO, vice president, and controller) is gone. Indeed, many top employees from 10 years ago are no longer with GDS.

Moving and changing ... again

The newly updated GDS website now gives their name as “Neighborhood Garage Door Service Company,” which is completely new to us. We know that the “GDS” and “Garage Door Services” names have incurred hundreds of complaints and much bad publicity nationwide. It’s possible that they are about to hide from their bad GDS reputation and make the shift to yet another name.

The company’s headquarters location has bounced to different cities in the last 15 years, but for the last few years it has been based primarily in San Diego. However, we’ve seen several indications that they are in the process of moving their headquarters to the Dallas area, the site of the nationwide call center.

PART 2:

IN TROUBLE WITH AUTHORITIES

GDS and the BBB

GDS’s ratings with the BBB have been constantly rocky. We’ve been monitoring their BBB reports since 2002, and their locations have been riddled with “unsatisfactory” and “F” ratings.

Complaints lodged with the BBB are more credible than complaints posted on random online complaint websites. While some sites may receive phony posts, all BBB complaints are reviewed carefully by the BBB. Then the BBB gives the accused company an opportunity to respond and resolve the complaint.

GDS: “The worst”

You might wonder how we can identify GDS as “the worst” garage door company in the nation. Many factors, such as the widespread negative media reports, bring us to this conclusion. However, BBB complaints are a key factor.

According to the latest BBB statistics, GDS is responsible for one of every seven BBB complaints against U.S. garage door companies. Considering that the BBB database has 8,229 garage door companies, one in seven (15 percent) is an astonishing number.

The typical U.S. garage door company attracts 0.10 BBB complaints. GDS, however, has received 127 complaints in the last year. That means GDS is at least 1,000 times more likely to generate a BBB complaint than the average garage door company.

For many years, GDS had a bad record of not responding to BBB complaints. That clearly led to their many “F” ratings with the BBB. They are now better at “responding” to complaints, but many complainants are still not satisfied.

continued on page 40

GDS EXPOSED in the Media

Recent Examples

NBC “Today” Show, Dec. 3, 2014

How honest are garage door repairmen? Hidden cameras put some to the test

By Jeff Rossen and Charlie McLravy

Summary: The only problem on this garage door was a misaligned photo-eye, as verified by two IDEA-accredited door dealers. However, the Garage Door Services tech charged \$683.

As of Aug. 23, GDS had 338 complaints closed with the BBB in the last three years. But don't conclude that those 338 complainants were now satisfied. GDS still had 246 complaints in which "BBB has not heard back from the consumer as to their satisfaction with the business's response, or ... the consumer remains dissatisfied."

The large volume of BBB complaints against GDS has prompted the BBB to draft a summary of those complaints:

"Consumer complaints allege deceptive service and repair tactics. Consumer complaints allege hiring the company to service their garage door; however, upon the technicians' arrival, consumers are informed they are in need of costly repairs. Consumer complaints allege the company misdiagnoses the need for repairs in order to increase their sale. Some consumer complaints also allege deceptive billing practices. Consumer complaints allege the company does not honor estimated quotes, and prices are greatly inflated. The BBB attempted to contact the company regarding this pattern but the company did not respond."

Operating with a suspended license

On Jan. 16, 2015, the California Contractors State License Board (CSLB) suspended the license (# 927739) of Garage Door Services. Additionally, on June 29, the CSLB filed a disciplinary action pending against them for advertising without a valid license. A



ON THE JOB: A GDS technician takes inventory.

representative of the CSLB told us that "companies are not to perform any work while under suspension."

However, we believe that GDS's activities in California continue unabated. A.J. Viola didn't know it, but he was hired in March by a company that was not allowed to do business in the state. We have invoices and other records indicating that GDS continues to be constantly active in that state.

Viola estimated that GDS had 30 to 50 technicians operating this summer out of the company's locations in Riverside, San Diego, and Orange County. And that doesn't include

GDS's locations in Sacramento, San Jose, and the Bay Area.

Running from the licensing board

GDS may think the CSLB will never catch them, but we think otherwise. On Aug. 21, several officials in the CSLB Enforcement Division asked this writer to participate in a conference call about GDS. Enforcement Chief David Fogt said that after they collect all their evidence, they would refer their case to the district attorney's office, which could then file criminal charges. He added, "If found guilty, they (GDS) would be looking at a jail sentence."

