

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

Proponent,

v.

JASON BARRY OSEROFF,
17613 Prince David Dr.
Olney, MD 20832

and

EVERGREEN MANAGEMENT, LLC
3602 Janet Rd.
Silver Spring, 20906,

Respondents.

IN THE
CONSUMER PROTECTION
DIVISION OF THE
OFFICE OF THE
ATTORNEY GENERAL

Case No. 19-021-310260

Office of the Attorney General
Consumer Protection Division

FILED

APR 22 2019

ADMINISTRATIVE HEARING PROCESS

STATEMENT OF CHARGES

1. The Consumer Protection Division of the Office of the Attorney General of Maryland institutes this proceeding on behalf of the State of Maryland to enjoin Respondents Jason Barry Oseroff and Evergreen Management, LLC (“Respondents”) 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 Respondents’ unfair or deceptive trade practices.

2. Respondents have violated Maryland law and have harmed Maryland consumers by misusing the funds consumers paid to their homeowner associations and condominiums, which had hired Respondents as their management agents. Specifically, the Respondents misappropriated consumers’ homeowners’ fees paid to their homeowner associations and condominiums by using them for a purpose that did not benefit the homeowner association or condominium, including for the Respondents’ personal use. In addition, while acting as the agent

for the associations or condominiums, the Respondents failed to provide accurate books and records, to provide accurate and timely notice of meetings, and to provide accurate budgets and other reports, and misrepresented their characteristics and qualities. In the process of misusing HOA and condominium funds, the Respondents made misrepresentations and material omissions of fact regarding the services they provided, and committed other unfair or deceptive trade practices, as described herein. These misrepresentations were made to the consumer homeowners through their associations and condominium regimes.

The Parties

3. 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 by Respondents of the Maryland Consumer Protection Act, Md. Code Ann., Com. Law §§ 13-101 through 13-501 (2013 Repl. Vol. & 2018 Supp.) (“CPA”) and related violations under the Maryland Condominium Act, Md. Code Ann., Real Prop. §§ 11-101 through 11-143 (2015 Repl. Vol. and 2018 Supp.) (“MCA”) and the Maryland Homeowners Association Act, Md. Code Ann., Real Prop. §§ 11B-101 through 11B-118 (2015 Repl. Vol. and 2018 Supp.) (“MHAA”).

4. Evergreen Management, LLC (“Evergreen”) is a Maryland limited liability company founded on or about December 30, 2005, with the purpose, among others, of managing real property. Evergreen maintained a place of business at 9200 Basil Court, Suite 316, Largo, Maryland 20774, followed by 9701 Apollo Drive, Suite 245, Largo, Maryland 20774, and then by 3602 Janet Road, Silver Spring, 20906. Evergreen’s registration with the Maryland State Department of Assessments and Taxation was forfeited in October 2014, reinstated in January 2016, and forfeited again in October 2017 for failure to file its property tax return. Its last registered agent was Jason Barry Oseroff.

5. Jason Barry Oseroff (“Oseroff”) and his father Ivan Yale Oseroff (“Ivan Oseroff,” collectively “the Oseroffs”) founded Evergreen and served as Evergreen’s principals. Ivan Oseroff died in April 2017. At all times pertinent hereto and as the owner and operator of Evergreen, Oseroff possessed or exercised the authority to control the policies and trade practices of Evergreen; was responsible for creating and implementing the alleged unfair or deceptive policies and trade practices of Evergreen that are described herein; participated in the alleged unfair or deceptive trade practices that are described herein; directed or supervised those persons 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 stop them, promoted their use.

Statement of Facts

6. Respondents offered and sold property management services to homeowner associations (“HOAs”) and condominium associations (“condominiums”) in Maryland. Respondents served as agent for consumers’ HOAs and condominiums, represented that they would provide property management services for the benefit of consumers’ HOAs and condominiums, and engaged in conduct that harmed consumers. The Respondents’ services were provided to consumers, through their HOAs and condominium regimes, for personal, household or family purposes. Respondents agreed to maintain the books and records of the HOAs and condominiums, deposit monies collected on behalf of the HOAs and condominiums, arrange for and pay contractors who provided services to the HOAs and condominiums, including landscapers, utilities and insurance companies, provide financial reports and documents, prepare tax returns, provide notices of meetings, attend meetings of the HOAs and condominiums, and to otherwise take actions for the benefit of the HOAs and condominiums.

