

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

Proponent,

v.

TRAK HOMES LLC
2197 Ridge Road
Reisterstown, MD 21136

and

ALEXANDER TRAKHTMAN
2197 Ridge Road
Reisterstown, MD 21136

and

REGINA TRAKHTMAN
2197 Ridge Road
Reisterstown, MD 21136

Respondents

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

CPD Case.: 23-025-372206
OAH No.:

Office of the Attorney General
Consumer Protection Division
FILED
DEC 21 2023
ADMINISTRATIVE HEARING PROCESS

* * * * *

STATEMENT OF CHARGES

1. The Consumer Protection Division of the Office of the Attorney General institutes this proceeding to enjoin Trak Homes LLC, Alexander Trakhtman, and Regina Trakhtman (hereinafter referred to collectively as “Respondents”) from violating Maryland’s Custom Home Protection Act, Md. Code Ann., Real Prop. §§ 10-501 through 10-509, New Home Deposits Act, Md Code Ann., Real Prop. §§ 10-301 through 10-306, and Consumer Protection Act, Md. Code Ann., Com. Law §§ 13-101 through 13-501. Respondents Trak Homes LLC and Alexander Trakhtman engaged in unfair and deceptive trade practices in the course of offering, selling, and

providing new homes, including custom homes. Additionally, Respondents Trak Homes LLC, Alexander Trakhtman and Regina Trakhtman engaged in unfair and deceptive trade practices in the course of offering, selling, and providing home improvement services. The instant proceeding seeks relief for consumers victimized by the unlawful conduct of Respondents.

2. Respondents Trak Homes LLC and Alexander Trakhtman violated the Custom Home Protection Act, New Home Deposits Act, and Consumer Protection Act by taking millions of dollars from consumers to construct new homes that they either never completed or failed to complete in a workmanlike manner. Respondents Trak Homes LLC and Alexander Trakhtman also unlawfully failed to (i) secure deposits and advance payments collected from consumers, (ii) hold money in trust for the benefit of consumers, (iii) pay subcontractors, and/or (iv) refund deposits and advance payments which should have been remitted to consumers.

3. Respondents Trak Homes LLC, Alexander Trakhtman and Regina Trakhtman violated the Consumer Protection Act by taking thousands of dollars from consumers to perform home improvement services that they either never completed or failed to complete in a workmanlike manner. Respondents also unlawfully (i) failed to provide promised home improvement goods and services, (ii) failed to use the deposits for the consumers' home improvement projects, (iii) deprived consumers of their purchased home improvements, and (iv) failed to provide refunds to consumers.

4. For these reasons, the Division seeks a cease-and-desist order and payment of monetary relief from Respondents including restitution, economic damages for consumers, and civil penalties and costs.

PARTIES

5. Proponent in this proceeding is the Consumer Protection Division (the "Division") of the Office of the Attorney General. This proceeding is brought by Proponent to redress past

violations and to prevent future violations by Respondents Trak Homes LLC and Alexander Trakhtman of the Custom Home Protection Act (“CHPA”), New Home Deposits Act (“NHDA”), and the Maryland Consumer Protection Act (“CPA”) and violations by Respondents Trak Homes LLC, Alexander Trakhtman, and Regina Trakhtman of the CPA.

6. Respondent Trak Homes LLC, which trades as Zander Homes (“Trak Homes”), is a Maryland limited liability company with its primary place of business in Baltimore County, Maryland. Trak Homes registered with the Maryland State Department of Assessments and Taxation on July 15, 2013. The business’s charter was forfeited on October 16, 2020. On February 9, 2016, Trak Homes submitted a trade name application to the Maryland State Department of Assessments and Taxation to do business in the name of Zander Homes. Registration of the trade name expired February 9, 2021.