This isn't the first time the CSLB has suspended their license. In 2009 their license was also under suspension, but they were then known as America's Choice. That same year, GDS began operating under the umbrella of Global Development Strategies. For Pete Stephens, it was a new name and a new beginning, but it was the same people doing the same thing.

The GDS vs. GDS lawsuit

In another apparent case of GDS disregarding official actions against them, they now appear to be violating the settlement terms of a lawsuit filed against them in 2014. Garage Door Services of Houston, a different company from Pete Stephens' GDS, sued them for using the Garage Door Services name and the GDS initials.

"We own the 'GDS' trademark, and that was what the lawsuit was about," said Terry Wright, company president. "We settled the lawsuit, and they continued to violate the terms of the settlement and may still be doing so at this time. Anyone that uses the 'GDS' initials is basically breaking the law."

Garage Door Services of Houston also owns Windsor Door and has its own GDS locations in Austin, Lockhart, San Antonio, Dallas/Fort Worth, Oklahoma City, Nashville, and Denver. Since both companies operate in most of those cities, GDS of Houston continues to field complaint calls from customers who were angered by Stephens' GDS.

"I make no apology for my passion in wanting to rid our industry of these types of unscrupulous businesses," Wright told us.

GDS EXPOSED in the Media

Recent Examples

Dallas, Texas, Dallas Morning News, Dec. 6, 2014

Watchdog: Garage door repair company overcharges elderly
By Dave Lieber

Summary: The GDS tech charged a 76-year-old man \$1,700 for a job that should have cost less than \$100. The man thought he was calling the local authorized Overhead Door dealer, but the confusing ad led him to GDS. "The company confuses by design," Lieber wrote. "It uses hundreds of names so it's hard to keep track."

continued on page 42

A team of lawyers

The GDS vs. GDS lawsuit is only one of many lawsuits filed against them by door dealers and others. But GDS's budget appears to have ample room for big legal expenses. In a 2015 federal court case in San Antonio, GDS was represented by Norton Rose Fulbright, a huge international law firm with more than 3,800 lawyers in 50+ cities worldwide.

Our research indicates that Pete Stephens' team of lawyers is able to reach a settlement in most cases. That helps them avoid a damaging resolution. But that wasn't the case when the state of Georgia came after them in 2004.

On July 2, 2004, the Georgia Governor's Office of Consumer Affairs fined Pete Stephens' Atlanta operation \$20,000 for "unfair and deceptive practices." The state's long list of charges noted that Stephens' operation "deceptively induced consumers with low misrepresented charges" and "confused the consumer as to the business name by advertising in one name and billing in another name."

dial, all calls appear to be routed to their one nationwide call center in Dallas.

When they answer, you'll hear a recording: "This call may be recorded." Then a live operator answers, quickly identifying them generically as "Garage Door Services" and "May I have your ZIP code?" The question quickly diverts attention from their identity and funnels you down the path to getting their technician in your garage.

They "stole our name"

The GDS advertising strategy has enraged traditional door dealers who find that their customers are being deceived and directed to GDS. Even worse, these dealers end up getting complaints because of gross overcharging, rude service, and shoddy work by GDS. One such example involves Chris Fletcher of Texas Overhead Doors in Burleson, a suburb of Fort Worth.

"GDS created a problem for us because they actually stole our name," he told us.

Around 2006, GDS used Texas Overhead Doors as one of their many aliases. But Texas Overhead Doors has been Fletcher's company since 1986.

"When they started overcharging customers and making people mad, a lot of people thought that we were the guilty company," he said. "We got lots of calls from angry customers."

In a particularly embarrassing case, a woman from Fletcher's church called the wrong Texas Overhead Door, thinking it was his company. "She later came to me and said, 'Chris, do you know what you charged me on this?' And it was like \$700 for a spring change-out."

"In several cases, we actually went out and fixed doors that GDS messed up, and we didn't charge the customer anything," he added. "We've had to do things like that to protect our reputation."

continued on page 44

PART 3: THE ADVERTISING STRATEGY

According to our research, Stephens' deceptive practices seem to continue wherever he operates. "When they go into a market, they find the names of the significant competitors," said Hans Wright, vice president of the Houston-based GDS. "They then advertise with company names that are extremely similar, snatching up every domain name they can find."

