

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

Proponent,

v.

CHRISTOPHER AARON ENGEL
17 Wood St.
Woodsboro, MD 21798,

KAROL ENGEL
4313 Serpentine Road
Middletown, MD 21769,

MATTHEW R. DIHEL
10682 Sunburst Dr., Unit D
Waynesboro, PA 17268,

URBANA CUSTOM DÉCOR LIMITED
LIABILITY COMPANY
3650 Holborn Place
Frederick, MD 21704,

FARMSTEAD CUSTOM FURNITURE LLC
18 Miller Alley
Thurmont, MD 21788,

and

MOCHA FURNITURE LIMITED
LIABILITY COMPANY
18 Miller Alley
Thurmont, MD 21788,

Respondents.

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

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* CPD Case No. 22-010-351864
* OAH Case No. _____

Office of the Attorney General
Consumer Protection Division

FILED

APR 29 2022

ADMINISTRATIVE HEARING PROCESS

STATEMENT OF CHARGES

The Consumer Protection Division of the Office of the Attorney General of Maryland institutes this proceeding on behalf of the State of Maryland to enjoin Christopher Engel, Karol

Engel, Matthew Dihel, MOCHA Furniture Limited Liability Company (“MOCHA”), Urbana custom décor Limited Liability Company (“Urbana”), and Farmstead Custom Furniture LLC (“Farmstead”) (collectively, the “Respondents”) from engaging in unfair or deceptive trade practices in the course of offering and selling consumer goods, and to obtain relief for Maryland consumers victimized by Respondents’ unfair or deceptive trade practices:

Respondents have advertised, offered, and sold custom furniture to Maryland consumers. In connection with this business, Respondents have violated, and continue to violate, Maryland’s Consumer Protection Act (“CPA”), Md. Code Ann., Com. Law §§ 13-101, through 13-501 (2013 Rep. Vol. and 2021 Supp.), by collecting consumer deposits and payments then failing to provide ordered furniture or providing furniture that is not what consumers ordered, then refusing to pay timely refunds to injured consumers.

THE PARTIES

1. The Proponent in this proceeding is the Consumer Protection Division of the Office of the Attorney General of Maryland. The Proponent brings this proceeding to redress Respondents’ past and present violations, and to prevent any future violations by them, of the Maryland Consumer Protection Act, which prohibits unfair, abusive, or deceptive trade practice in the sale, or offer for sale, of consumer goods. *See* CPA § 13-301.

2. Respondent Urbana custom décor Limited Liability Company is a limited liability company organized under the laws of the State of Maryland that lists the address for its principal office as 3650 Holborn Place, Frederick, Maryland 21704. Urbana was registered with the Maryland State Department of Assessments and Taxation (“SDAT”) on December 11, 2019. Karol Engel signed the Articles of Organization as the Authorized Person and the Resident Agent. Urbana cancelled its registration with SDAT on November 20, 2020. The Articles of Cancellation

designated Karol Engel as the member chosen to wind up the company. Karol Engel also signed the Article of Cancellation as the company's authorized person and resident agent.

3. Respondent Farmstead Custom Furniture LLC is a limited liability company organized under the laws of the State of Maryland that lists the address for its principal office as 18 Miller Alley, Thurmont, Maryland 21788. Farmstead was registered with SDAT on August 5, 2020. Karol Engel signed the Articles of Organization as an Authorized Person and is designated as its Resident Agent. Farmstead cancelled its registration with SDAT on March 9, 2021. The Articles of Cancellation designated Chris Engel as the member chosen to wind up the company. Chris Engel also signed them as the authorized person, and Karol Engel signed as the resident agent.

4. Respondent MOCHA Furniture Limited Liability Company is a limited liability company organized under the laws of the State of Maryland that lists the address for its principal office as 18 Miller Alley, Thurmont, Maryland 21788. MOCHA registered its organization with SDAT on March 22, 2021, with Chris Engel as its Authorized Person and Registered Agent.

