

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

Proponent,

v.

**WESTMINSTER MANAGEMENT, LLC**  
30A Vreeland Road, Suite 220  
Florham Park, NJ 07932,

**CARRIAGE HILL INVESTMENT  
LIMITED PARTNERSHIP**  
C/O Carriage Hill Apartments  
3456 Carriage Hill Circle  
Randallstown, MD 21153,

**CARROLL PARK HOLDINGS LLC**  
11 East 44<sup>th</sup> Street  
10<sup>th</sup> Floor  
New York, NY 10017,

**COMMONS AT WHITEMARSH I, II, V,  
LLC**  
C/O JK2 Westminster LLC  
Suite 300  
9658 Baltimore Avenue  
College Park, MD 20740,

**COMMONS AT WHITEMARSH III, LLC**  
C/O JK2 Westminster LLC  
Suite 300  
9658 Baltimore Avenue  
College Park, MD 20740,

**COMMONS AT WHITEMARSH IVA, LLC**  
C/O JK2 Westminster LLC  
Suite 300  
9658 Baltimore Avenue  
College Park, MD 20740,

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

CPD Case No.: 19-048-317165

Office of the Attorney General  
Consumer Protection Division

**FILED**

OCT 23 2019

**ADMINISTRATIVE HEARING PROCESS**

---

**COMMONS AT WHITEMARSH IVB, LLC**

C/O JK2 Westminster LLC  
Suite 300  
9658 Baltimore Avenue  
College Park, MD 20740,

**DUTCH VILLAGE, LLC**

C/O JK2 Westminster LLC  
Suite 300  
9658 Baltimore Avenue  
College Park, MD 20740,

**ESSEX PARK HOLDINGS LLC**

11 East 44<sup>th</sup> Street  
10<sup>th</sup> Floor  
New York, NY 10017,

**FONTANA, LLC**

C/O JK2 Westminster LLC  
Suite 300  
9658 Baltimore Avenue  
College Park, MD 20740,

**HAMILTON MANOR APARTMENTS, LLC**

C/O JK2 Westminster LLC  
Suite 300  
9658 Baltimore Avenue  
College Park, MD 20740,

**HARBOR POINT ESTATES I, II, IV, LLC**

C/O JK2 Westminster LLC  
Suite 300  
9658 Baltimore Avenue  
College Park, MD 20740,

**HARBOR POINT ESTATES III, LLC**

C/O JK2 Westminster LLC  
Suite 300  
9658 Baltimore Avenue  
College Park, MD 20740,

**HIGHLAND #179, LLC**  
C/O JK2 Westminster LLC  
Suite 300  
9658 Baltimore Avenue  
College Park, MD 20740,

**HIGHLAND #241, LLLP**  
C/O JK2 Westminster LLC  
Suite 300  
9658 Baltimore Avenue  
College Park, MD 20740,

**HIGHLAND #689, LLC**  
C/O JK2 Westminster LLC  
Suite 300  
9658 Baltimore Avenue  
College Park, MD 20740,

**MORNINGSIDE PARK HOLDINGS LLC**  
11 East 44<sup>th</sup> Street  
10<sup>th</sup> Floor  
New York, NY 10017,

**PLEASANTVIEW, LLC**  
C/O JK2 Westminster LLC  
Suite 300  
9658 Baltimore Avenue  
College Park, MD 20740,

**PRINCETON ESTATES LIMITED  
PARTNERSHIP**  
Suite 300  
9658 Baltimore Avenue  
College Park, MD 20740,

**RIVERVIEW APARTMENTS, LLC**  
C/O JK2 Westminster LLC  
Suite 300  
9658 Baltimore Avenue  
College Park, MD 20740,

**RP COVE VILLAGE, LLC**  
160 Greentree Drive, Suite 101  
Dover, DE 19904

**SRH CHARLESMONT, LLC**  
30A Vreeland Road, Suite 220  
Florham Park, NJ 07932,

**SRH FOX HAVEN, LLC**  
30A Vreeland Road, Suite 220  
Florham Park, NJ 07932,

**SRH WOODMOOR, LLC**  
30A Vreeland Road, Suite 220  
Florham Park, NJ 07932,

**WHISPERING WOODS #250, LLC**  
C/O JK2 Westminster LLC  
Suite 300  
9658 Baltimore Avenue  
College Park, MD 20740,

and

**WHISPERING WOODS #299 LIMITED  
PARTNERSHIP**  
C/O JK2 Westminster LLC  
Suite 300  
9658 Baltimore Avenue  
College Park, MD 20740,

Respondents.

### **STATEMENT OF CHARGES**

The Consumer Protection Division of the Office of the Attorney General institutes this proceeding to enjoin Respondents Westminster Management, LLC (“Westminster”) and the owners of seventeen (17) rental properties in Maryland (“Owners”)<sup>1</sup> (hereinafter collectively

---

<sup>1</sup> As explained further below, the owners named as Respondents herein are: Carriage Hill Investment Limited Partnership; Carroll Park Holdings LLC; Commons at Whitemarsh I, II, V, LLC; Commons at Whitemarsh III, LLC; Commons at Whitemarsh IVA, LLC; Commons at Whitemarsh IVB, LLC; Dutch Village, LLC; Essex Park Holdings LLC; Fontana, LLC; Hamilton Manor Apartments, LLC; Harbor Point Estates I, II, IV, LLC; Harbor Point Estates III, LLC; Highland #179, LLC; Highland #241, LLLP; Highland #689, LLC; Morningside Park Holdings LLC; Pleasantview, LLC; Princeton Estates Limited Partnership; Riverview Apartments, LLC; RP Cove Village, LLC; SRH Charlesmont, LLC; SRH Fox Haven, LLC; SRH Woodmoor, LLC; Whispering Woods #250, LLC; and

referred to as the “Respondents”) from engaging in unfair or deceptive trade practices that violate the Consumer Protection Act, Md. Code Ann., Com. Law §§ 13-101 through 13-501 (2013 Repl. Vol. and 2018 Supp.) and the Consumer Debt Collection Act, Md. Code Ann., Com. Law §§ 14-201 through 14-204 (2013 Repl. Vol. and 2018 Supp.), and to obtain relief for consumers victimized by Respondents’ unfair or deceptive trade practices.

The Respondents have victimized consumers, many of whom are financially vulnerable, at all stages of offering and leasing consumer realty.<sup>2</sup> Throughout the time that they have operated in Maryland, tens of thousands of consumers have come to the Respondents seeking safe, affordable housing for themselves and their families. The Respondents, in turn, have represented to consumers through their advertising and model apartments that that they will provide them with safe and well-maintained residential realty. Instead, the Respondents have rented apartments and townhomes to consumers that are distressed, shoddily maintained, and have conditions that can adversely impact consumers’ health and well being. Many consumers living in the Respondents’ properties have had to endure living in units that are infested by rodents and vermin, plagued with water leaks that have caused mold and other issues, and, at times, lacking in basic utilities. The Respondents are and have been on notice of the substandard conditions in their properties, because consumers have lodged thousands of complaints with the Respondents themselves, with city and county housing officials, and with other consumer agencies.

