

CONSUMER PROTECTION DIVISION,
OFFICE OF THE ATTORNEY GENERAL,

Proponent,

v.

CHRISTOPHER AARON ENGEL, *et. al.*,

Respondents.

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

*
OAH Case No. OAG-CPD-04-22-11776
*
CPD Case No. 22-010-351864
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* *

FINAL ORDER BY CONSENT

1. The Consumer Protection Division of the Office of the Attorney General (the “Agency” or “Division”)¹ hereby orders 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”) to cease and desist from violating Maryland’s Consumer Protection Act, Md. Code Ann., Com. Law §§ 13-101 to 13-501 (2013 Rep. Vol. and 2021 Supp.), (the “CPA”) and to take affirmative action, pursuant to § 13-403(b)(l) of the CPA, as described herein.

The Proponent’s Allegations

2. From on or about December 2019 through the present, Christopher Engel (“Chris Engel”), with, at different times, Karol Engel and Matthew Dihel, has owned and controlled a

¹ The Consumer Protection Division acting in its capacity as a quasi-judicial agency is referred to herein as the “Agency” or the “Division” while the Consumer Protection Division acting as the Proponent in the instant matter is referred to as “Proponent.”

series of companies that have offered for sale, among other things, custom furniture. Each of these companies—Urbana, Farmstead, and MOCHA—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.

3. Chris and Karol Engel owned and operated the first of these companies, Urbana, beginning in or about the winter of 2019.

4. In the months after it 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 or delivered furniture that 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.

5. 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. Now acting under the name Farmstead, 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.

6. When consumers requested updates on the progress of their orders, or explanations for why their furniture was not delivered on the promised dates, 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 often 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.

7. On or about March 2021, in another attempt to avoid responsibility for having taken consumers' money without providing them with the products they ordered or with refunds they requested, Chris Engel again changed the name of his business, this time to MOCHA. Mr. Dihel was involved in the transition of the company from Farmstead to MOCHA and was aware that Chris Engel and his companies owed numerous consumers unpaid refunds by the time he joined the enterprise.

8. 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.

9. Beginning in 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.

The Respondents' Denials

10. Respondents deny that they have violated the Consumer Protection Act or any other Maryland law.

Application

11. The provisions of this Final Order shall apply to Urbana, Farmstead, and MOCHA,

and their officers, employees, agents, successors, assignees, affiliates, merged or acquired entities, parent or controlling entities, wholly owned subsidiaries, and all other persons acting in concert or in participation with these companies.

12. The provisions shall also apply to Christopher Engel, Karol Engel, and Matthew Dihel, and any of their partners, agents, employees, and assigns, and to any corporation, partnership, sole proprietorship, or other business or business entity in or for which they either currently, or in the future, have an ownership interest, have authority to control, or have the authority to establish policy.

Cease and Desist Provisions

13. The Respondents shall immediately cease and desist from engaging in any unfair or deceptive trade practices in violation of the Maryland Consumer Protection Act in connection with the offer and sale of furniture.

14. The Respondents shall not make any misrepresentations that have the capacity, tendency or effect of misleading any consumer in connection with the offer or sale of furniture.

15. The Respondents shall not fail to state any material fact, the omission of which would deceive or tend to deceive a consumer, in connection with the offer or sale of furniture.

16. The Respondents shall not mislead consumers regarding their ability to cancel or obtain refunds for orders for goods or services.

17. The Respondents shall not sell to consumers any goods that the Respondents do not reasonably expect to be able to deliver within a reasonable time.

18. The Respondents shall not refuse to fully refund payments to consumers for purchased goods or services that the Respondents are unable to deliver within a reasonable time.

19. The Respondents shall provide consumers the opportunity to cancel any order and

get a refund for a good or service if the Respondents are unable to deliver the good or service within a reasonable time of the consumer's purchase.

20. A consumer's election not to cancel and request a refund in response to the notice provided pursuant to the prior paragraph shall not waive the consumer's ability to cancel or get a refund for their order later if the Respondents are unable to deliver the purchased good or service within a reasonable time.

21. Within one (1) week of any cancellation, the Respondents shall refund all payments made by consumers who cancel their orders for any good or service that has not been delivered within a reasonable time.

22. The Respondents shall not mislead consumers concerning the status of their orders.

23. The Respondents shall not mislead consumers concerning the status of the Respondents' business including, but not limited to, representing to a consumer that the Respondents' business has closed when, in fact, it has simply changed its name.

24. The Respondents, upon changing the name of their business, shall inform all of their existing customers of the name change and how the newly-named business may be contacted with regard to the status of any pending orders or refunds.