7. Trak Homes is a “home builder” and “custom home builder” that, since at least March 12, 2014, and continuing until at least January 1, 2019, undertook to erect or otherwise construct “new homes” and “custom homes” as defined in § 4.5-101 of the Home Builder Registration Act (“HBRA”), Md. Code Ann., Bus. Reg. §§ 4.5-101 through 801, and § 10-501 of the CHPA. Respondent Trak Homes was initially registered with the Home Builder Registration Unit of the Division with Maryland Home Builder Registration No. 7274 in March 2014, and renewed its registration several times, before it expired on June 1, 2020.

8. Trak Homes, as of at least March 8, 2017, and continuing until at least January 1, 2019, undertook to offer and sell “home improvement” goods and services to consumers, as that term is defined in § 8-101 of the Maryland Home Improvement Law (“MHIL”), Md. Code Ann., Bus Reg. §§ 8-101 through 8-802. At all times pertinent hereto, Respondent Regina Trakhtman held a Maryland Home Improvement Commission (“MHIC”) contractor license (contractor license

number 01-113242) to act as a home improvement contractor and Respondent Regina Trakhtman possessed a salesperson license (salesperson license number 05-134306) to sell home improvements in Maryland. These licenses expired in March 2019.

9. Respondent Alexander Trakhtman is a Maryland resident who lives in Reisterstown, Maryland. At all times pertinent hereto, and continuing until at least January 1, 2019, Respondent Alexander Trakhtman was the owner, president, and principal of Trak Homes and was responsible for the company's new home building and home improvement operations in the State of Maryland. Alexander Trakhtman knew or should have known of the unfair and deceptive trade practices alleged herein; possessed the authority to control the policies and trade practices of Trak Homes that are alleged to be unfair and deceptive; participated in the alleged unfair and deceptive trade practices that are described herein; directed or supervised those employees who participated in the alleged unfair and deceptive trade practices that are described herein; and had the power to stop the alleged unfair and deceptive trade practices, but rather than stopping them, promoted their use. As the owner, president, and principal of Trak Homes, Alexander Trakhtman is liable for the unfair and deceptive trade practices committed by Trak Homes because Alexander Trakhtman either personally participated in the acts alleged herein or knew or should have known of the acts alleged herein and had the authority to control the acts alleged herein.

10. Respondent Regina Trakhtman is a Maryland resident who lives in Reisterstown, Maryland. At all times pertinent hereto, and continuing until at least January 1, 2019, Respondent Regina Trakhtman was an authorized agent of, and the sole MHIC contractor and salesperson license holder for, Trak Homes and was responsible for the company's home improvement operations in the State of Maryland. Regina Trakhtman knew or should have known of the unfair and deceptive trade practices alleged herein; possessed the authority to control the policies and

trade practices related to the offer and sale of home improvement goods and services by Trak Homes and was responsible for overseeing the Trak Homes employees who offered, sold and performed home improvement goods and services; and, at all relevant times, had the power to stop the alleged unfair and deceptive trade practices related to the offer, sale and performance of home improvement goods and services, but failed to stop them. As an authorized agent of, and the sole MHIC contractor and salesperson license holder for, Trak Homes, Regina Trakhtman is liable for the unfair and deceptive trade practices committed by Trak Homes because Regina Trakhtman either personally participated in the acts alleged herein or knew or should have known of the acts alleged herein and had the authority to control the acts alleged herein.

STATEMENT OF FACTS

New Home Contracts

11. Trak Homes is a “home builder” and “custom home builder” that, since at least March 12, 2014, undertook to erect or otherwise construct “new homes” and “custom homes” as defined in § 4.5-101 of the HBRA and § 10-501 of the CHPA.

12. Respondent Trak Homes entered into contracts with Maryland consumers to build new homes, including custom homes, in the State of Maryland, with Respondent Alexander Trakhtman signing or otherwise serving as the designated signatory on those contracts.

13. The contracts that Respondents Trak Homes and Alexander Trakhtman entered into with consumers contained statutorily prohibited terms or omitted material disclosures.