5. Respondent Christopher Aaron Engel resides at 17 Wood St., Woodsboro, Maryland 21798. Chris Engel directly participated in the unfair or deceptive trade practices described herein, and at all times pertinent hereto was a controlling owner and an officer of Urbana, Farmstead, and MOCHA (the "Companies"). As an owner and/or officer of the Companies, Chris Engel is liable for violations of the CPA committed by the Companies because he possessed and exercised the authority to control their policies and trade practices; was responsible for creating and implementing the alleged unfair or deceptive trade practices described herein; participated in the alleged unfair or deceptive trade practices described herein; directed or supervised employees of the Companies who participated in the alleged unfair or deceptive trade practices described

herein; or knew or should have known of the unfair or deceptive trade practices described herein and had the power to stop them, but rather than stopping them, promoted their use.

6. Respondent Karol Engel resides at 3650 Holborn Place Frederick, Maryland 21704. Chris Engel and Karol Engel are husband and wife. Karol Engel directly participated in the unfair or deceptive trade practices described herein, and at all times pertinent hereto was a controlling owner and/or officer of Urbana and a controlling officer of Farmstead. Karol Engel is liable for violations of the CPA committed by Urbana and Farmstead because she possessed and exercised the authority to control the policies and trade practices of Urbana and Farmstead; was responsible for creating and implementing the alleged unfair or deceptive trade practices described herein pertaining to Urbana and Farmstead; participated in the alleged unfair or deceptive trade practices described herein pertaining to Urbana and Farmstead; directed or supervised the employees of Urbana and Farmstead who participated in the alleged unfair or deceptive trade practices described herein; or knew or should have known of the unfair or deceptive trade practices described herein pertaining to Urbana and Farmstead and had the power to stop them, but rather than stopping them, promoted their use.

7. Respondent Matthew Dihel resides at 10682 Sunburst Drive, Unit D, Waynesboro, Pennsylvania 17268. Matthew Dihel directly participated in the unfair or deceptive trade practices alleged herein, and at all times pertinent hereto was an owner and an officer of MOCHA. As an owner and officer of MOCHA, Mr. Dihel is liable for violations of the CPA committed by MOCHA because he possessed and exercised the authority to control the policies and trade practices of MOCHA; was responsible for creating and implementing the alleged unfair or deceptive trade practices described herein pertaining to MOCHA; participated in the alleged unfair or deceptive trade practices described herein pertaining to MOCHA; directed or supervised the

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

STATEMENT OF FACTS

8. From on or about December 2019 through the present, Chris Engel has owned and controlled a series of companies that have offered for sale, among other things, custom furniture. Each of these companies has taken deposits or other payments from consumers, then failed to deliver the promised furniture, or delivered furniture that was different from that which was promised, while refusing to provide refunds to aggrieved consumers.

9. Chris and Karol Engel started the first of these companies, Urbana, in or about the winter of 2019. Karol Engel, who was designated on the Articles of Organization as the company's Authorized Person and Resident Agent, executed contracts with consumers on Urbana's behalf; the signature line on the Urbana contracts was for "Owner-Karol Engel (Urbana Custom Décor)." Chris Engel interacted with consumers and took their orders.

10. In the months after Urbana was founded, Urbana and the Engels entered into numerous contracts with consumers, took sizeable deposits for those orders, and then failed to deliver the promised furniture. When consumers inquired or complained that their furniture was not delivered by the date promised in the contract (or that Chris Engel otherwise promised), the Engels would provide misleading excuses and explanations. When the Engels did provide furniture to certain consumers, that furniture was different and/or was of poorer quality than what was ordered and promised. When consumers requested refunds, the Engels and Urbana failed to provide them.

11. Attempting to avoid harmed consumers, and to deceive new consumers into contracting with them, on or about February 2020, the Engels began doing business under the name Farmstead without telling their prior customers about the name change for their business. Farmstead was not registered as a company with SDAT until August 2020. Karol Engel was listed as its authorized person and registered agent.