7. Respondents' property management services began no later than the formation of Evergreen in 2005 and lasted until at least early 2018. During that time, Respondents provided property management services to at least 13 residential HOAs and condominiums, as well as to several commercial condominiums. The HOAs and condominiums included Arbor West Community Association ("Arbor West"), Brandywine Country HOA ("Brandywine"), Cedar Pointe Community Association ("Cedar Point"), Charwood Homeowners Association ("Charwood"), Glenn Station HOA ("Glenn Station"), Largo Town Center Condominiums ("Largo Town Center"), Marlton Section 10 HOA ("Marlton Section 10"), Watkins Park at Kettering HOA ("Watkins Park"), and Woodland Bowie Condominium ("Woodland").

8. Respondents' services included managing bank accounts for the HOAs and condominiums. Oseroff and his father generally had signatory authority over the HOA and condominium accounts and were authorized to write checks to vendors that provided goods and services to the HOAs and condominiums. Often, only the Oseroffs had signatory authority over the accounts and were the only persons receiving copies of the bank statements. For example, only the Oseroffs had signatory authority over The Columbia Bank accounts of Arbor West, Cedar Point, Charwood, Largo Town Center, and Marlton Section 10, over the PNC Bank accounts of Watkins Park and Glenn Station, and over the HOA or condominium accounts at Old Line Bank.

9. Respondents used the HOA and condominiums' bank accounts to make substantial payments for their own rather than HOA and condominiums' benefit, by making payments to cash, to Ivan Oseroff and his company IYO, LLC ("IYO"), to other family members, and to Oseroff himself.

10. For example, Respondents made cash withdrawals and checks to cash that do not appear to be authorized by any contract entered into by the HOAs or condominiums, including:

HOA	Transactions	Unauthorized Dollars*
Arbor West	36	\$29,600
Cedar Pointe	23	\$23,200
Charwood	18	\$14,300
Glenn Station	37	\$17,300
Largo Town Center	85	\$74,800
Marleton Section 10	1	\$400
Watkins Park	25	\$29,200

11. Respondents paid thousands of dollars for charges on the personal credit card of Oseroff's wife Jennifer, including, for example, at least \$4,000 in 4 transactions from an account of Arbor West, and \$49,200 in 17 transactions from an account of Largo Town Center.

12. During a four year period, Respondents made payments of at least \$265,200 to Ivan Oseroff and IYO that appear to be unauthorized. For example, Respondents executed the following unauthorized transactions:

HOA	Transactions	Unauthorized Dollars*
Arbor West	52	\$ 18,900
Brandywine	9	\$ 16,000
Cedar Pointe	3	\$ 1,600
Charwood	32	\$ 22,800
Glenn Station	13	\$ 8,200
Largo Town Center	113	\$172,400
Marlton Section 10	2	\$ 1,100
Watkins Park	8	\$ 6,600
Woodland Bowie	13	\$ 17,600

* Dollars have been rounded down to the nearest hundred.

13. Oseroff also made payments from HOA and condominium accounts to himself personally. For example, he paid out \$3,200 in 2 transactions from Arbor West's accounts, \$6,500 in 12 transactions from Glenn Station's accounts, and \$56,900 in 23 transactions from Largo Town Center's accounts.

14. In addition to these payments to cash to Oseroff personally and to family members, Respondents wrongfully converted consumers' HOA and condominium funds by paying Evergreen for services far in excess of what was authorized by contract. Evergreen's contracts provide monthly and annual fees. Some contracts authorize reimbursement for incidental expenses, such as postage and copying costs.