---

Whispering Woods #299 Limited Partnership.

<sup>2</sup> As used herein, “consumers” and “tenants” shall be used interchangeably and shall mean individuals who have been offered or leased consumer realty from Respondents. “Tenants” shall include Respondents’ prospective, current and former tenants.

In addition, the Respondents have harmed Maryland consumers by demanding, collecting, and retaining hundreds of thousands of dollars in illegitimate fees from prospective and actual tenants. The Respondents charged consumers illegal fees when they applied for their apartments, and they improperly deduct from security deposits when the consumers vacate their apartments. During consumers' tenancies, the Respondents use Maryland laws governing evictions aggressively and, at times, illegally to collect rent from consumers, including by misapplying consumers payments to trigger late rent payments and mischaracterizing charges as rent to unlawfully increase their collections from consumers. The Respondents' also sought to collect over \$300,000 in sham "agent" fees, which were charged to tenants on a monthly basis for almost four years despite the fact that they were never actually incurred.

Finally, Westminster and the owners of the two Baltimore City properties illegally rented apartments to thousands of consumers without maintaining the required multi-family dwelling licenses, one of the prerequisites for which is inspections by the City to ensure compliance with applicable health and safety standards. Westminster also repeatedly violated the Consumer Debt Collection Act by seeking to collect debts on behalf of the Owners when it knew that the Owners had no right to collect such debts and by failing to maintain a debt collection license as required by the Maryland Collection Agency Licensing Act.

As is set forth more fully below, the Respondents committed the violations described above in nearly 9,000 rental units that they offered and rented to low- and middle-income families in Baltimore City, Baltimore County, and Prince George's County. The Respondents collected hundreds of thousands of dollars, perhaps millions, from tens of thousands of consumers, by charging them illegal fees, using improper debt collection practices, and through

violation of the Real Property Article. They have also collected and continue to collect rent from consumers forced to live in apartments that were poorly maintained, in conditions far less than what was represented to them when they first leased their apartments, some of which were at times unlicensed. Through these practices, Respondents have committed hundreds of thousands of violations of the Consumer Protection Act and the Consumer Debt Collection Act:

### **The Parties**

1. The Proponent in this proceeding is the Consumer Protection Division of the Office of the Attorney General of Maryland. The Proponent is the state agency charged with enforcing Maryland's consumer protection laws, including the Consumer Protection Act, Md. Code Ann., Com. Law §§ 13-101 through 13-501 (2013 Repl. Vol. and 2018 Supp.), and the Consumer Debt Collection Act, Md. Code Ann., Com. Law §§ 14-201 through 14-204 (2013 Repl. Vol. and 2018 Supp.).

2. Respondent Westminster Management, LLC is a New Jersey limited liability company that was formed in 2000. Its principal place of business is located at 30A Vreeland Road, Suite 220, Florham Park, New Jersey 07932. Westminster is the successor company to JK2 Westminster LLC, a Delaware limited liability company that was formed in 2012 and dissolved on December 30, 2016. JK2 Westminster LLC and/or Westminster Management, LLC (collectively "Westminster") have regularly conducted business in Maryland, including managing residential properties, since 2012.

3. Respondent Carriage Hill Investment Limited Partnership is a Maryland limited partnership formed in 2000 that, from 2000 until on or about November 3, 2017, owned a rental apartment property in Baltimore County, Maryland known as Carriage Hill Apartments.

Respondent Carriage Hill Investment Limited Partnership's principal place of business is 3456 Carriage Hill Circle, Randallstown, MD 21153.

4. Respondent Carroll Park Holdings LLC is a Delaware limited liability company formed in 2014 that owns a rental apartment property in Baltimore County, Maryland known as Carroll Park Apartments. Respondent Carroll Park Holdings LLC's principal place of business is 11 East 44<sup>th</sup> Street, New York, NY, 10017.

5. Respondents Commons at White Marsh I, II, V, LLC, Commons at Whitemarsh III, LLC, Commons at Whitemarsh IVA, LLC, and Commons at Whitemarsh IVB, LLC, are Maryland limited liability companies formed in 2002 that jointly own a rental apartment property in Baltimore County, Maryland known as the Commons at White Marsh Apartments. Respondents Commons at White Marsh I, II, V, LLC, Commons at Whitemarsh III, LLC, Commons at Whitemarsh IVA, LLC, and Commons at Whitemarsh IVB, LLC each have a principal place of business located at Suite 300, 9658 Baltimore Avenue, College Park, MD 20740.

6. Respondent Dutch Village, LLC is a Maryland limited liability company formed in 2003 that owns a rental apartment property in Baltimore City, Maryland known as Dutch Village Apartments. Respondent Dutch Village, LLC's principal place of business is Suite 300, 9658 Baltimore Avenue, College Park, MD 20740.

7. Respondent Essex Park Holdings LLC is a Delaware limited liability company formed in 2014 that owns a rental apartment property in Baltimore County, Maryland known as Essex Park Apartments and Townhomes. Respondent Essex Park Holdings LLC's principal place of business is 11 East 44<sup>th</sup> Street, New York, NY, 10017.



8. Respondent Fontana, LLC is a Maryland limited liability company formed in 1997 that owns a rental apartment property in Baltimore County, Maryland known as Fontana Village Apartments. Respondent Fontana, LLC's principal place of business is Suite 300, 9658 Baltimore Avenue, College Park, MD 20740.

9. Respondent Hamilton Manor Apartments, LLC is a Maryland limited liability company formed in 1998 that owns a rental apartment property in Prince George's County, Maryland known as Hamilton Manor Apartments. Respondent Hamilton Manor Apartments, LLC's principal place of business is Suite 300, 9658 Baltimore Avenue, College Park, MD 20740.

10. Respondents Harbor Point Estates I, II, IV, LLC and Harbor Point Estates III, LLC are Maryland limited liability companies formed in 2002 that jointly own a rental apartment property in Baltimore County, Maryland known as Harbor Point Estates. Respondents Harbor Point Estates I, II, IV, LLC and Harbor Point Estates III, LLC both have a principal place of business located at Suite 300, 9658 Baltimore Avenue, College Park, MD 20740.

11. Respondents Highland #179, LLC, Highland #689, LLC, and Highland #241, LLLP, are Maryland limited liability companies formed in 1997 and a Maryland limited liability limited partnership formed in 1980, respectively, that jointly own a rental apartment property in Baltimore County, Maryland known as Highland Village Townhomes. Respondents Highland #179, LLC, Highland #689, LLC, and Highland #241, LLLP each have a principal place of business located at Suite 300, 9658 Baltimore Avenue, College Park, MD 20740. .