14. Some of the contracts Respondents Trak Homes and Alexander Trakhtman entered into with consumers failed to include statutorily required notices and disclosures. For example, some contracts failed to include a draw schedule to demonstrate how consumer money was to be

released to Trak Homes and a list of primary subcontractors that Trak Homes anticipated would be working on the project.

15. Some of the contracts Respondents Trak Homes and Alexander Trakhtman provided to consumers included language prohibiting contact with subcontractors. Respondents provided contracts to consumers that state, “ACCESS. . . . Notwithstanding the foregoing, Purchaser may visit the Lot and improvement upon scheduling such a visit with a duly authorized agent of Contractor. However, it is understood that at no time during such visit, or at any other time, shall Purchaser give written or verbal instructions, orders, directions, or questions to Contractor's . . . subcontractors, nor shall the Purchaser engage any other contractor or subcontractor without Contractor's prior written consent. Purchaser shall direct any inquiries or concerns directly to Contractor's agent or customer service representative. . . .”

16. Respondents Trak Homes and Alexander Trakhtman entered into contracts with consumers that contained provisions precluding the buyer's right to obtain consequential damages.

17. Respondents Trak Homes and Alexander Trakhtman induced consumers to pay money to Trak Homes by promising to construct homes for them in a workmanlike and timely manner in accordance with their contracts and the warranties implied by law. Trak Homes, however, failed to complete consumers' new homes or failed to provide consumers with a new home built in a workmanlike manner.

18. Respondents Trak Homes and Alexander Trakhtman collected advance payments, including deposits and other consideration, from consumers, or from construction loan mortgagees paid on consumers' behalf, in connection with contracts to construct the new homes.

19. Respondents Trak Homes and Alexander Trakhtman collected certain advance payments from consumers that exceeded 5% of the home purchase price.

20. Respondents Trak Homes and Alexander Trakhtman deposited the advance payments in an account controlled by them, for which Alexander Trakhtman was the sole signatory. The account was not an escrow account as required by Maryland law and was, in fact, a general operating account.

21. Respondents Trak Homes accepted deposits and other advance payments in excess of 5% of the home purchase price in the form of a check or draft in the name of Zander Homes or Trak Homes, not in the name of an escrow account.

22. Respondents Trak Homes and Alexander Trakhtman failed to place or maintain deposits and other consideration paid by consumers to Trak Homes in an escrow account, or otherwise obtain a surety bond or irrevocable letter of credit to protect the deposits and other consideration paid.

23. Respondents Trak Homes and Alexander Trakhtman represented to consumers, expressly or impliedly, that they would hold consumers' payments in trust for the benefit of the consumers when in fact they instead misappropriated consumers' payments.

24. Respondents Trak Homes and Alexander Trakhtman used money paid by consumers for their custom home projects to pay for expenses not related to, or in connection with, the consumers' custom home contracts.

25. Respondents Trak Homes and Alexander Trakhtman represented to consumers, expressly or impliedly, that they were in compliance with Maryland law, including the CHPA, NHDA and CPA, when, in fact, they were not in compliance with these laws.

26. Respondents Trak Homes and Alexander Trakhtman received substantial progress payments from consumers or from construction loan mortgagees on consumers' behalf. Respondents Trak Homes and Alexander Trakhtman failed to use the progress payments to

complete the work and pay the subcontractors, suppliers, and materialmen within a reasonable period after receipt of payment from or on behalf of consumers.

27. Respondents Trak Homes and Alexander Trakhtman represented to consumers that they would provide the consumers a list of subcontractors, suppliers, or materialmen who provided more than \$500 of goods or services within thirty (30) days of any progress payment and indicate which of them had been paid by Trak Homes but, in fact, did not do so.

28. Respondents Trak Homes and Alexander Trakhtman represented to consumers that they would provide the consumers with waivers of liens from all subcontractors, suppliers, or materialmen within fifteen (15) days and/or within a reasonable time after the final payment for the goods or services they provided, but, in fact, did not do so.