15. According to auditors hired by several HOAs and condominiums that hired Evergreen, payments to Evergreen far exceeded the fees authorized by contract. For example, an audit report prepared for Largo Town Center calculated that the condominium paid Evergreen \$1,269,412.55 more than the annual fees authorized by its contract with Evergreen. The same auditor calculated that Evergreen took \$45,987 in unauthorized fees from Charwood. Marlton Section 10's auditor estimated that Evergreen took \$82,011 more from the HOA than authorized by the contract.

16. When these payments to Respondents and the Oseroff family caused shortfalls in the HOA or condominiums' funds, and the HOAs and condominiums were unable to pay their bills, Respondents improperly transferred funds from accounts belonging to other HOAs or condominiums in order to cover the shortfall. Respondents also paid contractors who did work for one HOA or condominium with funds from accounts of another. In other words, Respondents funneled money from one HOA or condominium to another, as necessary, to cover their bills. For example, because of Respondents' practices, Largo Town Center paid at least \$72,600 in 48

transactions for the benefit of other HOAs and/or condominiums.

17. Respondents also liquidated savings and CD accounts belonging to consumers' HOAs and condominiums for Respondents' personal benefit and that of other HOAs or condominiums and provided the HOAs and condominiums with falsified documents to hide their actions. For example, Oseroff took more than \$50,000 from a Charwood savings account in about January 2015, to purchase a cashier's check for a construction company that performed work at another HOA. At about the same time, Oseroff closed a savings account held by Cedar Pointe with a check for \$77,869 endorsed to the same construction company, which had not performed work for Cedar Pointe. When a consumer on the board of directors of Cedar Pointe confronted Oseroff about this missing money, he produced a fabricated statement for a savings account at The Columbia Bank. Respondents also provided a balance sheet for Charwood showing that as of December 31, 2015, Charwood had a CD and savings account worth \$69,476. By December 31, 2015, however, Charwood's bank statement shows a negative balance in the savings account and no CD. In addition, Respondents supplied Charwood with a fabricated bank statement showing a savings account balance as of March 31, 2016 of \$23,477.

18. Similarly, Respondents provided a balance sheet as of December 31, 2009 for Marlton Section 10 reflecting CD accounts at The Columbia Bank for Marlton Section 10 totaling \$78,386, including one for \$22,238.55, and a note receivable from a company owned by Ivan Oseroff. The bank records, however, show that the \$22,238.55 CD was liquidated on July 14, 2009 and show no other CDs or savings. Respondents also produced a balance sheet for Watkins Park for the month ending December 31, 2015 showing CDs worth \$23,994, although the bank statement for December 31, 2015 does not have any record of a CD. Arbor West's balance sheet for January 31, 2016 shows a CD of \$53,447, although the bank account statement for that date

does not include any record of a CD or savings account.

19. Oseroff also liquidated more than \$184,000 in CDs held by Largo Town Center.

20. The unexplained and unauthorized liquidations of CDs and other savings accounts total at least \$487,000.

21. Respondents hid these withdrawals and payments from consumers and their HOAs and condominium regimes by failing to provide copies of bank records and invoices to the membership of the HOAs or the condominium owners, even when the homeowners repeatedly requested them. Instead of giving copies of bank records and contractors' invoices to the HOAs and condominiums, Respondents created false balance, expense, and income reports, concealing their unfair or deceptive practices.

22. Bank records establish that Respondents used HOA and condominium accounts to pay substantially more to Evergreen and Ivan Oseroff than is shown on the expense reports; make big cash withdrawals that are not shown at all on the expense reports; and transfer funds among HOAs and/or condominiums that are not disclosed on the expense reports.

23. Consumers, upon discovering the Respondents' misuse of their HOA and condominium funds, generally terminated the Respondents as their management agents. Brandywine, however, did not terminate Respondents' services when it initially discovered problems with Respondents' services. Instead, it removed Respondents' signatory authority on the bank account in about 2013, but continued to permit Respondents to handle assessments and other deposits.