12. Respondent Morningside Park Holdings LLC is a Delaware limited liability company formed in 2014 that owns a rental apartment property in Baltimore County, Maryland

known as Morningside Park Townhomes. Respondent Morningside Park Holdings LLC's principal place of business is 11 East 44<sup>th</sup> Street, New York, NY, 10017.

13. Respondent Pleasantview, LLC is a Maryland limited liability company formed in 1997 that owns a rental apartment property in Baltimore City, Maryland known as Pleasantview Apartments. Respondent Pleasantview, LLC's principal place of business is Suite 300, 9658 Baltimore Avenue, College Park, MD 20740.

14. Respondent Princeton Estates Limited Partnership is a Maryland limited partnership formed in 2005 that, from 2005 until on or about November 3, 2017, owned a rental apartment property in Prince George's County, Maryland known as Princeton Estates Apartment Homes. Princeton Estates Limited Partnership's principal place of business is Suite 300, 9658 Baltimore Avenue, College Park, MD 20740.

15. Respondent Riverview Apartments, LLC is a Maryland limited liability company formed in 2007 that owns a rental apartment property in Baltimore County, Maryland known as Riverview Townhomes. Respondent Riverview Apartments, LLC's principal place of business is Suite 300, 9658 Baltimore Avenue, College Park, MD 20740.

16. Respondent RP Cove Village, LLC is a Delaware limited liability company formed in 2006 that owns a rental apartment property in Baltimore County, Maryland known as Cove Village Apartments. Respondent RP Cove Village, LLC's principal place of business is located at 160 Greentree Drive, Suite 101, Dover, DE 19904.

17. Respondent SRH Charlesmont, LLC is a Delaware limited liability company formed in 2003 that, from 2003 until on or about November 3, 2017, owned a rental apartment property in Baltimore County, Maryland known as Charlesmont Apartment Homes. Respondent

SRH Charlesmont, LLC's principal place of business is located at 30A Vreeland Road, Suite 220, Florham Park, New Jersey 07932.

18. Respondents SRH Fox Haven, LLC and SRH Woodmoor, LLC are Delaware limited liability companies formed in 2003 that, from 2003 until on or about November 3, 2017, jointly owned a rental apartment property in Baltimore County, Maryland known as Gwynn Oaks Landing Apartments. Respondents SRH Fox Haven, LLC and SRH Woodmoor, LLC each have a principal place of business located at 30A Vreeland Road, Suite 220, Florham Park, New Jersey 07932.

19. Respondents Whispering Woods #250, LLC, a Maryland limited liability company formed in 1997, and Whispering Woods #299 Limited Partnership, a Maryland limited partnership formed in 1994, jointly own a rental apartment property in Baltimore County, Maryland known as Whispering Woods Apartments. Respondents Whispering Woods #250, LLC and Whispering Woods #299 Limited Partnership each have a principal place of business located at Suite 300, 9658 Baltimore Avenue, College Park, MD 20740.

20. During all times pertinent hereto, Respondents have regularly conducted business in Maryland by offering to lease and leasing residential realty to Maryland consumers.

21. Owners employ and/or employed Westminster as their agent pursuant to property management agreements, under which Owners possess, possessed, exercise, and/or exercised the authority to oversee and supervise Westminster. Owners acted directly and through Westminster as their management agent.

22. Respondents are responsible for creating and implementing the alleged unfair or deceptive policies and practices that are described herein; participated in the alleged unfair or

deceptive practices that are described herein; directed or supervised the employees who participated in the alleged unfair or deceptive practices that are described herein; and knew or should have known of the unfair or deceptive practices that are described herein and had the power to stop them, but rather than stopping them, promoted their use.

### **Maryland's Landlord Tenant Laws**

#### *The Application Fee Law*

23. Md. Code Ann., Real Property § 8-213(b)(1) (2013 Repl. Vol. and 2018 Supp.) (the “Application Fee Law”) permits a landlord to collect a fee from a prospective tenant upon the signing of an application to lease a residential property.

24. An application for a lease must contain a statement that explains (i) the liabilities that the tenant incurs upon signing the application; and (ii) that not later than 15 days following the date of occupancy or the written communication, by either party to the other, of a decision that no tenancy shall occur, the landlord must return that portion of the fees not actually expended on behalf of the tenant making application. *Id.* § 8-213(a).

25. If any fee other than a security deposit is collected from a prospective tenant and that fee exceeds \$25, a landlord may retain only that portion of the fee actually expended for a credit check or other expenses arising out of the application, and shall return that portion of the fee not actually expended on behalf of the tenant making application. *Id.* § 8-213(b). Any excess amounts charged with the application for lease must be refunded to the consumer not later than 15 days following the date of occupancy or the written communication, by either party to the other, of a decision that no tenancy shall occur. *Id.* § 8-213(b)(1).

26. The Respondents do not incur costs arising from tenant applications in excess of \$25.

27. As is set forth more fully below, the Respondents have routinely violated the Application Fee Law by charging fees that exceed \$25 when consumers applied to lease residential property and failing to return the portion of the fees that were not expended on behalf of the consumers making the applications.

*The Security Deposit Law*

28. Landlords who rent consumer realty may require consumers to pay a security deposit of no more than two months' rent in connection with a lease to rent residential property. Md. Code Ann., Real Property § 8-203 (the "Security Deposit Law").

29. A "security deposit" is "any payment of money, including payment of the last month's rent in advance of the time it is due, given to a landlord by a tenant in order to protect the landlord against nonpayment of rent, damage due to breach of lease, or damage to the leased premises, common areas, major appliances, and furnishings." *Id.* § 8-203(a)(3). In order to withhold amounts from a security deposit due to damage to the leased premises, common areas, major appliances, or furnishings, the damage must have been caused "by the tenant or the tenant's family, agents, employees, guests or invitees" *and* must be "in excess of ordinary wear and tear." *Id.* § 8-203(f)(1)(i). The Security Deposit Law provides that a security deposit is not liquidated damages and may not be forfeited to the landlord for breach of the rental agreement except in an amount equal to its actual damages.

30. The Security Deposit Law requires security deposits to be returned to the consumer, within 45 days after the termination of the tenancy, less any amounts properly

withheld, together with simple interest which has accrued at the daily U.S. Treasury Yield Curve Rate for 1 year as of the first business day of each year, or 1.5% per year, whichever is greater. *Id.* § 8-203(e)(1). If any portion of a security deposit is withheld by a landlord, the landlord must mail a notice to the consumer, within 45 days of the termination of the tenancy, containing a written list of the damages withheld from the security deposit together with a statement of the costs actually incurred by the landlord for which each deduction was made. *Id.* § 8-203(g).