29. Some consumers who purchased custom homes received lien notices from subcontractors seeking payment for work that had been completed and for which consumers had directly or indirectly paid Respondents Trak Homes and Alexander Trakhtman.

30. Respondents Trak Homes and Alexander Trakhtman failed to complete homes and, after stopping work, did not refund the deposits and other advance payments made by consumers for construction of their homes.

31. Respondents Trak Homes and Alexander Trakhtman did not inform consumers that their money would not be held in trust for the benefit of the consumer.

32. Respondents Trak Homes and Alexander Trakhtman did not inform consumers that their money would not be used for their benefit.

33. Respondents Trak Homes and Alexander Trakhtman did not inform consumers that they would not refund their deposits and advance payments.

34. The misrepresentations made by Trak Homes and Alexander Trakhtman had the capacity to mislead consumers and, in fact, did mislead consumers.

35. Respondents Trak Homes and Alexander Trakhtman failed to disclose facts to consumers that were material to consumers and their omission deceived or tended to deceive consumers.

36. Respondent Alexander Trakhtman has now closed Trak Homes and has no intention of providing consumers with the new homes they represented they would provide the consumers.

37. Respondents Trak Homes and Alexander Trakhtman collected thousands of dollars in deposits from consumers for work they never performed or never completed.

38. Respondents Trak Homes and Alexander Trakhtman's illegal new home building practices set forth above, including taking substantial advance payments from consumers that they failed to hold in trust, and instead, misappropriated for their own uses, caused substantial injury to consumers. Consumers could not reasonably avoid the injuries caused by Respondents Trak Homes and Alexander Trakhtman in that they did not know Trak Homes and Alexander Trakhtman were acting illegally and would wrongfully convert their payments. The illegal practices did not provide any benefit to consumers or competition.

Home Improvement Contracts

39. Respondents Trak Homes, Regina Trakhtman, and Alexander Trakhtman offered and sold goods or services to consumers the purpose of which is to alter, convert, improve, modernize, remodel, repair, or replace part of their residential dwellings, and were thus home improvement goods and/or services as defined in MHIL § 8-101(g).

40. Pursuant to Md. Code Ann., Bus. Reg. § 8-301(a), persons such as the Respondents must have a contractor license issued by the MHIC before acting as a home improvement contractor.

41. Similarly, pursuant to Md. Code Ann., Bus. Reg. § 8-301(c), a person must possess a salesperson or contractor license issued by the MHIC before they can sell home improvement goods and services in Maryland.

42. Respondent Regina Trakhtman took and passed the examination required to become a licensed home contractor. Respondent Regina Trakhtman submitted an application to the MHIC for a home improvement contractor license and indicated on the application that she would do business under the name Trak Homes, LLC, d/b/a Zander Homes.

43. On the application, Respondents Regina Trakhtman and Alexander Trakhtman leveraged all of their joint personal and/or real property as security in the event of default by the applicant, Respondent Regina Trakhtman, as the holder of the license for Respondent Trak Homes.

44. On the application, Respondent Regina Trakhtman acknowledged that she, the licensed home improvement contractor, had an obligation to ensure that all salespersons hired by her be licensed by the MHIC.

45. In March 2017, Respondent Regina Trakhtman was granted a home improvement contractor's license (contractor license number 01-113242) by the MHIC and also became licensed as the company's sole home improvement salesperson (salesperson license number 05-134306).

46. Respondents obtained liability insurance to insure Respondents Regina Trakhtman and Trak Homes.

47. Respondent Alexander Trakhtman never possessed a contractor or salesperson license.

48. Respondent Alexander Trakhtman and at least one other unlicensed sales representative, acting as agents for Respondents Regina Trakhtman and Trak Homes, met with consumers and offered and sold them home improvement goods and services without a home improvement salesperson's license, despite being required to be individually licensed under the MHIL.