25. The Respondents shall not take any payments, deposits, or other consideration from consumers in advance of providing an offered good or service unless the Respondents first provide the Agency with a surety bond (the "Bond") in a form acceptable to the Agency in the amount of One Hundred Thousand Dollars (\$100,000.00), and that meets the following conditions:

(a) The Bond shall be issued by a surety licensed to do business in Maryland (the "Surety") and shall provide that the Respondents and the Surety are held and firmly bound to consumers who suffer any damage or loss in connection with any of the Respondents'

failure to provide any purchased good or service.

(b) The Bond shall permit any consumer who suffers any damage or loss in connection with any of the Respondents' failure to provide any purchased good or service to file a claim for the consumer's damage or loss with the Surety and, if the claim is not paid, to bring an action based on the Bond in a court of competent jurisdiction and to recover against the Surety any damage or loss suffered by the consumer in connection with any of the Respondents' failure to provide any purchased good or service, as well as the costs of the legal action.

(c) The Bond shall also permit the Proponent to file a claim with the Surety for any damage or loss suffered by a consumer in connection with any of the Respondents' failure to provide any purchased good or service and, if the claim is not paid, to bring an action based on the Bond in a court of competent jurisdiction and to recover against the Surety any damage or loss suffered by a consumer in connection with any of the Respondents' failure to provide any purchased good or service, as well as the costs of the legal action.

(d) The Bond shall also permit the Proponent to file a claim with the Surety for costs and expenses it incurs in connection with its enforcement of this Final Order and, if the claim is not paid, to bring an action based on the Bond in a court of competent jurisdiction for the costs and expenses incurred by the Proponent in connection with its enforcement of this Final Order.

(e) The Bond posted by the Respondents pursuant to this paragraph shall remain in effect until five (5) years from the date the last claim is made, or if no claims are made, five (5) years from the date it is first posted.

(f) The Respondents shall each provide the Agency with a copy of the Bond and shall

maintain accurate records of all premium payments made on it and claims and payments made from it. Commencing ninety (90) days from the date of the entry of this Final Order and annually thereafter for the duration of the Bond, the Respondents shall provide the Proponent with copies of all such records they maintain concerning the Bond.

(g) If a claim is filed with a Surety by the Proponent, notice shall be given by mailing a copy of the claim to the Respondents. Any notice to the Respondents that is made under this or any other subparagraph shall be made consistent with paragraphs 49 and 50.

26. The Respondents shall include in any contract or other agreement they enter into with consumers for any good or service the following information:

(a) a notice informing consumers of the name, address and telephone number of the surety that provides the bond required under paragraph 25 and informing consumers of their ability to file claims with the surety if they suffer any damage or loss in connection with any of the Respondents' failure to provide any purchased any good or service; and

(b) a notice informing consumers that if they have any complaint concerning any Respondent's failure to provide any purchased good or service, they may contact the Consumer Protection Division at 200 St. Paul Place, 16th Floor, Baltimore, MD 21202; (410) 576-6300 or toll-free: (888) 743-0023.

27. For at least ten (10) years from the date of this Final Order, the Respondents shall maintain records concerning all orders for furniture, all cancelations or refunds requested or given, all consumer chargebacks, and all payments Respondents accept for furniture. The Respondents shall produce to the Proponent upon request the documents that they must maintain pursuant to this paragraph.

Restitution

28. Pursuant to the terms contained in paragraphs 28 through 40 below, the Respondents shall pay restitution to the Division equal to the sum of all monies the Respondents collected from consumers for furniture that has either not been delivered or that was delivered but that did not conform with what the consumer ordered (the "Restitution Amount"), less any amount the Respondents can document that has either been refunded to consumers directly by the Respondents or through any chargeback process from the consumer's credit card company, as follows:

- a. Chris Engel will be jointly and severally liable for the full Restitution Amount.
- b. Karol Engel will be jointly as severally liable for the portion of the Restitution Amount collected from consumers who were customers of Urbana and Farmstead;
- c. Matt Dihel will be jointly and severally liable for the portion of the Restitution Amount collected from consumers who were customers of MOCHA; and,
- d. Urbana, Farmstead and MOCHA are liable for the portion of the Restitution Amount that was collected from consumers who contracted with them.

29. The Restitution Amount shall be at least Ninety Thousand Dollars (\$90,000).

30. Within thirty (30) days after the date of this Final Order, the Respondents shall provide the Proponent with a complete list of all consumers from whom the Respondents have collected any amount for furniture or any other good (the "Consumer List"). For each consumer, the Respondents shall provide the following information in the form of a spreadsheet, with each item in a separate field:

- (a) the consumer's first name;
- (b) the consumer's last name;
- (c) the consumer's last known street address;
- (d) the consumer's last known city, state, and postal code;
- (e) the consumer's last known telephone number;
- (f) the consumer's last known email address;
- (g) the amount of the sale;
- (h) the amount the consumer paid as a deposit, or otherwise;
- (i) the date the order was placed;
- (j) which company the consumer ordered from (Urbana, Farmstead, or

- MOCHA);
- (k) whether the furniture was delivered and, if so, when, and if there was an incomplete delivery, which furniture was delivered and which was not delivered;
 - (l) whether the consumer requested a refund or replacement furniture, and if so, the amount of the requested refund and a description and the cost of the furniture to be replaced; and,
 - (m) the amount of any refund(s) provided to the consumer by the Respondents.