Hans Wright should know. His GDS is in several of the same markets with Stephens' GDS, and he has "many hours invested" in the controversy. He continued, "They spend big money in Google and Yellow Pages. Thus, when customers think they've found the established companies in that area, they've actually found them (Stephens' GDS)."

We've heard the same report from dealers across the nation. While GDS's advertising strategy in their early years was focused on Yellow Pages, it's now focused primarily on the Internet.

One source indicated that Stephens' GDS has more than "374 registered domain names" and "over 374 websites." We believe the number may actually be much higher.

But no matter which of their hundreds of names, websites, and phone numbers you

YELPING FOR HELP



Here are brief synopses of hundreds of recent Yelp reviews for GDS. Most reviews give GDS only one of five stars, the lowest rating possible. However, many reviews noted that they wished they could give GDS "zero stars." All these reviews appear to be authentic.

- On Dec. 31, 2014, "H.T." of San Diego reported a broken spring; he said the tech wanted \$1,100 for a hardware overhaul. "Everything was ... marked up 10 times the cost to buy the same exact part at your local hardware store!" The tech worked 40 minutes and charged \$250 for labor.
- In January, "Adam H." of Denver said he was charged \$1,191 for a broken spring. "I should have looked at the reviews before I called. I was taken for way more money than it should've been to fix a spring."
- On March 17, "Rick R." of Seattle wrote, "Horrible! These guys scammed my elderly mom to pay \$1,600 for repair ... a broken cable. Three months later, the garage door wouldn't shut all the way due to an install problem."
- On March 25, "Kalpana B." of San Diego wrote, "I would give them negative star if it existed." She later emailed us, saying, "I basically got a bill for \$1,400 for 30 minutes of labor by two people. They added no parts. It is a rip-off."
- On May 30, "Kathy B." of San Diego wrote, "Elder Fraud and Financial Exploitation!" She said her 91-year-old dad needed his opener repaired but was charged \$1,051.25. The tech worked less than two hours yet charged \$389 for labor and \$500 for springs that "retail for \$30 each at Home Depot ... We filed a complaint against this company to Adult Protective Services."
- On Aug. 7, "Peggy W." of Carlsbad, Calif., accused them of taking advantage of an 80-year-old woman. She wrote in all caps: "THE WORST. IF YOU SEE THEIR TRUCK IN YOUR NEIGHBORHOOD, DON'T LET THEM TOUCH YOUR PROPERTY."
- On July 10, "Roy S." of Saratoga, Calif., reported the following. GDS came for a "no-obligation estimate," but their estimate was \$1,300. Roy refused, and they quickly dropped the price by almost half. The GDS "manager" (on phone) said they would hold the lower price, but he had to give them a \$100 check. If he went with someone else, GDS said they would destroy the check. Roy had another door company do the repair for \$250, but GDS cashed the check and refused to give the refund.

PART 4: MOTIVATING THE TECHS

The elaborate advertising strategy is only one part of the overall scheme. The next part is crucial to Stephens' continual pursuit of the big bucks: motivating the technicians to rack up giant repair bills. After all, he needs to pay for millions of dollars of advertising.

"We were constantly encouraged to replace garage door parts that didn't need replacing and to run up the bill as high as we could," said former GDS tech A.J. Viola. "My job was to maximize sales and profit for the company by any means necessary. ANY means. They did not care how we did it."

Hiring for "killer sales"

Obviously, such a ruthless mindset requires a particular type of person. Consequently, the GDS technician strategy starts with the hiring process.

In the case of "Mark," the GDS tech from 2000 to 2010, he was hired when he was around 20 years old — young, hungry, and unaware of proper business practices. "When I started, I had virtually no knowledge about garage door repair," he said. "The actual technical training lasted about two days. The job was mostly about sales."

Later, when he helped set up GDS affiliate locations, he also did some hiring. "We looked mostly for people with sales experience. Mechanical aptitude was secondary. The training was mostly 'sell, sell, sell.'"

A March 2014 Yelp review by someone claiming to be a former GDS employee makes a similar statement: "The company

makes a point of looking for ruthless and unscrupulous men off the street with no experience with garage doors and instead just killer sales."