49. Respondents Regina Trakhtman and Trak Homes entered into contracts with consumers promising to perform home improvement services and supply home improvement goods, including repairing or remodeling kitchens, bathrooms, basements, and patios and performing various other improvements to consumers' homes. Despite not holding a salesperson license, Respondent Alexander Trakhtman, acting as the agent for Respondents Regina Trakhtman and Trak Homes, signed the contracts with the consumers.

50. Respondents Trak Homes and Regina Trakhtman persisted in their use of unlicensed sales representatives to sell home improvement services from March 8, 2017, until at least January 1, 2019, a total of 665 days.

51. The contract forms that home improvement contractors use in Maryland are regulated by the MHIC. To the extent any contract for a home improvement is entered into with a Maryland consumer, the contract must comply with the requirements set forth by the MHIL.

52. Respondents failed to include in their contracts statutorily required disclosures. For example, the contracts failed to include the name and license number of each salesperson who solicited the home improvement contract or sold the home improvement, and/or a notice that states that each contractor and subcontractor must be licensed by the MHIC.

53. Respondents attempted to induce consumers to enter into contracts and pay money to Trak Homes by (i) obtaining a contractor license for Trak Homes, (ii) placing that license

number on the home improvement contracts to make the transaction appear legitimate to consumers, (iii) representing to consumers, expressly or impliedly, that Trak Homes was able to pay its debts as they matured, and had the resources necessary to complete the home improvement projects, (iv) expressly representing to consumers that they would promptly pay subcontractors and provide the consumers with a lien release, and (v) promising to provide home improvements to them in a workmanlike and timely manner in accordance with their contracts.

54. Respondents induced consumers to enter into contracts and pay money to Trak Homes to perform home improvement projects under the license held by Respondent Regina Trakhtman. However, Respondents failed to complete home improvement projects, failed to begin home improvement projects and failed to use the money they received from consumers for the consumers' projects and promised work. Additionally, Respondents did not pay subcontractors, which resulted in at least one mechanic's lien being filed against a consumer by an unpaid contractor. Further, after failing to begin the home improvement or after stopping work, Respondents did not refund the deposits and other advance payments made by consumers for the work.

55. Respondents' misrepresentations regarding their license status, their willingness and ability to commence or provide consumers' home improvement goods and services, and how consumers' payments would not be used toward their home improvement projects, were capable of misleading, and, in fact, did mislead consumers.

56. Respondents' failure to disclose to consumers their lack of a required home improvement salesperson's license, their unwillingness and/or inability to provide the promised home improvement goods and services, and their failure to include required notices and language

in their contracts, are facts that were material to consumers' decisions to hire the Respondents, the omission of which tended to deceive and deceived consumers.

57. Respondents' illegal offer and sale of home improvement goods and services set forth above, including taking substantial payments from consumers for home improvement goods and services that they failed to provide and depriving consumers of the benefits of their purchased home improvement goods and services caused substantial injury to consumers. Consumers could not reasonably avoid the injuries caused by Respondents in that they did not know that the Respondents were acting illegally and would wrongfully convert their payments. The illegal practices did not provide any benefit to consumers or competition.

**COUNT I - VIOLATIONS OF THE CUSTOM HOME PROTECTION ACT BY
RESPONDENTS TRAK HOMES AND ALEXANDER TRAKHTMAN**

58. The Division incorporates paragraphs 1 through 57 as if they were fully alleged herein.

59. Respondents Trak Homes and Alexander Trakhtman entered into "custom home contracts" with consumers for the construction of "custom home[s]" as defined in CHPA §10-501.

60. Respondents Trak Homes and Alexander Trakhtman accepted deposits and other advance payments in excess of 5% of the home purchase price in the form of a check or draft in the name of Zander Homes or Trak Homes, rather than in the name of the escrow account into which the payments should have been deposited, in violation of CHPA § 10-504.

61. Respondents Trak Homes and Alexander Trakhtman failed to place or maintain deposits and other consideration in excess of 5% of the home purchase price paid by consumers to Trak Homes in an escrow account and failed to obtain a surety bond or an irrevocable letter of credit to protect the deposits and other consideration paid in violation of CHPA § 10-504.