31. A landlord who seeks to withhold any portion of a consumer's security deposit for lost rent has a duty to take reasonable efforts to mitigate its loss by re-leasing the apartment. *Id.* §§ 8-203(f)(3) and 8-207.

32. As is set forth more fully below, the Respondents have violated the Security Deposit Law by deducting amounts from consumers' security deposits for damages that constituted ordinary wear and tear or were not caused by the tenants and by failing to provide consumers with written notices listing amounts withheld from their security deposits.

#### *Late Fee Laws*

33. Landlords who rent consumer realty are limited in when they can collect penalties for the late payment of rent and how much they can collect. *See* Md. Code Ann., Real Property § 8-208 (2013 Repl. Vol. and 2018 Supp.); Prince George's County Code of Ordinances § 13-158 (collectively the "Late Fee Laws").

34. Section 8-208 of the Real Property Article prohibits a landlord from including in a residential lease any term that provides "for a penalty for the late payment of rent in excess of 5% of the amount of rent due for the rental period for which the payment was delinquent." Md.

Code Ann., Real Property § 8-208(d)(3)(i) (2013 Repl. Vol. and 2018 Supp.). A lease provision that violates this prohibition, moreover, is “unenforceable by the landlord.” *Id.* § 8-208(g)(1).

35. Prince George’s County Code of Ordinances § 13-158 permits a landlord “to charge a late fee of not more than one percent (1%) of the total monthly rental payment per day for each day the tenant is late, commencing with the sixth (6th) day of the period for which rent is due and being paid, not to exceed a total of five percent (5%) of the total monthly rental payment.” Section 13-158 of the Prince George’s County Code of Ordinances also provides special protections for tenants receiving public assistance who do not receive their checks by the 6th day of the month.

36. As is set forth more fully below, the Respondents have violated these Late Fee Laws by misapplying consumers’ rent payments to trigger late fees and by calculating late fees based on charges other than delinquent rent payments.

#### *The Summary Ejectment Law*

37. Md. Code Ann., Real Property § 8-401 (2013 Repl. Vol. and 2018 Supp.) (the “Summary Ejectment Law”) sets forth an expedited process that a landlord may utilize to seek repossession of the premises “[w]henver the tenant or tenants fail to pay the rent when due and payable.” *Id.* § 8-401(a). Pursuant to the Summary Ejectment Law, a landlord may request only “to repossess the premises and . . . a judgment for the amount of rent due, costs, and any late fees, less the amount of any utility bills, fees, or security deposits paid by a tenant under § 7-309 of the Public Utilities Article.” Md. Code Ann. Real Property § 8-401(b)(1)(iv).

38. After issuance and service of a summons, and assuming the tenant fails to appear, the Summary Ejectment Law authorizes the court to enter “default judgment for possession of

the premises, together with court costs, in favor of the landlord.” *Id.* § 8-401(b)(4)(ii). Under certain circumstances, after a trial, the court may also “enter a judgment in favor of the landlord for possession of the premises” and “give judgment in favor of the landlord for the amount of rent and late fees determined to be due together with the costs of the suit.” *Id.* § 8-401(c)(2)(iv). “However, if the tenant, or someone for the tenant, at the trial, or adjournment of the trial, tenders to the landlord the rent and late fees determined by the court to be due and unpaid, together with the costs of the suit, the complaint against the tenant shall be entered as being satisfied.” *Id.* § 8-401(c)(5).

39. The Summary Ejectment Law permits a landlord to require its tenant to pay the costs associated with a summary ejectment suit only *after* the court has entered a judgment ordering such costs.

40. As is set forth more fully below, the Respondents have violated the Summary Ejectment Law by collecting costs without first obtaining a judgment and by collecting costs that they did not actually incur.

#### *Licensing Requirements and Municipal Regulations*

41. Landlords and their agents are subject to various state and local requirements including, but not limited to, those set forth below.

42. Local jurisdictions in Maryland, including those in which the Respondents do business, have housing codes requiring landlords to ensure that rental premises are free from conditions that threaten the life, health, or safety of tenants. *See* Baltimore City Code of Public Local Laws § 9-14.1; Baltimore County Code § 35-5-201 *et seq.*; Prince George’s County Code of Ordinances § 13-301 *et seq.*



43. Property management companies that receive and forward rent and other payments are collection agencies within the meaning of the Maryland Collection Agency Licensing Act (“MCALA”). *See* Md. Code Ann., Bus. Reg. § 7-101(d)(1) (2013 Repl. Vol. and 2018 Supp.). MCALA requires a collection agency to obtain and maintain a debt collection license issued by the Maryland Commissioner of Financial Regulation.

44. In Baltimore City and Prince George’s County, a license is required to offer and lease a multi-family dwelling rental facility. *See* Balt. City Code, Article 13, § 5-4; Prince George’s County Code of Ordinances § 13-181.

45. A landlord or its agent that files a complaint pursuant to the Summary Ejectment Law must affirm under penalty of perjury whether the landlord is required by law to be licensed in order to operate the premises as a rental property. *See* District Court Form DC-CV-082, *available at* <https://mdcourts.gov/sites/default/files/court-forms/district/forms/civil/dccv082np.pdf/dccv082np.pdf>.

46. As is set forth more fully below, Dutch Village, LLC and Pleasantview, LLC have, at times, offered rental units in multi-family dwellings without maintaining the requisite licensure.

### **The Consumer Debt Collection Act**

47. The Consumer Debt Collection Act, Md. Code Ann., Com. Law §§ 14-201 through 14-204 (2013 Repl. Vol. and 2018 Supp.) prohibits persons from collecting or attempting to collect consumer debts that they know are not owed.

48. Doing business without a license as a collection agency within the meaning of MCALA when a debt collection license is required constitutes a violation of the Consumer Debt Collection Act.

49. A violation of the Consumer Debt Collection Act constitutes a per se violation of the Consumer Protection Act. *See* Md. Code Ann., Com. Law § 13-301(14)(iii).

50. As is set forth more fully below, Westminster has violated the Consumer Debt Collection Act by collecting costs from consumers that it knew had not been incurred and by collecting debts without first obtaining the requisite debt collection license.

### **The Consumer Protection Act**

51. The Consumer Protection Act, Md. Code Ann., Com. Law §§ 13-101 through 13-501 (2013 Repl. Vol. and 2018 Supp.) was enacted to provide minimum standards for the protection of consumers in Maryland. In enacting the Consumer Protection Act, the General Assembly concluded the Consumer Protection Division “should take strong protective and preventive steps to investigate unlawful consumer practices, to assist the public in obtaining relief from these practices, and to prevent these practices from occurring in Maryland. It is the purpose of this title to accomplish these ends and thereby maintain the health and welfare of the citizens of the State.” *Id.* § 13-102(b)(3).