High fives for high tickets

Once hired, the techs must be motivated. Stephens' team has developed a culture that constantly prods techs to get their tickets higher and higher. Of course, paying techs solely by commission (as noted earlier) is a great do-or-die way to keep the techs pushing for big tickets.

Besides the tactic of survival by commission, GDS perpetually praises big-ticket techs. In 2007, we interviewed one of Pete Stephens' former associates who told us, "Techs get high fives when they report, 'I just got Mrs. Jones for \$700.'"

That's remarkably similar to A.J. Viola's statement at the beginning of our story, except the amount keeps rising: "If you charged \$1,000 for a spring job," he said, "you would be praised and get high fives."

A key tool in the prodding process is the gdsweb.net, through which the company communicates to all techs via smartphone or computer tablets, said Viola. Through the system, techs are dispatched to job sites, and all customer invoices are performed electronically. This means the company is instantaneously aware of the amount of every invoice.

Because all technicians' tickets are quickly and constantly tallied, the company is able to easily generate key sales reports such as each technician's average ticket and total sales. And it's all pumped directly to each tech via gdsweb.net.

Of particular interest to the techs are the regular contests for the highest ticket of the day or week and the best total sales of the

day or week. So, when a tech nails a customer for a few thousand dollars, he not only gets a great commission, he can also get a bonus, said Viola.

Charging as much as they wanted

But how do they run up such big bills? As Viola said, replacing parts that don't need replacing is a key part of that. But that raises the issue of parts pricing.

"We could charge for parts as much as wanted," said Viola. "I was taught how to manipulate the prices."

The degree of manipulation depends on each customer. "We were told to feel out the customer and read their body language to see if we could charge more," said Viola.

If the customer objected to proposed high charges, discounts or deals would be offered. If they didn't, the tech would have the green light to score some serious green. Either way, the final bill would typically be far more than what a traditional door dealer would normally charge.

Pressuring techs with low tickets

What if the tech lacks the courage to run up a big bill? Through gdsweb.net, the office had constant awareness of each tech's "call averages," or the average amount for each bill.

"They talked constantly about call averages," said Viola. "Techs would be praised for higher averages, but there would be pressure for those who had low averages. The amount of money you brought in is all that mattered to them."

In fact, "If you had any bill of less than \$150, you had to call the office before you left the job," he said. "They would then get on the phone to talk the customer into a higher bill."

"The T.O. master of doom"

Who would the techs call? On each tech's phone is a big button that says "Tap to Call T.O. DEPT." The T.O. is the authority figure who closes the sale. Techs were not allowed to leave the job site unless the customer "became irate, kicked us out, or threatened physical violence," said Viola. Even in these extreme cases, the tech still had to call the T.O.

In 2014, an ex-GDS employee leaked internal footage of a video obviously made to motivate techs. In one scene, Pete Stephens knocks on a door and announces, "The T.O. master of doom!" Out of the door comes a tough guy who shouts to the camera, "You all ready to make some mother f--kin' money?!"

continued on page 46

GDS EXPOSED in the Media

Recent Examples

Orlando, Fla., WFTV, May 1, 2015

Action 9 confronts repair companies in hidden-camera investigation

By Todd Ulrich

Summary: The only problem on a pre-inspected door was a misaligned photo-eye. The tech from Garage Door Services claimed that the opener, springs, and rollers could fail at any time. He would have run up the bill to nearly \$1,000.

That's the T.O. "I've never been associated with a company where sales were so ridiculously driven by greed," said Viola.

Cashing in

How much money do the techs make? It appears that the typical tech makes around 20 percent commission. When you get your call averages over \$500, you can make good money.

"My boss made \$230,000 last year as a tech, and there was a tech in Minnesota who made over \$300,000," said Viola. "They were just technicians, nothing more." These high-sales technicians were held up by GDS as models for others to emulate, he added.

We've seen internal GDS communications indicating that the top 100 technicians averaged \$7,424.20 in weekly sales for the week of April 4. For daily sales on April 1, it appears that the average ticket for the top 100 techs was \$780.42. Since GDS appears to have more than 200 techs nationwide, the money is coming in fast and furious.

PART 5: CUSTOMER DISSATISFACTION

Now we've seen how the GDS money-making machine works from their advertising all the way through to the sale. But the GDS story is not complete without one more critical element: the reaction of the customer who "funds" the operation. We've talked to many GDS customers, and we've seen hundreds of customer complaints online.

