

CONSUMER PROTECTION DIVISION *
OFFICE OF THE ATTORNEY GENERAL *
OF MARYLAND *
200 St. Paul Place, 16th Floor *
Baltimore, Maryland 21202, *

Proponent, *

v. *

GREG BLOSSER t/a *
THE SURROGACY GROUP, L.L.C. *
19238 Climbing Aster Dr. *
Tampa, FL 33647, *

Respondent. *

IN THE
CONSUMER PROTECTION
DIVISION
OFFICE OF THE
ATTORNEY GENERAL

CPD Case No. 19-020-310105

Office of the Attorney General
Consumer Protection Division

FILED

APR 12 2019

ADMINISTRATIVE HEARING PROCESS

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STATEMENT OF CHARGES

The Consumer Protection Division of the Office of the Attorney General of Maryland institutes this proceeding to enjoin the Respondent from engaging in unfair or deceptive trade practices in the course of offering and selling consumer services and to obtain relief for consumers victimized by Respondent's unfair or deceptive trade practices. Promising to help consumers have a child through a surrogate, the Respondent takes money from consumers but fails to provide the promised surrogacy services.

The Parties

1 The Proponent in this proceeding is the Consumer Protection Division of the Office of the Attorney General of Maryland. This proceeding is brought by the Proponent to redress violations to date and to prevent future violations of Maryland's Consumer Protection Act, Md. Code Ann., Com. Law, §§ 13-101 through 13-501 (2013 Repl. Vol. and 2018 Supp.).

2. The Respondent, Greg Blosser, is a Florida resident. Respondent Blosser offered and sold surrogacy services to consumers residing in Maryland and to consumers residing in other states or countries from his office in Maryland.

3. Respondent Blosser is the owner, director, operator and an officer of The Surrogacy Group, L.L.C. (also referred to herein as The Surrogacy Group”), a Maryland corporation that was first formed on or about January 5, 2012. The Surrogacy Group’s principal office was located at 1945 Fairfax Road, Annapolis, MD 21401 according to its corporate charter. The Surrogacy Group conducted its business operations at 126 Cathedral Street, Annapolis, MD 21401. That office is now closed because the Defendant was not paying his monthly rent.

4. The Surrogacy Group’s charter was forfeited through an action taken by the State Department of Assessments and Taxation in October of 2015. In May of 2018, the Department of Labor, Licensing and Regulation requested that The Surrogacy Group be prevented from reviving its charter until it paid delinquent unemployment taxes owed to the State. The Surrogacy Group, L.L.C. also incorporated in Florida on or about March 21, 2016, but its charter was administratively dissolved by the State of Florida on September 28, 2018 for its failure to meet reporting requirements.

5. Respondent Blosser has continued to trade using the Surrogacy Group name, including via his company’s website www.surrogacygroup.com and via telephone, notwithstanding the company’s lack of good standing in the States where the company was incorporated.

6. As the owner and as an officer of The Surrogacy Group, Respondent Blosser possessed the authority to control and did control the policies and trade practices of The Surrogacy Group; was responsible for creating and implementing the alleged unfair or deceptive policies and trade practices of The Surrogacy Group that are described herein; carried out the alleged unfair or deceptive trade practices that are described herein; directed or supervised those employees of The Surrogacy Group who participated in the alleged unfair or deceptive trade practices that are described herein; and knew or should have known of the unfair or deceptive trade practices that are described herein and had the power to stop them, but rather than stopping them, promoted their use.

Statement of Facts

7. The Respondent engaged and continues to engage in the offer and sale of consumer services in the State of Maryland, consisting of the offer and sale of surrogacy-related services. Respondent Blosser offered his surrogacy-related services through his company before its charter was forfeited and later, in his individual capacity but trading in his company's name although the company's charter had been forfeited.

8. Surrogacy is an arrangement whereby a woman, who acts as a gestational carrier (also known as a surrogate), agrees to become pregnant, carry the baby to term, and give birth to a child or children for another person or persons who ultimately become the parent or parents of the newborn child or children (the "intended parents"). Intended parents often seek to have children through a gestational carrier when pregnancy is medically impossible or when pregnancy risks are unacceptable. With traditional surrogacy, the surrogate's ovum is used making the surrogate the biological mother. Gestational surrogacy or full surrogacy occurs

when an embryo is created through *in vitro* fertilization and is implanted in the surrogate. With gestational surrogacy, the surrogate has no biological link to the baby.