52. The Consumer Protection Act prohibits persons from engaging in unfair or deceptive trade practices in connection with the offer to lease and leasing of consumer realty and in the collection of consumer debt. *Id.* §§ 13-303(1), (2) and (5).

53. As is set forth more fully below, the Respondents’ conduct alleged herein including, but not limited to, their violations of the Application Fee Law, Security Deposit Law, Late Fee Laws, Summary Ejectment Law, licensing requirements and municipal regulations, and the Consumer Debt Collection Act, are unfair and deceptive trade practices that violate the Consumer Protection Act.

### **Statement of Facts**

54. The Respondents have leased, offered to lease, and continue to lease and offer to lease, consumer realty to Maryland consumers.

55. Westminster first began operating as a property manager in Maryland in 2012 when it became the property manager for Carriage Hill Apartments, Charlesmont Apartments, Commons at Whitemarsh, Cove Village Apartments, Dutch Village Apartments, Fontana Village Apartments, Gwynn Oaks Landing Apartments, Hamilton Manor Apartments, Harbor Point Estates, Highland Village Apartments, Pleasantview Apartments, Princeton Estates, Riverview Apartments, and Whispering Woods Apartments. In August 2014, Westminster became the property manager at Carroll Park Apartments, Essex Park Apartments, and Morningside Park Apartments. Beginning in late 2017, Westminster ceased operating as property manager at a handful of these apartment complexes.<sup>3</sup>

#### **I. Respondents' Collection of Illegal Application Fees**

56. The Respondents require prospective tenants to pay one or more fees in connection with the submission of a residential lease applications, all of which are subject to the Application Fee Law. Among the fees that Respondents have required prospective tenants to pay are application fees, holding fees, and reservation fees.

57. The Respondents routinely charged application fees ranging from \$35 to \$50 per applicant, but did not expend more than \$25 for a credit check or other expenses arising out of

---

<sup>3</sup> A company affiliated with Westminster, Westminster Pillar LLC, began operating as the property manager for another 11 properties in or around May 2019. Those properties are not included in this action. A list of the Maryland properties currently being managed by Westminster and/or Westminster Pillar LLC is available at <https://wmapts.com/our-communities/#maryland>.

each application. The Respondents did not return to the prospective tenant that portion of the application fee that was not expended on behalf of the tenant making the application.

58. The Respondents sometimes charged prospective tenants additional holding fees or reservation fees ranging from \$100 to \$200 when tenants applied to rent residential dwellings. Such fees are also considered application fees that are subject to the Application Fee Law. The Respondents' holding or reservation fees also were not actually expended by the Respondents on behalf of the tenant making the application and, if a prospective tenant was offered but did not sign a lease to rent one of the Respondents' residential dwellings, the Respondents retained the prospective tenant's holding or reservation fee.

59. The Respondents' practice of withholding application fees and/or holding or reservation fees paid by prospective tenants in excess of \$25, without spending the amounts above \$25 on behalf of the prospective tenants, violated the Application Fee Law.

60. The Respondents have illegally retained these types of fees from tens of thousands of Maryland consumers.

61. The Respondents have violated the Consumer Protection Act by collecting fees from consumers who submitted rental applications and by failing to return excess fees in violation of the Application Fee Law.

## **II. Respondents' Collection of Illegal Late Fees**

62. The lease used by Respondents at the properties named herein (the "Form Lease") requires tenants to pay five percent (5%) of the amount of rent due if the tenant fails to pay by the fourth day "beyond the date on which [the rent] became due and payable." But the Form Lease also includes two provisions that purport to give the Respondents the right to calculate late

fees on amounts other than those permitted by the Late Fee Laws. First, from 2012 until in or around May 2018, the lease used by the Respondents purported to deem *any* payment made from tenant to landlord as rent.<sup>4</sup> Second, that lease purported to give Respondents the “option” to apply any payment made by a tenant first to non-rent charges, including “late charges, agent’s fees, attorney’s fees, court costs, [and] obligations other than rent (if any) due Landlord.”<sup>5</sup> Taken together, those provisions violate the Late Fee Laws by purporting to give the Respondents the right to charge late fees in excess of 5% of the amount of rent that is in fact due and owing for the relevant rental period.

63. The Respondents in fact allocate payments in accordance with the Form Lease—i.e., by applying rent payments to non-rent charges. As a result, consumers are then charged late fees despite having paid all rent that is due and owing. Respondents’ practice of calculating late fees based on non-rent charges violates the Late Fee Laws.

64. The Respondents have violated and are continuing to violate the Consumer Protection Act by allocating rent payments to non-rent charges and by calculating late fees based on charges other than delinquent rent payments in violation of the Late Fee Laws.

---

<sup>4</sup> Beginning in or around May 2018, the Respondents changed their lease form to include a slightly narrower definition of rent: “All payments due us from you required by this Lease, which relate to your use, possession and occupancy of the Premises, are to be considered rent.” Even that narrower definition, however, purports to allow the Respondents to calculate late fees based on outstanding balances other than the periodic monthly sum owed by the tenant for use or occupancy of the premises.

<sup>5</sup> The Respondents also changed this provision of their lease form in or around May 2018, but still give themselves the right to apply payments “to the oldest money owed by you to us, regardless of why the payment may have been tendered or submitted.”

### **III. Respondents' Abuse of Maryland's Summary Ejectment Process and Their Collection of Sham "Agent" Fees**

65. In addition to assessing late fees, the Respondents engage in a variety of other questionable and, in some instances, illegal practices, to collect late payments of rent from tenants.

66. For example, on or around the 6th day of every month, E-Writ Filings, LLC ("E-Writ")—an agent employed by the Respondents—files hundreds of complaints in Maryland district courts on behalf of the Respondents pursuant to the Summary Ejectment Law ("summary ejectment actions"). The Respondents have a policy of directing E-Writ to file a summary ejectment action against any tenant that has an outstanding balance on his or her account exceeding a certain threshold as of the filing date. For many years, that threshold for filing was \$100. In or around 2018, the Respondents increased the balance that triggers a filing of a summary ejectment action to \$250. The Respondents file a summary ejectment action regardless of whether the tenant's outstanding balance is comprised of rent charges or non-rent charges.

67. At or around the time that E-Writ files a summary ejectment action against a tenant, the Respondents charge the tenant two additional fees in addition to the late fee that has already been assessed. First, the tenant is charged a "court fee" or "summons fee," which corresponds with the fees that the Respondents pay to file a summary ejectment action in district court. Depending on the time period, the jurisdiction, and the number of tenants residing in the unit, those fees have ranged from \$15 to \$40. Second, the tenant is charged a \$10 "agent fee," which is represented as a pass-through cost corresponding to the per-filing charge that the Respondents pay to E-Writ.