The Respondents shall provide the Consumer List required under this paragraph in both electronic and paper formats.

31. The Agency shall maintain the Restitution Amount in a bank account (the “Restitution Account”) to pay restitution to consumers harmed by the Respondents’ practices alleged herein.

32. The Restitution Account shall be maintained by the Agency. The Agency shall make disbursements from the Restitution Account to pay restitution to eligible consumers and to pay the costs of the claims process. If there are remaining funds in the Restitution Account after the claims process is completed, they may be used, at the sole discretion of the Attorney General, for consumer protection purposes, including consumer protection enforcement or consumer education, to defray the costs of the inquiry leading hereto, monitoring and potential enforcement of this Final Order, or may be used for any other public purpose permitted by state law.

33. The Agency shall perform a claims process that will be conducted by a person or persons appointed by the Agency (hereinafter the “Claims Administrator”). The Claims Administrator may be an employee of the Agency or an independent claims processor.

34. The claims process shall consist of identifying and locating consumers who are eligible to receive restitution pursuant to this Final Order, gathering all information necessary to determine the amounts of restitution due to each consumer who is eligible to receive restitution, and the Claims Administrator mailing restitution payments to all such eligible consumers and any

other mailings necessary to the claims process.

35. The Claims Administrator shall perform the tasks necessary to ensure a thorough and efficient determination of consumers' claims pursuant to the terms of this Final Order.

36. The Claims Administrator shall perform the above duties under the supervision and control of the Agency.

37. The Respondents shall give the Claims Administrator complete access to all records, data, and personnel necessary for the Claims Administrator to complete his or her duties.

38. The Respondents shall be liable for the costs of conducting the claims process. The Claims Administrator shall notify the parties of all costs incurred in connection with the claims process.

39. If, at any stage of the claims process, it is determined that the Restitution Account will require additional payments to satisfy all consumer restitution due under this Final Order or to pay the costs of the claims process, the Respondents shall deposit additional money in the Restitution Account in the amount specified by the Proponent within thirty (30) days of being notified by the Proponent of the additional amount.

40. If there are insufficient funds collected to provide full restitution to each victim, benefits shall be distributed to consumers on a *pro rata* basis.

Costs

41. Pursuant to the terms in paragraphs 44 through 54, the Respondents shall pay Five Thousand (\$5,000) for the costs the Proponent has incurred investigating this matter.

Civil Penalties

42. Pursuant to the payment terms in paragraphs 44 through 54, Respondents Chris and Karol Engel shall pay to the Division a civil penalty in the amount of One Hundred and Fifty

Thousand Dollars (\$150,000). If the Respondents make timely payments pursuant to the payment terms in paragraphs 44 through 52, and on the date of their final payment, have fully complied with the terms of this Final Order, the Division agrees to waive payment of One Hundred Thousand Dollars (\$100,000) of the civil penalty owed by Respondents Chris and Karol Engel.

43. Pursuant to the payment terms in paragraphs 44 through 52, Respondent Dihel shall pay a civil penalty of Fifty Thousand Dollars (\$50,000). If the Respondents make timely payments pursuant to the payment terms in paragraphs 44 through 52, and on the date of their final payment, have fully complied with the terms of this Final Order, the Division agrees to waive payment of Thirty-Five Thousand Dollars (\$35,000) of the civil penalty owed by Respondent Dihel.

Payment Terms

44. The Respondents shall pay the Restitution Amount owed under paragraphs 28 and 29, the costs owed under paragraph 41, and the civil penalties under paragraphs 42 and 43 in monthly installments. On the first day after this Consent Order is entered by the Agency, the Respondents shall make an initial payment in the amount of One Thousand Dollars (\$1,000). Thereafter, on the last day of each successive month the Respondents shall make a monthly payment in the amount of One Thousand Dollars (\$1,000) or in the case of the final payment, the remainder of the amount then due, until the restitution, costs and civil penalties have been paid in full. The funds received by the Division shall be credited first toward restitution. In the event that the Respondents pay all or a portion of the balance ahead of this schedule, the Division will not impose or charge any prepayment penalty.