9. Respondent offered surrogacy services to consumers that consisted of, among other things, matching consumers with surrogates and arranging legal and support services so that the surrogacy process (or “journey” as sometimes labeled by the Respondent) could be completed and the surrogate could deliver the intended parents’ child or children. The Respondent’s promised services included, but were not limited to, arranging for medical and psychological screenings of the surrogates; consulting and liaising with fertility clinics; providing referrals to or actually hiring attorneys for surrogates and intended parents to draft surrogate contracts, obtain birth orders so that the intended parents would be properly listed on their child’s birth certificate, and to otherwise prepare necessary legal documents so that the intended parents would be the legal parents of the child delivered by the surrogate; and performing other services for the intended parents and surrogate in order to assist them through the surrogacy process through to the birth of a child or children. The extent to which these services were promised by the Respondent varied, in large part, on the amount of the fee the Respondent charged for his surrogacy process.

10. In return for his services, the Respondent collects an initial payment, generally between \$12,000 and \$22,000, from which he keeps a portion for his own fee and the remainder is to be used to pay the initial expenses of the surrogacy process.

11. The Respondent also collects significant, additional amounts from consumers, which he promises to hold in trust in an escrow account, for disbursement to pay the surrogate’s fees and the medical and other costs incurred during the surrogacy process. These additional

payments can total more than \$50,000.

12. Consumers who seek Respondent's surrogacy services do so in order to have a child or children through a surrogate. Unfortunately, Respondent has repeatedly failed to provide the surrogacy services he sold to consumers making it harder and more expensive for them to have children and, in some cases, consumers had to abandon their dream of having a child.

13. Respondent Blosser represents to consumers that he and his staff would always be personally available for consultations throughout the surrogacy process. Further, Respondent promises consumers that they will be assigned a coordinator who they can reach on a cell phone during evenings and on weekends. Respondent's website emphasizes: "You will always speak to a person when you call The Surrogacy Group!" and "Communication is so important during your surrogacy journey! We are always available to assist you!"

14. In fact, after receiving consumers' monies, the Respondent and his staff have frequently not been available to consumers for extended periods of time or at all. Contrary to the Respondent's promises, many consumers did not have a coordinator assigned to them, were not able to reach staff at The Surrogacy Group, and their voice, email and text messages frequently went unanswered.

15. Respondent represents to consumers that his services come with "a money back guarantee in the event that you do not have a successful journey!" Many of the Respondent's contracts also provided an "all inclusive/Guarantee program," which purports to allow the consumer to receive a refund of 75% of the funds paid to The Surrogacy Group. Although the Respondent's web-based guarantee and his contract do not specify any further terms regarding

the Respondent's guarantee, the express or implied representation that the Respondent is making to consumers in his contracts and on his website is that if they, as intended parents, are unsuccessful in having a child through a surrogate, the Respondent would refund all or at least 75% of their payments. In fact, Respondent has routinely not honored his guarantees and owes significant amounts to consumers who were not satisfied with his services either because the services were never provided or they were unable to have children through the Respondent's surrogacy services.

16. In addition to collecting large, up-front fees for services that are not provided, Respondent wrongfully converts monies that consumers pay him that are to be held in trust. Instead of using these funds that are supposed to be escrowed to pay surrogates' fees, medical expenses and other costs of the surrogacy, the Respondent wrongfully converts these monies for his own personal uses.

17. The true reason why the Respondent does not provide promised surrogacy-related services to consumers is that he is either unable to provide the services or he is unwilling to provide the promised services and instead, falsely promises to assist consumers seeking to have children through a surrogate in order to take their payments to finance his own lifestyle.

18. In order to hide his misappropriation of consumers' funds, the Respondent misleads consumers regarding his use of their funds by providing consumers with false account statements or otherwise misrepresenting that their funds had been used to pay the costs of their surrogacy process, including representing that consumers' fees had been used to pay their surrogates' fees or costs, or attorney's fees, when, in fact, they had not.