GDS EXPOSED in the Media

Recent Examples

San Antonio, Texas, WOAI-TV, May 15, 2015
Investigation: Garage door repair gamble
By Jaie Avila

Summary: In this investigation, the only problem was a misaligned photo-eye. But GDS wanted to replace the photo-eyes for \$118, the springs and rollers for another \$497, and, if that didn't work, the technician would replace the motor, bringing the total bill to \$1,226.

BBB: "Consumer Alert"

On June 4, the BBB for the greater San Diego area posted an online "Consumer Alert" about "Garage Door Repair Scams." It specifically identified GDS of San Diego as the problem company, with a "pattern of complaints and a suspended license." The warning added, "A number of local consumers feel as though GDS Garage Doors took advantage of them in their immediate need for garage door service."

One such consumer was Alexander Galenes of Escondido, Calif., a 71-year-old retired Army officer who had a broken spring on Dec. 31, 2014. Since he previously had excellent service from Escondido Overhead Garage Doors, he searched online for "Escondido Garage Doors" and called a company listed as "Escondido Garage Doors."

The tech arrived in an unmarked truck with no identifying clothing and soon told Galenes the repair cost would be more than \$1,400. Galenes still didn't realize it was GDS. He was assured his "lifetime warranty" would be transferable, but as he told us, "I was given nothing in writing to verify anything."

He later learned that California state law requires: "Before any work is started, the contractor shall give the buyer a copy of the contract." But that never happened, and it appears that failure is typical with GDS transactions. After a mere 45 minutes of work, the GDS tech asked Galenes to sign on a computer tablet and pay up.

"Contractor fraud"

A.J. Viola, the former GDS tech, confirmed to us that all this is intentional and is standard GDS practice. The company's computer-tablet strategy of (1) not giving customers a contract,

receipt, or warranty on the job site and (2) requiring immediate customer signature and payment has likely been effective in helping GDS repeatedly get away with gross overcharging.

In Galenes' case, the tech stopped him from writing the check out to Escondido Overhead Garage Doors, telling him instead to make it out to GDS. (Galenes refused, but the bank let GDS cash it anyway.) Later, when Galenes put together all the oddities of the transaction, he realized that he had been "the subject of contractor fraud."

He called five other companies asking how much his repair should have cost. Since none of the quotes exceeded \$300, he filed a complaint with the BBB seeking a refund of \$1160.11. He also filed a formal complaint with the Contractors State Licensing Board.

Galenes told us he plans to report the incident to the Elder Abuse unit of the Family Protection Division of the San Diego District Attorney's office. "It's time to bring criminal law to bear on the GDS scammers," he said.

The warranty that isn't

Galenes was one of many GDS customers who learned that the "lifetime warranty" wasn't all it's cracked up to be. In fact, if you have problems with your GDS repair, don't expect the company to fix the problem for free.

The standard GDS contract, which customers don't see until it is emailed to them after the tech has left with your money, reveals the details of their warranty. If you actually read the fine print, you'll find the following statements.

- "\$89.00 service call fee will be applied to all warranty calls past 30 days from the original service date." So, if the GDS repair exhibits a problem five weeks later (which happens), you still have to pay at least \$89.
- "Our warranties do not cover costs for labor or installation past 30 days from the original service date." So, in addition to the \$89, you must pay for all labor associated with warranty work. We've seen GDS charge more than \$300/hour for labor.
- "Invoice must be present to validate warranty service. Warranty void if not present at time of warranty appointment." So, if you can't produce your digital emailed invoice, you're stuck with another massive GDS bill just like the first one.

continued on page 48

Messing with the wrong customer

On March 29, GDS sent a technician to the home of Phillip Buchanan in Durham, N.C. Buchanan's garage door was not going up all the way, and he found a Groupon coupon from GDS for a \$99 "garage door tune-up, safety inspection, and roller replacement," plus an additional Groupon discount for 25 percent off the \$99.

"I am an old farm boy who now works at Duke University," Buchanan told us. He's being a bit modest. He is an attorney and the assistant vice president and senior philanthropic advisor at Duke. "I just despise those who try to fleece the trusting and innocent."

"This experience smelled bad early on," he said. The GDS tech installed two springs, an 18' torsion tube, center bearing, center bearing plate, two end-bearing plates, two cable drums, and a torsion cable.