68. Some of the summary ejectment actions filed on behalf of the Respondents result in a judgment for possession by a district court. But by the time of the trial date (which is usually scheduled for approximately two weeks after the action is filed), many of the consumers have paid the outstanding balance on their accounts. In those circumstances, the Respondents voluntarily dismiss the summary ejectment action. Regardless of how the summary ejectment action is disposed of, however, consumers are still charged both the agent fee and the court fee.

69. If, after the Respondents obtain a judgment for possession, the tenant still does not pay the outstanding balance, then the Respondents direct E-Writ to file a petition for a warrant of restitution from the district court. The warrant of restitution (referred to by Westminster and E-Writ as a “writ”) is an order from the court permitting a landlord who has obtained a judgment for possession to make a plan with the constable or sheriff to evict the tenant.

70. At or around the time that E-Writ files a petition for a warrant of restitution, the Respondents charge the tenant additional fees in addition to the late fee that has already been assessed. First, the tenant is charged a “court fee” or “writ fee,” which corresponds with the fees that the Respondents pay to file the petition for a warrant of restitution in district court. Depending on the jurisdiction, those fees have ranged from \$40 to \$50. Some tenants residing in the Baltimore City properties, however, have been charged an \$80 “writ fee,” notwithstanding the fact that the cost of filing a petition for a warrant of restitution in Baltimore City was never more than \$50.

71. Second, beginning in 2012 and continuing through at least November 2017, the Respondents charged tenants against whom a petition for warrant of restitution had been filed a

second “agent fee,” this one \$12. But as of December 2013, Westminster had negotiated an arrangement with its rent court filing agent to waive the processing fee for the filing of petitions for a warrant of restitution. Notwithstanding this arrangement, which Westminster touted internally as a way to save money for its Maryland properties, the Respondents continued charging this so-called second agent fee to consumers whenever a petition for warrant of restitution was filed. The Respondents sought to collect more than \$300,000 in these sham agent fees that they had not actually incurred and that they knew or should have known they had no right to collect.

72. The Respondents’ charging of agent fees and court costs in the absence of a judgment from the district court awarding such costs violates both the Summary Ejectment Law and the Late Fee Laws.

73. The Respondents have violated and are continuing to violate the Consumer Protection Act by collecting court costs and agent fees in violation of the Summary Ejectment Law and the Late Fee Laws. Westminster has also violated the Consumer Debt Collection Act and Consumer Protection Act by collecting and attempting to collect payments from consumers for filing and court fees that they knew or should have known they had no right to collect.

#### **IV. Respondents’ Illegal Retention of Security Deposits**

74. The Respondents require consumers who rent apartments to pay a security deposit. The Respondents, however, routinely withhold amounts from consumers’ security deposits that they are not entitled to keep. The Respondents routinely deduct hundreds of dollars from consumers’ security deposits to pay for cleaning and/or repairs when the premises have not been damaged beyond ordinary wear and tear. For example, the Respondents regularly withheld



amounts from consumers' security deposits for either cleaning or replacing the carpeting in their vacated units when the consumers left the carpeting in their apartments clean and in good condition or if the carpeting was damaged, such damage was due to ordinary wear and tear. In other circumstances, the Respondents withhold amounts due to damage that was not caused by the tenant, but rather by conditions in the properties that the Respondents have failed to adequately address, including but not limited to old and faulty appliances, persistent leaks, flooding, mold, and rodent infestations.

75. The Respondents also often do not provide consumers, within 45 days of the termination of their tenancy, a written notice listing the damages the Respondents contend occurred in the rental premises with a statement of the costs the Respondents actually incurred as a result of such damages.

76. The Respondents have violated the Consumer Protection Act by withholding amounts from consumers' security deposits for damages to the rental premises that were not caused by the consumer and/or were not in excess of ordinary wear and tear and by failing to provide consumers with the required written notice describing their deductions within 45 days of their vacating their apartments, practices which violate the Security Deposit Law.

**V. Respondents' Collection of Illegal Early Termination Fees**

77. The Respondents mislead consumers when they represent that consumers who terminate their leases early must pay "early termination fees": liquidated damages equal to two months' rent. The Respondents make this representation to consumers orally through their staff and in writing in documents they present to consumers in connection with their rentals. For example, a move-in checklist, provided to some consumers when they first occupy their

apartments, represents that “[s]hould you want to terminate your lease early, . . . [t]here will be an early termination fee that needs to be paid.”

78. Although the Respondents’ Form Lease purports to make the early termination fee optional, this is contrary to the representation that Respondents make to consumers in other rental documents and the instructions that the Respondents give when consumers terminate their leases early.

79. The Respondents’ representations that consumers must pay early termination fees in the amount of two month’s rent is also contrary to well established Maryland law, which prohibits the imposition of liquidated damages when a tenant terminates his lease early and requires landlords to take steps to mitigate their damages by taking reasonable steps to re-lease the vacated apartment.

80. Moreover, when consumers approach the Respondents about terminating their leases early, Respondents neglect to inform consumers that the lease termination fee is optional and that the Respondents are obliged by law to take reasonable steps to re-lease their apartments.

81. The Respondents have regularly charged consumers early termination fees when the Respondents are able to re-lease consumers’ vacated apartments in significantly less time than the two month period for which tenants are charged when they pay Respondent’s lease termination fees.

82. The Respondents have violated and are continuing to violate the Consumer Protection Act by improperly charging early termination fees to tenants and failing to inform consumers of their rights.

## VI. Respondents' Failure to Maintain Their Rental Properties

83. The Respondents represent to consumers that the consumer realty they offer for rent is in good, habitable condition and will be well maintained. In fact, many of the units leased by the Respondents are poorly maintained and plagued by conditions that make them, at best, less than the quality the Respondents represent to consumers when renting out the units and at worst make the realty uninhabitable. These conditions include, but are not limited to, the following:

- a. ***Rodents, roaches, and other pests:*** Consumers have experienced rodent infestations so severe that they have rodents living and dying in walls and kitchen appliances; damaging carpeting; chewing holes in drywall and screen doors; and leaving droppings on floors, countertops, and furniture. Roaches have infiltrated consumers' kitchen appliances and crawled into consumers' food. Some consumers have complained about other pests, such as spiders, centipedes, and snakes. Respondents have either ignored these problems or have taken inadequate steps to exterminate and trap these pests and repair the rental premises to prevent their further infiltration. In many instances, unable to overcome these infestations, consumers have been forced to either vacate their rental premises or continue to live under undesirable conditions.
- b. ***Floods, leaks, and water infiltration:*** Numerous consumers have had leaks in their apartments; some of these were due to plumbing problems in other units, while others have come from bathrooms, water heaters, and HVAC units within the consumer's own units. Burst pipes, leaking roofs, and poorly

constructed and insulated windows and doors have also allowed flooding in some instances, which has damaged consumers' personal property and created undesirable living conditions. While waiting for repairs that sometimes came after long delays and sometimes never came, consumers have had to live with stained and water-logged carpeting; holes in walls and ceilings; sagging, buckling, and collapsing ceilings; and the stench of mildew and sewage. Respondents demanded that some of these consumers pay for the cost of water damage to their apartments, caused through no fault of their own, by charging them for carpet replacement and repainting water-stained and mildewed walls upon the consumers vacating their rental units.