62. Respondents Trak Homes and Alexander Trakhtman breached the trust for the benefit of the buyer created by CHPA §§ 10-502 and 10-503 by failing to pay subcontractors and/or suppliers within a reasonable period after receipt of payment from consumers and by misappropriating the money paid to consumers to Trak Homes.

63. Respondents Trak Homes and Alexander Trakhtman failed to include in their contracts for custom homes the statutorily required disclosures and provisions, such as a draw schedule to demonstrate how consumer money was to be released to Respondents Trak Homes and Alexander Trakhtman, and a list of primary subcontractors that Respondents Trak Homes and Alexander Trakhtman anticipated would be working on the project, in violation of CHPA § 10-505.

64. The above-stated violations of the CHPA constitute unfair or deceptive trade practices under the CPA, pursuant to CHPA § 10-507(a).

COUNT II – VIOLATIONS OF THE NEW HOME DEPOSITS ACT BY TRAK HOMES AND ALEXANDER TRAKHTMAN

65. The Division incorporates paragraphs 1 through 64 as if they were fully alleged herein.

66. Respondents Trak Homes and Alexander Trakhtman failed to place and maintain deposits and other consideration paid by consumers in an escrow account and failed to obtain a surety bond or an irrevocable letter of credit to protect the deposits and other consideration paid, in violation of NHDA § 10-301.

67. Respondents Trak Homes and Alexander Trakhtman breached the trust created for the benefit of the buyer by NHDA § 10-301.1 by failing to pay subcontractors and/or suppliers within a reasonable period after receipt of payment from consumers, and by misappropriating the money paid by consumers to Trak Homes.

68. Each violation of the NHDA stated above is also an unfair or deceptive trade practice prohibited by the CPA, pursuant to NHDA § 10-305(b).

COUNT III – VIOLATIONS UNDER THE CONSUMER PROTECTION ACT BY TRAK HOMES AND ALEXANDER TRAKHTMAN

69. The Division incorporates paragraphs 1 through 68 as if they were fully alleged herein.

70. The new home building services Respondents Trak Homes and Alexander Trakhtman offered and sold consumers are consumer goods and services pursuant to § 13-101(d)(1) of the CPA because they are used for personal, family, or household purposes.

71. Respondents Trak Homes and Alexander Trakhtman acted as merchants as defined by § 13-101(g)(1) of the CPA.

72. Respondents Trak Homes and Alexander Trakhtman engaged in unfair and deceptive trade practices in connection with the offer or sale of consumer goods and services that are generally prohibited by §§13-301 and 13-303 of the CPA.

Deceptive Trade Practices

73. Respondents Trak Homes and Alexander Trakhtman committed deceptive trade practices as defined in CPA § 13-301(13) and prohibited by § 13-303 of the CPA when they entered into contracts with consumers for the construction of custom homes with provisions precluding the buyer's right to obtain consequential damages.

74. Respondents Trak Homes and Alexander Trakhtman made false and misleading statements that had the capacity, tendency, or effect of deceiving or misleading consumers and are deceptive trade practices prohibited by § 13-303 of the CPA, as defined in § 13-301(1) of the CPA, when they entered into contracts with consumers for the construction of custom homes with language implying a false distinction between deposits and other forms of advance payment

subject to statutorily-mandated escrow requirements codified at CHPA § 10-504 and NHDA § 10-301, with such statements having the tendency to mislead consumers into believing that deposits need not be held in escrow.

75. Respondents Trak Homes and Alexander Trakhtman made false and misleading statements, that had the capacity, tendency, or effect of deceiving or misleading consumers, and are deceptive trade practices prohibited by § 13-303 of the CPA, as defined in § 13-301(1) of the CPA, when they: (a) entered into contracts with consumers for the construction of custom homes with provisions prohibiting direct contact with subcontractors, which is inconsistent with the mechanics' lien law disclosure required by CHPA § 10-506(a); (b) misled consumers concerning their willingness and ability to complete the construction of the custom homes in a workmanlike and timely manner; (c) misled consumers concerning their ability to protect their payments; and (d) misled consumers concerning their compliance with Maryland law.