24. Brandywine was not successful in controlling Respondents' fraud. After discovering that assessment checks and other funds were deposited into Respondent Oseroff's personal account or otherwise misappropriated, Brandywine terminated Respondents' services

altogether on January 31, 2018. Among other misappropriations, on or about November 24, 2017, Respondents cashed a homeowner's money order for \$259.74 at a check cashing place. As recently as February 20, 2018, Respondents deposited homeowners' assessment checks written to Brandywine into Capitol One accounts that were used by the Oseroff family for personal use. In addition, Respondents deposited checks issued by title companies upon the transfer of home ownership at Brandywine into the same Capitol One accounts, although the title company checks were to reimburse Brandywine for delinquent assessments.

25. When consumers who served on the boards of directors of HOA and condominium regimes requested copies of bank records and invoices, Respondents delayed and often failed to produce the records. In some cases, Respondents produced fabricated records.

26. Respondents also failed to fulfill other obligations, such as their obligation to provide timely notification of meetings, to pay third party contractors and to file tax returns for the HOAs and condominiums.

27. Oseroff identified himself as late as November 1, 2017, in communications with homeowners, as a "CMCA" (Certified Manager of Community Associations) and agent for the HOA or condominium. The Evergreen website between no later than June 27, 2013 and January 30, 2017 also described Oseroff as a Certified Manager of Community Association. His certification, however, ended in October 2012.

28. As a result of Respondents' misuse and misappropriation of HOA and condominium funds, consumers through their HOAs and condominiums suffered losses of at least \$2,000,000, including:

- a. At least \$146,000 in 214 unauthorized cash withdrawals;
- b. At least \$66,000 in 37 unauthorized payments to Oseroff;

- c. At least \$319,400 in 266 unauthorized payments to or for the benefit of other Oseroff family members;
- d. At least \$1,397,000 in unauthorized payments to Evergreen; and
- e. At least \$72,000 in unauthorized payments by one condominium for the benefit of other HOAs and condominiums in 48 transactions.

29. In addition, according to statements supplied by Respondents to the consumers through their HOAs and condominiums, Respondents liquidated at least \$486,000 in HOA and condominium CDs and savings accounts without authorization.

Violations of the Maryland Condominium and Maryland Homeowners Association Acts

30. Respondents serve as the agent for consumers' homeowner associations and condominium regimes and were obligated to act in the name of and on behalf of the consumer homeowners who were members of the HOAs and condominium regimes. Their duties included the duty to comply with the MHAA and the MCA, including by:

- a. Making available to an owner upon request the books and records kept on behalf of the HOA or condominium, unless specifically exempted, as required in Real Property § 11-116, § 11B-112; and
- b. Holding meetings of the council of unit owners, boards of directors or members of the condominiums and HOAs, as required in Real Property § 11-109, § 11B-111.

31. Respondents violated § 11-116 of the MCA and § 11B-112 of the MHAA when they failed to make available for examination or copying by an owner, an owner's mortgagee, or their respective duly authorized agents or attorneys, during normal business hours, after reasonable notice, and subject to certain exemptions for confidential information, all books and records kept

by or on behalf of the condominiums and HOAs.

32. Respondents violated the MCA and MHAA when they failed to hold regular meetings as required by § 11-109 of the MCA and § 11B-111 of the MHAA.

Violations of the Consumer Protection Act

33. Respondents' misrepresentations and material omissions regarding their services on behalf of the consumer members of HOAs and condominium regimes constitute unfair or deceptive trade practices as defined by §§ 13-301(1)-(3) of the CPA and prohibited under § 13-303 of the CPA.

34. Respondents made false and/or misleading representations in connection with their property management services that had the capacity, tendency, or effect of misleading consumers and that are unfair or deceptive trade practices, as defined by § 13-301(1) of the CPA and prohibited under § 13-303 of the CPA, including the following:

- a. Respondents represented they were collecting and using HOA and condominium funds solely for the benefit of the consumers who were members of the HOAs or condominium regimes when, instead, Respondents wrongfully converted the funds for their own uses;
- b. Respondents' submitted financial reports to homeowners that did not accurately reflected the expenses, assets and other financial records of the HOAs and condominiums;
- c. Respondents represented that consumers through their HOAs and condominium regimes had funds, including savings, in bank accounts when they did not;
- d. Respondents fabricated bank statements and created other reports that were inaccurate for the purpose of hiding their improper financial activities; and

- e. Respondents represented that Oseroff was a Certified Manager of Community Associations (“CMCA”) when he was not.