- c. **Mold:** As a result of persistent leaks and water damage, and neglect by Respondents, many consumers have been forced to live in apartments that contain mold in their ducts, closets, cabinets, walls, carpeting and around appliances. The Respondents often respond inadequately to consumers' complaints about mold, with maintenance staff either simply painting over the mold rather than removing it or by failing to address the underlying problem causing the mold, either of which resulted in the reappearance of the mold. As a result of persistent mold in their apartments, consumers have been forced to live in conditions that threaten their health.
- d. **Toilets and sewage:** As a result of aging infrastructure, some consumers have reported repeated sewage backups in their toilets, creating unsanitary and undesirable living conditions in their apartments. Moreover, because of

delays and failures to timely respond to complaints, in some instances, consumers have been left without a functioning toilet for extended periods of time.

- e. ***Fixtures and appliances in disrepair:*** Consumers residing in Respondents' housing complexes have faced a myriad of problems with the fixtures and appliances in their units, which are aging, often in disrepair, and are not being properly maintained. These problems include, but are not limited to, broken fixtures, such as windows that won't open and/or that leak when it rains and doors that are not properly installed or lack weather stripping and allow air flow that has made it harder to heat or cool the units; inoperable stove burners and cracked stovetops; deteriorated and leaking bathtubs; interior doors that won't open or close; heating systems that do not work in the winter and air-conditioning that does not work in the summer; refrigerators that become inoperable or have broken parts; front doors and windows that are not secure due to damaged frames, inoperable locks, and/or broken handles; and/or toilets that run, overflow, and/or become inoperable.
- f. ***Improper maintenance:*** Consumers facing maintenance issues in the Respondents' properties encounter significant difficulties getting the Respondents to respond to their complaints. Appointments are often delayed and when repairs are made, they are often inadequate, superficial, or simply do not address the underlying problems, all of which result in consumers having to endure chronic and repeated maintenance issues in their apartments.

84. The Respondents are aware and have been placed on notice of the significant maintenance issues in their consumer realty. Respondents have received thousands of complaints from consumers regarding the condition of their apartments. Frustrated, and unable to get the Respondents to properly address the issues in their apartments, consumers have also lodged significant numbers of complaints with local housing authorities and housing code enforcement agencies. Since October 2012, Baltimore County alone has received more than 1,000 complaints regarding the Respondents' properties, which have resulted in Respondents being cited for hundreds of housing code violations.

85. Respondents have also been put on notice of the significant maintenance issues in their properties through their participation in the Housing Choice Voucher Program – a locally administered, federally funded rental assistance program commonly referred to as Section 8. As landlords participating in this program, Respondents must permit inspectors from the local public housing authority to inspect their rental units prior to entering or renewing a lease with a program participant. These inspections have resulted in repeated failures and denials of Respondents' participation in the program because of significant maintenance issues, including, among other things, persistent water damage, broken appliances, damaged infrastructure, and rodent and pest infestation.

86. The Respondents, despite having been put on notice of the serious and persistent maintenance issues in the realty they provided to consumers, have allowed these issues to persist, and are not adequately maintaining the consumer realty they offer to consumers.

87. The Respondents' practice of representing—expressly and implicitly, including through their lease documents and model apartments—that they will provide rental realty in

good, habitable condition and perform required maintenance to ensure it remains in such condition when, in fact, many of the Respondents' properties are not in good, habitable condition and are not adequately maintained, violates the Consumer Protection Act.

**VII. Respondents' Failure to Maintain Required Licenses**

88. By offering and leasing residential rental property to consumers in Baltimore City, Respondents Dutch Village, LLC and Pleasantview, LLC are required to maintain a multi-family dwelling license pursuant to Baltimore City Code, Article 13, § 5-2. In order to obtain or renew such a license, Dutch Village, LLC and Pleasantview, LLC were required to demonstrate that, *inter alia*, all required fees had been paid, the premises had passed an inspection, and the premises were not subject to any unabated violation notice or order issued under the Baltimore City Building, Fire, and Related Codes Article.

89. Notwithstanding these requirements, Dutch Village, LLC and Pleasantview, LLC failed to renew their multi-family dwelling licenses as required by the Baltimore City Code. Between November 2015 and October 2017, Dutch Village, LLC and Pleasantview, LLC each operated without the necessary license for a period of at least 12 months. During this period, acting through their agents Westminster and E-Writ, Dutch Village, LLC and Pleasantview, LLC held themselves out as properly licensed multi-family dwellings.

90. Dutch Village, LLC and Pleasantview, LLC violated the Consumer Protection Act by leasing rental units to tenants without multi-family dwelling licenses in violation of the Baltimore City Code.

### **Violations of the Consumer Debt Collection Act**

91. The outstanding rent, costs, fees, and damages Respondents collect or attempt to collect from consumers are consumer debts.

92. In its capacity as property manager, Westminster collects rent and other payments from tenants on behalf of the Owners, and all such money is the property of the Owners, not of Westminster. Because Westminster collects debt on behalf of Owners, Westminster is required to be licensed pursuant to MCALA.

93. Notwithstanding this requirement, Westminster failed to maintain a debt collection license prior to December 2014, and again from January 2015 through July 2017.

94. Westminster violated § 14-202(10) of the Consumer Debt Collection Act when it engaged in unlicensed debt collection activity in violation of MCALA.

95. Westminster has regularly collected costs from consumers that it did not, in fact, incur, and were not owed by the consumers, including agent fees it knew its agent did not charge it and court costs that it knew it did not incur.

96. Westminster violated § 14-202(8) of the Consumer Debt Collection Act by collecting or attempting to collect debts with knowledge that the debts were not actually owed when it demanded payment from consumers for agent fees and court costs that were not incurred.

97. Westminster further violated § 14-202(8) of the Consumer Debt Collection Act by collecting or attempting to collect debt from consumers living at Dutch Village Apartments and Pleasantview Apartments with knowledge that Dutch Village, LLC and Pleasantview, LLC did not have multi-family dwelling licenses and were therefore not entitled to collect rent.