76. Respondents Trak Homes and Alexander Trakhtman failed to state material facts, the omission of which deceived or tended to deceive consumers, in each instance constituting a deceptive trade practice prohibited by § 13-303 of the CPA, as defined in § 13-301(3) of the CPA when they failed to inform consumers that Respondents Trak Homes and Alexander Trakhtman: (a) would not protect their payments and deposits in an escrow account or with a surety bond or an irrevocable letter of credit; (b) would not hold their payments and deposits in trust; (c) would not timely pay subcontractors and suppliers; (d) would not provide an appropriate list of subcontractors after each progress payment; (e) would not provide waivers of liens; and (f) would misappropriate consumer money paid to Trak Homes.

Unfair Trade Practices

77. In their offer and sale of new home goods and services to consumers, Respondents Trak Homes and Alexander Trakhtman engaged in unfair trade practices.

78. Respondents Trak Homes and Alexander Trakhtman's illegal new home building practices have caused and are likely to continue to cause substantial injury to consumers.

79. Consumers who purchased Respondents Trak Homes and Alexander Trakhtman's goods and services could not have known that Respondents Trak Homes and Alexander Trakhtman were violating Maryland law or that they would not provide the purchased new home building goods and services and, therefore, could not reasonably avoid their injuries.

80. The injuries that consumers have suffered as a result of the Respondents Trak Homes and Alexander Trakhtman's acts and omissions are not offset by any benefit to consumers or to competition and are unfair trade practices that violate § 13-303 of CPA.

**COUNT IV – VIOLATIONS UNDER THE CONSUMER PROTECTION ACT
BY RESPONDENTS TRAK HOMES, REGINA TRAKHTMAN
AND ALEXANDER TRAKHTMAN**

81. The Division incorporates paragraphs 1 through 80 as if they were fully alleged herein.

82. Respondents Trak Homes, Regina Trakhtman and Alexander Trakhtman's practices, as set forth above, constitute unfair and deceptive trade practices in the sale and offer for sale of consumer goods and services that violate the Consumer Protection Act.

83. The home improvement goods and services that Respondents Trak Homes, Regina Trakhtman and Alexander Trakhtman offered and sold to consumers are consumer goods and services pursuant to § 13-101(d)(1) of the CPA because they are used for personal, family, or household purposes.

84. Respondents Trak Homes, Regina Trakhtman and Alexander Trakhtman acted as merchants as defined by § 13-101(g)(1) of the CPA.

85. Respondents Trak Homes, Regina Trakhtman and Alexander Trakhtman engaged in unfair and deceptive trade practices in connection with the offer, sale and performance of consumer goods and services that are generally prohibited by §§ 13-301 and 13-303 of the CPA.

Deceptive Trade Practices

86. Respondents Trak Homes, Regina Trakhtman and Alexander Trakhtman made false and misleading statements that had the capacity, tendency, or effect of deceiving or misleading consumers and are deceptive trade practices prohibited by § 13-303 of the CPA, as defined in § 13-301(1) of the CPA, when they made misrepresentations regarding (a) their licensure status; (b) their willingness and ability to provide promised home improvement goods and services; and (c) their willingness and ability to protect consumers' deposits and payments and their having sufficient working capital to timely complete the home improvements.

87. Respondents Trak Homes, Regina Trakhtman and Alexander Trakhtman misrepresented their status when they held out Respondent Alexander Trakhtman and at least one other salesperson as licensed home-improvement salespersons, when they were not in fact licensed, which constitutes a deceptive trade practice prohibited by § 13-303 of the Consumer Protection Act, as defined in § 13-301(2)(ii) of the Consumer Protection Act.