The invoice, which wasn't presented to the customer until days later, showed that all these items were priced at \$1,196.91. But Buchanan's strong objections helped to bring the total price down to \$677.53, which was still "way out of line," he told us.

Nothing in writing

"The 'subcontractor' was complaining and cursing about GDS, and he was quoting prices that seemed odd and ever-changing," Buchanan said. The tech put the supervisor (probably the T.O.) on speaker phone, but Buchanan was not impressed.

He soon called competitors and learned that a typical price for the service he received is about \$300. Besides the high price, several GDS tactics bothered Buchanan. "I could not get the serviceman to give me anything in writing, not even a company card, much less a warranty or written bill."

Brandon McKemy of the Dallas GDS office later told him that GDS was a "paperless company." McKemy also expressed concern several times that Buchanan's complaints might cause GDS "problems with the licensing board," added Buchanan.

"Fraud and misrepresentations"

But the Duke administrator and attorney refused to back down. He emailed McKemy, "Your effort to try to extort \$677 is what we have come to expect in this case. Fraud and misrepresentations are frowned upon in this state."

Buchanan filed complaints with the Consumer Protection Division of the North Carolina Department of Justice (case #1503993) and with Groupon and the BBB. (Note: We've never seen a case where contacting a state's attorney general has any effect.)

In the end, the BBB got GDS to refund about \$150 of the \$677, "but the cost was still far more than other garage door repair services," Buchanan told us. "What bothers me the most is that I have the wherewithal to file complaints and fight back a bit, but the

fixed-income elderly or poor of any age do not and can ill afford to get ripped off. These people have no honor, no conscience, no ethics."

His efforts with Groupon also seemed to have some effect. Groupon replied to Buchanan that they are very concerned with the reputation of the companies that advertise through them.

In an April 3 email, a Groupon representative wrote, "We review the companies we feature by checking places such as Rip-off Report and the BBB for any negative ratings." The rep also said they monitor reviews on Yelp, CitySearch, local media, Facebook, and other social media sites. Buchanan believes that Groupon is no longer promoting GDS in his area.

Outright lies

Our analysis of many GDS transactions also reveals another disturbing trend: outright lying to the customer. These lies can come at various times throughout the customer interaction, from the initial phone call to post-transaction contact with the office. In the following cases, it's the technician who lies about the existence of the legitimate company customers thought they were calling.

"I thought I was calling Grove City Garage Door," said Kelly Coate of Columbus, Ohio, "because I saw an online ad that said 'Grove City Garage Doors' as the heading."

In December 2014 the technician from GDS of Columbus came to her garage. Suspicious, Coate asked him if his company was Grove City Garage Door. "He said yes and that he had bought that company." But that was a lie. Mark and Pat Rothwell have owned that company since 1999 and still do.

"We bought that company"

We thought that lie was just some quick cover-up by the GDS tech until we heard this next story. In early August, Diane Sullivan had noticed pickup trucks with garage door parts and operators parked every evening at a house in her neighborhood. Since she is part owner of Genie of Fairview Door in the Cleveland area, she stopped by and talked to the truck owner.

"He said he just got sent here from GDS in Dallas. He described himself as the Cleveland city manager for them," she told us. But here comes the kicker. "He said they recently bought Genie of Fairview, and its

continued on page 50

GDS EXPOSED in the Media

Recent Examples

Columbus, Ohio, WTTE-TV, May 20, 2015

Hidden-camera investigation: Garage door techs called out

By Tom Sussi

Summary: After hearing many local complaints about GDS overcharging, performing shoddy work, and using scare tactics, WTTE conducted a hidden-camera investigation, making appointments with three different GDS techs to fix a pre-inspected door with one minor problem.

One GDS tech told the homeowner that the rollers were a safety hazard, saying, "If those rollers break when somebody is standing underneath this, it's going to kill 'em." He wanted \$564 to replace the rollers and fix the operator. Another GDS tech wanted \$450 to install new springs and re-program the motherboard.

phone number now rings to his company.”

“I told him that I’m a part owner of Genie of Fairview,” she said, “and our company was not bought by anyone.” He seemed unfazed. She told us that customers had recently been saying that they heard that Genie of Fairview had gone out of business. But it has been there since 1964 and is going strong.