12. Urbana's Articles of Cancellation, which were not filed until November 30, 2020, and were signed by Karol Engel, who was also designated as the person responsible for winding up the company, falsely stated that Urbana had no known creditors, when in fact it owed deposits or furniture to numerous consumers.

13. Now acting under the name Farmstead, which was not a "new" company in any sense other than its name, from approximately February 2020 to March 2021, Chris Engel continued the practice of taking orders, deposits, and payments for furniture, then failing to provide consumers with promised furniture or refunds.

14. When consumers requested updates on the progress of their orders, or explanations for why their furniture was not delivered on the promised date, Chris Engel would at times string consumers along for months, providing deceptive excuses, or misleadingly telling consumers that their furniture was almost ready, but then never delivering it. When Chris Engel did provide furniture to certain consumers, the furniture was different and/or or was of poorer quality than what was ordered and promised. On occasion, Chris Engel promised to provide refunds to angry consumers, then failed to do so.

15. Then, on or about March 2021, in another attempt to avoid responsibility for having deceived consumers whose money he took without providing them with the products they ordered, Chris Engel again changed the name of his business, this time to MOCHA. Once again, MOCHA

was not a new company in any meaningful sense—it even shared the same address as Farmstead. In fact, it was the continuation of the same enterprise as Urbana and Farmstead, each of which was a part of Chris Engel’s ongoing scheme to deceive consumers.

16. As with the change from Urbana to Farmstead, Chris Engel again failed to inform Farmstead consumers to whom he owed furniture or refunds of the name change to MOCHA, leaving those consumers to find out for themselves, if at all, that Chris Engel had shut down Farmstead, abandoned its internet presence, and cut off its phone. As with Urbana, the Articles of Cancellation for Farmstead, which were signed by both Chris and Karol Engel, falsely claimed that the company had no known creditors, when the company in fact had numerous consumers to whom it owed furniture or refunds.

17. When certain consumers found out and then contacted Chris Engel about the company’s name change, he told some of them, deceptively, that he did not own or control MOCHA, often misleadingly claiming it to be a brand-new company with different ownership. The truth was that Chris Engel has always owned and controlled MOCHA, along with Mr. Dihel, who is a minority owner.

18. Chris Engel also told numerous Farmstead consumers that he could not or would not pay them refunds, claiming that neither Farmstead nor he had any funds to do so, that Farmstead was or would soon be placed in bankruptcy, and that MOCHA owed them nothing. Although he told some consumers to whom he owed furniture or a refund that, although it was not obligated to, MOCHA would complete their orders, many of these consumers still have never received any furniture or a refund.

19. Over 2021 through the present, Chris Engel, now with Mr. Dihel as his partner and co-owner, has continued the pattern of taking orders from consumers and not fulfilling them or

providing refunds. As was the case with the prior companies, through MOCHA Chris Engel has offered custom furniture to consumers with promised delivery dates that are not met; when consumers follow up about the progress of their orders, Chris Engel falsely strings them along telling them that the furniture will be delivered, when it never is; and Chris Engel either refuses to provide owed refunds or promises to provide refunds that are never paid.

20. Now, just recently, Chris Engel has told numerous MOCHA consumers that they will not be getting their furniture because MOCHA does not have the resources to produce it, and that they should pursue chargebacks with their banks because MOCHA, despite having taken deposits and payments from them, does not have the funds to pay owed refunds.

21. Chris Engel is personally liable for the unfair and deceptive trade practices committed by him and the agents, servants or employees of Urbana, Farmstead, and MOCHA, due to his own personal participation in the unfair or deceptive trade practices committed, and/or because he knew or should have known about the unfair and deceptive trade practices and had the authority to stop them, but rather than stopping them, promoted their use.