19. In many instances, the Respondent agrees to pay refunds to consumers who are not satisfied with his surrogacy services, but subsequently fails to pay the promised refunds. In other instances, the Respondent ignores consumers' refund requests and fails to pay requested refunds.

20. As a result of the Respondent's inability or unwillingness to provide promised surrogacy services and his refusal to pay refunds to consumers, often, customers of The Surrogacy Group no longer have the financial resources to become parents, including by funding an adoption or by funding the costs of another surrogate.

21. Some consumers were only able to have their children by paying for services out of their own pockets that they had already paid the Respondent to provide, including paying their surrogates the monthly fees that were purportedly being held in escrow by the Respondent for that purpose.

22. The Respondent's misrepresentations regarding his willingness or ability to provide promised surrogacy services, regarding his guarantee, regarding holding consumers' payments in trust, regarding his wrongful conversion of consumers' funds, and regarding his willingness or ability to pay refunds to consumers have had the capacity, tendency or effect of deceiving or misleading consumers.

23. The Respondent's failure to disclose to consumers that he is either unable or unwilling to provide promised surrogacy services that would enable consumers to have their own children, and that he is unable or unwilling to pay refunds to dissatisfied consumers, are material facts, the omission of which has deceived or tended to deceive consumers.

24. Some consumers paid the Respondent all of their savings in order to receive his

assistance to have children. Instead of assisting them with their dreams of having a child, the Respondent took their money, wrongfully converted the payments for his own personal uses, and made it more difficult, and in some cases impossible, for consumers to have children.

25. The Respondent's practice of taking payments from consumers for surrogacy services and failing to deliver the promised services has caused and is likely to cause substantial injury to consumers, which consumers cannot reasonably avoid. The injuries that consumers have suffered because of the Respondent's failure to provide promised surrogacy services are not offset by any benefit to consumers or to competition.

26. Respondent personally participated in each of the foregoing practices and/or knew of the foregoing practices and had the authority to stop them but rather than stopping them, helped to bring them about.

Violations of the Consumer Protection Act

27. The Respondent's practices, as set forth above, constitute unfair or deceptive trade practices in the sale and offer for sale of consumer services in violation of § 13-303 of the Consumer Protection Act.

28. The surrogacy services the Respondent offered and sold to consumers are consumer services, because they are purchased for personal, family or household purposes.

29. The Respondent's false and misleading statements to consumers, as set forth above, have had the capacity, tendency or effect of deceiving or misleading consumers and constitute unfair or deceptive trade practices as defined in § 13-301(1) of the Consumer Protection Act.

30. Respondent's failure to state material facts, the omission of which has deceived or tended to deceive consumers, as set forth above, constitute unfair or deceptive trade practices as defined in § 13-301(3) of the Consumer Protection Act.

31. The Respondent's practice of accepting payments from consumers for services and his subsequent failure to provide the purchased services or pay refunds constitute unfair trade practices pursuant to § 13-303 of the Consumer Protection Act.


32. The Respondent, Greg Blosser, is personally liable for the unfair and deceptive trade practices committed by him and his agents, servants and/or employees, due to his own personal participation in the unfair or deceptive trade practices committed, and/or due to the fact that he knew or should have known about the unfair and deceptive trade practices and had the authority to stop them, but rather than stopping them, promoted their use.

WHEREFORE, the Proponent respectfully requests that the Consumer Protection Division issue an Order:

- (a) Requiring the Respondent to cease and desist from engaging in unfair or deceptive trade practices in violation of the Maryland Consumer Protection Act;
- (b) Requiring the Respondent to take affirmative action, including the restitution to consumers of all moneys Respondent or The Surrogacy Group, LLC collected for services that The Surrogacy Group, LLC did not provide or to fund an escrow account;
- (c) Requiring the Respondent to pay economic damages;
- (d) Requiring the Respondent to pay the costs of this proceeding, including all costs of investigation;

- (e) After a hearing in accordance with Md. Code Ann., Com. Law § 13-403(d), requiring the Respondent to pay a suitable civil penalty pursuant to §13-410 of the Consumer Protection Act; and
- (f) Granting such other and further relief as is appropriate and necessary.

Respectfully submitted,



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Dated: April 11, 2019