On July 31, a homeowner in Helotes, Texas, a suburb of San Antonio, needed repair and thought they called Helotes Overhead Door. “(I) asked if they were Helotes Overhead (and) they verified they were,” she wrote in a BBB complaint filed later.

The tech came out, and the homeowner authorized the expensive repair since “I thought I was dealing with Helotes Overhead, a company I’ve used before and trust.” When it came time to pay, the tech revealed he was with GDS Garage Door Services.

She told the tech that when she first called, she was told she was dealing with Helotes Overhead Door. The tech said she couldn’t have been told this. She then called the same (GDS) number and customer service “told me they had bought Helotes Overhead, which I now know is a lie.”

The lesson: “We bought that company” seems to be a standard lie that GDS tells to get themselves into the valuable turf of the customer’s garage.

Elder abuse

We’ve read many online complaints that accuse GDS of elder abuse and taking advantage of customers. Here are two examples.

On June 2, 2015, a GDS tech was called to the home of a 90-year-old woman in the San Diego area. As the homeowner (who did not want to be identified) told us, “The door was making a loud sound; I thought it needed a tune-up, perhaps some oil.”

But she got more than a tune-up. The GDS invoice (see page 36) exceeded \$4,200. She first tried to pay it with her debit card, but it wouldn’t work because she had a \$3,000 limit. So she wrote a check.

This 90-year-old customer could have bought a new high-end door and opener for less than half that amount. But she just got a hardware overhaul and a new opener. The parts cost came to \$2,126.80, and the labor hit \$2,059.89. After a few more add-ons, discounts, and taxes, the final total was \$4,274.47.

“In all my 50 years in the garage door business, I have never seen such outrageous practices like this,” said Mike Truman of DoorMax Garage Door Services in Oceanside, Calif. “Unfortunately, these practices are particularly prevalent among the older population who have no knowledge of the cost of a new door or repairing an existing door.”

“This practice needs to be stopped,” he added. “We need to pull together all associations to put an end to these practices. We need to bring back respectability to legitimate garage door companies.”

Only \$2595!

On May 15, two weeks before the San Diego customer’s \$4,274 invoice, a 79-year-old man on La Habra Drive in Lake San Marcos, Calif., was grossly overcharged for a new operator for his two-car garage door. He was also apprehensive about his name being published.

“I couldn’t get my garage door down electronically or manually,” he told us. “I just wanted to get it down.”

A GDS tech came and told the elderly customer that he’d take care of him. According to the actual invoice (which we have on file), the tech charged him \$499.99 for a 1/2-HP screw drive opener, \$149.99 for a 7’ screw rail, \$69.99 for a 3-button station, and \$59.99 for a single-button remote. That’s \$779.96 just for the parts.

But that’s only the beginning. The homeowner was also charged \$650.00 to “service” the new opener, \$199.99 for “motor service,” \$199.99 for “garage door motor & accessories (sp) installation,” \$129.99 for “remote/keypad reprogramming,” \$149.99 for “emergency diagnostic and safety inspection,” \$139.99 for a “lifetime” parts warranty, \$189.99 for “lube and tune service,” \$199.99 for door balance, and \$29.99 for “removal and disposal of materials.”

As any honest door dealer knows, many of these exorbitant charges are cases of double and triple billing for the same service. That didn’t stop GDS from racking up total charges of \$1,889.92 for service and installation.

As an example of double billing, on top of the \$29.99 for “removal and disposal” was an additional charge of \$25.00 for “garage opener haul off.” After a few discounts and taxes, the final bill came to \$2,595.16, which

is at least \$2,000 more than a typical charge from an honest dealer.

Robbing with a wrench

“I was not given any indication, prior to work, how much it would cost,” the homeowner told us. “There was no contract negotiation.” This senior citizen is now trying several ways to get his money back. He has talked to the sheriff and filed a case with the Contractors State License Board and is looking into small claims court and the BBB.

Back at GDS, this tech would’ve been given “high fives and praise” for his big ticket, as former GDS technicians have told us. In addition to pocketing about 20 percent commission, the big-ticket tech would’ve been in the running for GDS’s daily and weekly biggest ticket competitions.

We showed this particular invoice to Jeff Renne, a 31-year veteran door dealer in Dixon, Ill. “In my opinion, he should be in jail,” he responded. “Some thieves rob people with a gun. Techs like this rob customers with their wrench.”