22. Karol Engel is responsible for the unfair and deceptive trade practices committed by her and the agents, servants and/or employees of Urbana and Farmstead, due to her own personal participation in the unfair or deceptive trade practices committed or because she knew or should have known about the unfair and deceptive trade practices and had the authority to stop them, but rather than stopping them, promoted their use.

23. Mr. Dihel is personally liable for the unfair and deceptive trade practices committed by him and the agents, servants, or employees of MOCHA, due to his own personal participation in the unfair or deceptive trade practices committed, and/or because he knew or should have known

about the unfair and deceptive trade practices and had the authority to stop them, but rather than stopping them, promoted their use.

VIOLATIONS OF THE CONSUMER PROTECTION ACT

24. The Division incorporates paragraphs 1 through 23 as if they were fully alleged herein.

25. Respondents' 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.

26. The goods Respondents offer and sell to consumers are consumer goods pursuant to §13-101(d)(1) of the CPA because they are used for personal, family, or household purposes.

27. Respondents are merchant as defined by §13-101(g)(1) of the CPA.

28. Respondents have engaged in unfair and deceptive trade practices in connection with the offer or sale of consumer goods and services that are generally prohibited by §13-303(1), (2) and (3) of the CPA.

Deceptive Trade Practices

29. Respondents made false and misleading statements to consumers that violated the CPA when they misled consumers concerning their willingness or ability to deliver the custom furniture ordered by consumers, their ability to pay refunds owed to consumers, and the relationship between their different companies. These misrepresentations had the capacity, tendency, or effect of deceiving or misleading consumers, and are deceptive trade practices prohibited by § 13-303 of the CPA, as further defined in § 13-301(1) of the CPA.

30. Respondents also violated the CPA when then they failed to state material facts to consumers, as set forth above, that impacted consumers' decisions whether to purchase furniture

from Respondents. Respondents failed to inform consumers that they were either unable or unwilling to deliver the furniture that consumers ordered or that they were unable or unwilling to pay consumers owed refunds. The omission of these facts deceived or would tend to deceive consumers and are deceptive trade practices prohibited by § 13-303 of the CPA, as further defined in § 13-301(3) of the CPA.

Unfair Trade Practices

31. In their offer and sale of goods to consumers, Respondents engaged in unfair trade practices that violated § 13-303 of CPA.

32. Respondents' practice of collecting deposits and failing to deliver ordered furniture has caused, and was likely to continue to cause, substantial injury to consumers.

33. Consumers who purchase the Respondents' goods could not have known that the Respondents would take their payments and not provide the promised goods, and therefore could not reasonably avoid their injuries.

34. And the injuries that consumers have suffered from Respondents' actions are not offset by any benefit to consumers or to competition.

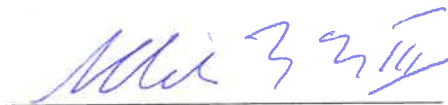
WHEREFORE, the Proponent respectfully requests that the Consumer Protection Division issue an Order:

- A. Requiring Respondents to cease and desist from engaging in unfair or deceptive trade practices in violation of the Maryland Consumer Protection Act, pursuant to Md. Code Ann., Com. Law § 13-406(a);
- B. Requiring Respondents to take affirmative action, including the restitution to Maryland consumers of all moneys that Respondents received in connection with Respondents' unfair or deceptive trade practices and payment of all other economic

damages incurred by these consumers in connection with Respondents' unfair or deceptive trade practices, pursuant to Md. Code Ann., Com. Law § 13-403(b);

- D. Requiring Respondents to pay the costs of this action, including all costs of investigation, pursuant to Md. Code Ann., Com. Law § 13-409;
- E. Requiring Respondents to pay a suitable civil penalty pursuant to Md. Code Ann., Com. Law § 13-410(a);
- F. Holding that all Respondents are jointly and severally liable for the restitution, penalties, costs, and any other sanctions or required payments arising from or related to this action; and
- G. Granting such other and further relief as is appropriate and necessary.

Respectfully submitted,



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