88. Respondents Trak Homes, Regina Trakhtman and Alexander Trakhtman misrepresented their financial status when they held Respondent Trak Homes out as possessing sufficient working capital to timely complete the home improvements, when it did not in fact possess sufficient working capital, which constitutes a deceptive trade practice prohibited by § 13-303 of the Consumer Protection Act, as defined in § 13-301(2)(ii) of the Consumer Protection Act.

89. Respondents Trak Homes, Regina Trakhtman and Alexander Trakhtman failed to state material facts, the omission of which deceived or tended to deceive consumers, and are deceptive trade practices prohibited by § 13-303 of the CPA, as defined in § 13-301(3) of the CPA, when they failed to inform consumers that Respondents: (a) were not properly licensed; (b) did not possess sufficient working capital to timely complete their projects; (c) would not protect their payments and deposits and use them for their projects; and (d) would misappropriate consumers' deposits and other payments made to Trak Homes.

Unfair Trade Practices

90. Respondents Trak Homes, Regina Trakhtman and Alexander Trakhtman engaged in unfair trade practices in their offer and sale of home improvement goods and services to consumers in violation of § 13-303 of the CPA.

91. Respondents Trak Homes, Regina Trakhtman and Alexander Trakhtman's practice of collecting deposits but failing to provide promised home improvement goods and services, failing to use the deposits for the consumers' home improvement projects, depriving consumers of their purchased home improvements, and failing to provide refunds to consumers, has caused substantial injury to consumers.

92. Consumers who purchased Respondents' goods and services could not have known that Respondents would take their payments, not provide the promised goods and services, not use the payments for their projects and not provide refunds and, therefore, could not reasonably avoid their injuries.

93. The injuries that consumers have suffered as a result of Respondents' actions are not offset by any benefit to consumers and are unfair trade practices that violate § 13-303 of the CPA.

CLAIM FOR RELIEF

94. By violating the CHPA, NHDA, and CPA, Respondents Trak Homes and Alexander Trakhtman are subject to a cease-and-desist order and are liable for restitution to consumers who contracted for new homes, economic damages, civil penalties, and costs pursuant to the CPA §§ 13-402, 13-403, 13-409, and 13-410.

95. By violating the CPA, Respondents Trak Homes, Regina Trakhtman and Alexander Trakhtman are subject to a cease-and-desist order and are liable for restitution to consumers who contracted for home improvement goods and services, economic damages, civil penalties, and costs pursuant to the CPA §§ 13-402, 13-403, 13-409, and 13-410.

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

1. requiring Respondents Trak Homes and Alexander Trakhtman to cease and desist from violating the CHPA and NHDA;
2. requiring Respondents Trak Homes, Regina Trakhtman and Alexander Trakhtman to cease and desist from engaging in unfair or deceptive trade practices in violation of the CPA;
3. requiring Respondents Trak Homes and Alexander Trakhtman to take affirmative action, including paying restitution of all moneys they collected for goods and services in connection with their unfair or deceptive practices in offering, selling and providing new homes;
4. requiring Respondents Trak Homes, Regina Trakhtman and Alexander Trakhtman to take affirmative action, including paying restitution of all moneys they collected

for goods and services in connection with their unfair or deceptive practices in offering, selling and providing home improvements;

5. requiring Respondents Trak Homes, Regina Trakhtman and Alexander Trakhtman to pay the costs of this proceeding, including the costs of investigation;
6. requiring Respondents Trak Homes, Regina Trakhtman and Alexander Trakhtman to pay a suitable civil penalty of \$10,000 per violation pursuant to § 13-410 of the CPA; and
7. granting such other and further relief as is appropriate and necessary.

Respectfully submitted,



Thornton S. McKinney, III
Assistant Attorney General
(410) 576-6988



Karen M. Valentine
Assistant Attorney General
Consumer Protection Division
Office of the Attorney General
200 St. Paul Place, 16th Floor
Baltimore, MD 21202
(410) 576-6306