It should be noted that these two invoices (and likely hundreds of others in California) were incurred while GDS’s contractor’s license was “under suspension.” As the CSLB told us, “Companies are not to perform any work while under suspension.”

PART 6: WRAPPING UP

Yelp: A GDS insider tells all

On March 6, 2014, “Joe N.” posted a Yelp review for 10 different GDS locations. His lengthy review, identical for all locations, noted that he spent “much time” in their San Diego operation. Indeed, his review included many details that could only be known by someone inside the organization. Below, we include a few of his comments as a helpful summary of GDS practices that we have identified in this article.

- “Their objective is not to quote up (front) so that they can come to your home and overcharge you with salespeople (who) make over a 20-25 percent cut.”
- “They use local numbers and addresses that (are) only a shell used to route calls to a large, not compassionate, cold, commission-paid staff of vultures.”

continued on page 52

- “This company has been banned from carrying major products in the industry because of the way they do business.”
- “Their warranty has so many loopholes that they never stand by it. They always find a way out or a way to charge more.”
- “The field and office employees are taught to charge anything they can get away with.”
- “They force \$1,000 service job on you for a few small parts and labor when you could buy a new door with all new parts for \$700.”
- “The only good reviews this company has online were done through a company campaign to pay employees to write fake reviews.”
- “I am sorry to say I contributed to this and was drawn in by the money ... I have done things working here to customers that I will always regret. I am posting this so that I can do some right and inform consumers of what they are dealing with.”

Pete's payoff

So, what are annual sales at a company like this? According to the video leaked in mid-2014 about internal activities at GDS, “Garage Door Service Co. ... now brings in an estimated \$50 million a year ... That’s 1 million a week ... for garage door repair.”

Ah, but that was back in 2014. An internal GDS communication for the week of July 5, 2015, carries a message to all technicians: “THANK YOU FOR A HUGE WEEK LAST

WEEK – TOPPED \$1.6 MILLION!” If that week is typical, GDS’s sales could exceed \$75 million in 2015.

For Pete Stephens, life appears to be very good. Since his wife, Kyoung Hwa Lee, frequently and openly posts their activities on Facebook, we’ve been able to track the travels of the couple.

Focusing on their 2015 travels alone, they attended the Rose Bowl, the AFC Championship Game, and the Super Bowl. Other stops included a Dallas Mavericks game, the Dallas Symphony Orchestra, and the XS Las Vegas, a “lavish, gold-accented dance club” at the Wynn.

The two jet-setted around Europe, Finland, and Ireland, enjoying caviar, fine dining, and staying in five-star luxury hotels. Her Facebook page also includes photos of their yellow Bentley, her new Jaguar F-type, and her new Mercedes S-Class.

Preparing the next generation

You’d think GDS would be hampered by suspended licenses, lawsuits, bad publicity, F ratings from the BBB, charges of deceptive practices, hundreds of customer complaints, hidden-camera stings on TV, and accusations of elder abuse, to say nothing about GDS employees who might have a conscience. So how can the operation continue?

The 2014 video that leaked footage of internal activities at GDS may have the

answer. In one scene, Pete Stephens is talking to a 6-year boy while three staffers watch.

Playing to the camera, Pete says, “This is Jason Romo’s (son) right here ... this is a future GDS (technician). Listen, (boy’s name), we have a problem with our garage door, and we really don’t know how much it’s gonna cost. Can you tell, how much is it gonna cost to fix our garage door?”

The boy says, “Sixteen hundred!” Pete replies, “Sixteen hundred dollars?” The boy nods and smiles, while everyone cheers and applauds. Pete then pretends to write him a check and hands it to him. “There you go, buddy.”

The boy yells, “BOO-YAH!” Everyone erupts in cheers and applause while Pete and the three staffers give the boy high fives, saying, “Yeah, baby. Good job.”

My question for dealers, manufacturers, and the industry’s trade associations:

Have you had enough yet? ■

Note: We called COO Lance Willard’s direct line three times and left detailed messages about the allegations in this article, offering an opportunity to respond. Even though the GDS recorded message promised that they would respond within five minutes, Willard and GDS never returned our calls.

To comment on this article, send an email to the editor at trw@tomwadsworth.com.



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