35. Respondents made representations that their services had characteristics, benefits, or qualities that they did not have, each of which constitutes an unfair or deceptive trade practice, as defined by § 13-301(2) of the CPA and prohibited under § 13-303 of the CPA, including by representing that Oseroff was a Certified Manager of Community Associations (“CMCA”) when he was not.

36. Respondents omitted material facts about their services that deceived or tended to deceive consumers, each of which constitutes an unfair or deceptive trade practice, as defined by § 13-301(3) of the CPA and prohibited under § 13-303 of the CPA, including by failing to disclose to consumers that:

- a. Respondents misappropriated HOA and condominium funds for the Respondents’ benefit and the benefit of their family members;
- b. Respondents made unauthorized payments from one HOA or condominium account to other accounts for the benefit of other HOAs or condominiums;
- c. HOA or condominium bank accounts had insufficient funds to pay bills;
- d. Respondents failed to pay HOA or condominium bills;
- e. Respondents did not deposit payments of assessments into accounts for the benefit of the HOAs and condominiums and their members;
- f. Respondents did not deposit assessment fees paid at closing on a home into accounts of the HOAs and condominiums and their members; and
- g. Respondents did not file tax returns on behalf of the HOAs or condominiums.

37. Respondents violated the MHAA and the MCA and, therefore, violated the CPA

under § 11B-115 of the MHAA and § 11-130 of the MCA each time they failed to provide:

- a. Books and records to owners or their representatives;
- b. Accurate reports and budgets for the HOAs and condominiums; and
- c. Accurate and timely notices of meetings.

38. Respondents' practices have caused substantial injury to consumers, which consumers could not have reasonably avoided. The injuries that consumers suffered as a result of Respondents' unfair practices, including Respondents' misappropriation of consumers' funds, are not offset by any benefit to consumers or to competition. Accordingly, Respondents engaged in unfair practices in violation of § 13-303 of the CPA.

39. From at least 2012 until at least January 2018, Respondents violated the CPA every time they made false or misleading representations, every time they made representations that their services had characteristics, benefits, or qualities that they did not have, every time they omitted material facts and every time they violated the MHAA and the MCA.

40. Respondents' unfair and deceptive trade practices as described herein are numerous and lasted for a significant period of time. Respondents have committed at least one violation of the Consumer Protection Act every day they misrepresented Oseroff's status as a CMCA on their website between June 27, 2013 and January 30, 2017, for a total of at least 1,313 violations of the CPA.

WHEREFORE, the Proponent respectfully requests, pursuant to § 13-403 of the CPA, that the Consumer Protection Division issue an Order:

- A. Finding that Respondents have engaged in unfair and deceptive trade practices in the offer and sale of property management services to consumers, in violation of § 13-303 of the CPA;

- B. Requiring Respondents to cease and desist from engaging in unfair or deceptive trade practices under the CPA;
- C. Requiring Respondents, jointly and severally, to take affirmative action, including the restitution to Maryland consumers of all monies that Respondents received, less any refunds already paid, for services provided to consumers in violation of the CPA;
- D. Requiring Respondents, jointly and severally, to pay the costs of this proceeding, including all costs of investigation pursuant to § 13-409 of the CPA;
- E. Requiring Respondents, jointly and severally, to pay civil penalties pursuant to § 13-410 of the CPA;
- F. Requiring Respondents to take affirmative action, including posting a performance bond or other security with the Consumer Protection Division, before Respondents offer or sell any consumer goods or services in Maryland or to Maryland residents; and
- G. Granting such other and further relief as is appropriate and necessary.

Respectfully submitted,

Dated:

4/22/19



Hanna Abrams
Lucy A. Cardwell
Assistant Attorneys General
Consumer Protection Division
Office of the Attorney General of Maryland
200 St. Paul Place, 16th Floor
Baltimore, Maryland 21202
(410) 576-7296