### **Violations of the Consumer Protection Act**

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

99. The Respondents made false and/or misleading representations to consumers that 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 and are prohibited under § 13-303 of the Consumer Protection Act, including the following:

- a. Respondents represent to prospective tenants, implicitly and through their lease applications, that they adhere to the Application Fee Law and retain from prospective tenants only that portion of the fees collected in connection with an application actually expended for a credit check or other expenses arising out of the application when, in fact, Respondents charged excessive fees with their lease applications and retained amounts not actually expended on the prospective tenant's application.
- b. Respondents represent to consumers, impliedly and through their lease agreements, that they are entitled to calculate late fees based on non-rent charges when, in fact, the Respondents' late fees were excessive and exceeded 5% of the amounts that could be legally considered rent.
- c. Respondents represent to consumers, impliedly and through the filing of summary ejectment actions, that they are complying with the Summary Ejectment Law and seeking a judgment for possession based only on the non-

payment of rent, when in fact the Respondents' summary ejectment actions rely on the non-payment of non-rent charges in addition to the non-payment of rent.

- d. Respondents impliedly represented to consumers that Respondents incurred the cost of utilizing a rent court agent to file a petition for warrant of restitution when, in fact, some of the agent fees that Respondents imposed on consumers were never actually incurred by Respondents.
- e. Respondents represent to consumers, impliedly and through their Form Lease, that Respondents are entitled to collect agent fees and court costs in the absence of a judgment for such costs issued by a court when, in fact, such fees and costs cannot exceed the 5% cap in the Late Fee Laws unless they have been awarded in a judgment by a court pursuant to the Summary Ejectment Law.
- f. Respondents represent to consumers who pay security deposits, implicitly and through their lease agreements, that they will adhere to the Security Deposit Law and seek to recover from tenants only actual damages due to unpaid rent, damage due to breach of lease, and/or damage to the leased premises in excess of ordinary wear and tear when, in fact, the Respondents deducted amounts from tenants' deposits that were not the tenants' responsibility.
- g. Respondents represent to consumers that they are entitled to liquidated damages in the amount of two month's rent when consumers vacate their

leased premises prior to the end of their lease term when, in fact, the Respondents have a duty to mitigate their losses and often do.

- h. Respondents expressly and impliedly represent to consumers that they will maintain in good, habitable condition the realty offered for lease when, in fact, the Respondents are either unable or unwilling to maintain the properties in good, habitable condition.
- i. Respondents expressly and impliedly represent to consumers that the consumer realty offered for lease is in good, habitable condition when, in fact, the Respondents often provide consumers with realty that is not in good, habitable condition.
- j. Dutch Village, LLC, Pleasantview, LLC, and Westminster impliedly represented to consumers that they had the necessary licenses to operate a multi-family dwelling when, in fact, they did not always possess the requisite multi-family dwelling licenses.
- k. Westminster impliedly represents to consumers that it has the necessary license to collect consumer debts when, in fact, at times it was not licensed as a collection agency.

100. The Respondents made false and/or misleading representations to consumers that had the capacity, tendency, or effect of deceiving or misleading consumers and constitute unfair or deceptive trade practices as defined in § 13-301(2) of the Consumer Protection Act and are prohibited under § 13-303 of the Consumer Protection Act, including the following:

- a. Respondents violated § 13-301(2)(iv) when they misrepresented the standard and quality of their consumer realty by expressly and impliedly representing that it was in good condition and well maintained when, in fact, the consumer realty the Respondents leased to consumers often is not in good condition and is not well maintained.
- b. Dutch Village, LLC, Pleasantview, LLC, and Westminster violated § 13-301(2)(i) when they misrepresented their approval or status to lease and collect debts by impliedly representing to consumers that they had the necessary license to operate a multi-family dwelling and were licensed to collect consumer debts when, in fact, they did not have such licenses.

101. The Respondents omitted material facts that deceived or tended to deceive consumers, each of which constitutes an unfair or deceptive trade practice, as defined in § 13-301(3) of the Consumer Protection Act and is prohibited under § 13-303 of the Consumer Protection Act, including the following:

- a. Respondents fail to disclose to consumers the condition of the realty they offer to consumers and their failure to maintain the consumer realty they offer to consumers.
- b. Respondents fail to disclose to consumers that the application fees, agent fees, court costs, and other fees they charged consumers are, in fact, unlawful and cannot not be collected and/or that they exceed the amount that can be collected and retained.

- c. Respondents fail to disclose the amounts they deduct from consumers' security deposits, as required by the Security Deposit Law.
- d. Dutch Village, LLC and Pleasantview, LLC failed to disclose to consumers that they lacked the requisite licensure to offer multi-unit dwellings for rent.
- e. Westminster failed to disclose to consumers that it lacked the requisite licensure as a collection agency to collect rent and other debts on behalf of the Owners.
- f. Respondents fail to disclose their duty to mitigate damages when they demand termination fees from consumers who seek to terminate their lease.

102. Westminster's violations of the Consumer Debt Collection Act constitute unfair or deceptive trade practices as defined in § 13-301(14)(iii) of the Consumer Protection Act.

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

104. Respondents' practices have taken unreasonable advantage of consumers' (1) lack of understanding regarding the costs and conditions associated with the rental properties that the Respondents offered for lease, and/or (2) reasonable reliance on the Respondents to act in the consumers' interests. Accordingly, Respondents engaged in abusive practices in violation of § 13-303 of the Consumer Protection Act.


105. Respondents' practices of charging illegal fees, collecting unlawful amounts in conjunction with summary ejectment proceedings, improperly deducting amounts from consumers' security deposits, failing to maintain required licenses, and failing to adequately maintain consumer realty, have resulted in numerous violations of the Consumer Protection Act over a significant period.


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

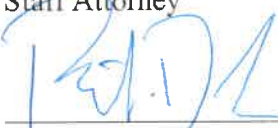
- A. Finding that Respondents have engaged in unfair or deceptive trade practices in the offering to lease and leasing of residential rental property to consumers, in violation of § 13-303 of the Consumer Protection Act;
- B. Requiring Respondents to cease and desist from engaging in unfair or deceptive trade practices in violation of the Consumer Protection Act;
- C. Requiring Respondents, jointly and severally, to take affirmative action, including the restitution of all monies that Respondents received in connection with their unfair or deceptive trade practices, including but not limited to the disgorgement of rent;
- D. Requiring Respondents, jointly and severally, to pay economic damages;
- E. Requiring Respondents, jointly and severally, to pay the costs of this proceeding, including all costs of investigation pursuant to § 13-409 of the Consumer Protection Act;
- F. Requiring Respondents, jointly and severally, to pay civil penalties pursuant to § 13-410 of the Consumer Protection Act; and

G. Granting such other and further relief as is appropriate and necessary.

Respectfully submitted,

  
\_\_\_\_\_  
Leah J. Tulin  
Assistant Attorney General

  
\_\_\_\_\_  
Kira Wilpone-Welborn  
Staff Attorney

  
\_\_\_\_\_  
Philip D. Ziperman  
Deputy Chief

Consumer Protection Division  
Office of the Attorney General of Maryland  
200 St. Paul Place, 16<sup>th</sup> Floor  
Baltimore, Maryland 21202  
(410) 576-6962

Dated: October 23, 2019