45. The Division has agreed to the initial payment and monthly payment schedule referenced in Paragraph 44 in reliance on the Respondents' representations in financial disclosure affidavits that were submitted to the Division prior to the entry of this Final Order. If any of the

representations in those affidavits are shown to be false or misleading, all amounts due under the terms of this Final Order, including the full Restitution Amount and the full amount of civil penalties due under paragraphs 42 and 43, shall be immediately due and owing to the Division, less any amounts already paid by the Respondents.

46. The Respondents shall provide the Division with copies of their federal and state tax returns, and the tax returns of any business in which they have a direct or indirect ownership interest, authority to control, or authority to establish policy, ownership interest, by February 1st of each year, until such time as all amounts that are due hereunder have been paid in full. On March 1st of each year following the entry of this Final Order, the amount of the monthly payments due under Paragraph 44 shall be \$1,000 or an amount that, cumulatively over the course of a year, is 20% of the cumulative adjusted gross income reflected on Respondents' tax returns, whichever is higher.

47. The Respondents shall, until such time as all amounts that are due under this Final Order have been paid in full, notify the Division within fifteen (15) days of the occurrence of any of the following, and shall provide information sufficient to identify the source and amount of any associated increase in income:

- a. a Respondent obtains new employment;
- b. a Respondent receives, in any 60-day period, raises, bonuses, or other increases in income from employment that, in the aggregate, amount to an increase of income from employment of more than 5%;
- c. a Respondent receives a lump sum payment, or the right to receive a lump sum payment, from any source other than an employer, or receives lottery or gambling winnings that amount to more than 15% of the Respondent's annual salary; or

- d. any business in which Respondents have a direct or indirect ownership interest, authority to control, or authority to establish policy has gross monthly sales of over \$3,000.

48. If the Respondents failed to adhere to the requirements in Paragraphs 46 and 47 of this Final Order, all amounts due under the terms of this Final Order, including the full Restitution Amount and full amount of civil penalties due under paragraphs 42 and 43, shall be immediately due and owing to the Division, less any amounts already paid by the Respondents.

49. In the event that Respondents fail to pay a monthly installment payment within ten (10) days of the date such payment is required by paragraphs 44 or 45 (“Payment Default”), all amounts due under the terms of this Final Order, including the full Restitution Amount and amount of civil penalties due under paragraphs 42 and 43, shall be immediately due and owing to the Division, less any amounts already paid by the Respondents.

50. Upon the occurrence of a Payment Default, the Respondents waive service of process and confess to the entry of a judgment against the Respondents, jointly and severally, for the entire unpaid sum of the amounts due pursuant to the terms of this Final Order.

51. No delay or failure by the Division in exercising any right, power, or privilege under this Final Order shall affect such right, power, or privilege; nor shall any single or partial exercise thereof or any abandonment or discontinuance of steps to enforce such right, power, or privilege preclude any further exercise thereof, or of any other right, power, or privilege.

52. If there are insufficient funds received by the Division to cover the full Restitution Amount for consumers and the costs and civil penalties, the funds received shall be credited first toward restitution, then costs, and shall only be credited toward the civil penalties after all restitution claims are satisfied.

Resolution of Disputes

53. The Chief of the Agency or his designee shall resolve any disputes regarding this Final Order and enter any supplemental orders needed to effectuate its purpose.

Notice

54. Pursuant to Md. Code Ann., Com. Law § 13-403(d), the Respondents are hereby notified that if the Agency determines that the Respondents have failed to comply with this Final Order within thirty (30) days following service of this Final Order, the Proponent may proceed with enforcement of the Final Order pursuant to Title 13 of the Commercial Law Article.

55. Whenever notice is otherwise required under this Final Order, it shall be provided in writing to the following people:

- a. Notice to the Proponent and the Agency shall be directed to:

Philip Ziperman
Deputy Chief
Office of the Attorney General
Consumer Protection Division
200 Saint Paul Place
Baltimore, Maryland 21202
pziperman@oag.state.md.us
410-576-6417

And

Chief, Consumer Protection Division
Office of the Attorney General
200 Saint Paul Place
Baltimore, Maryland 21202
consumer@oag.state.md.us

- b. Notice to the Respondents shall be directed to the following:

Matthew Dihel
10682 Sunburst Gardens Dr., Unit D
Waynesboro, PA 17268

Karol Engel

396 Town Dr.
Greencastle, Pa. 17225

Christopher Engel
396 Town Dr.
Greencastle, Pa. 17225

Urbana Custom décor Limited Liability Company
c/o Christopher Engel
396 Town Dr.
Greencastle, Pa. 17225

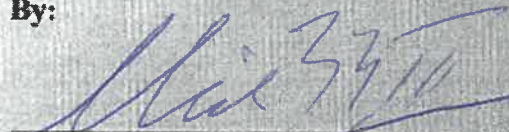
Farmstead Custom Furniture LLC
c/o Christopher Engel
396 Town Dr.
Greencastle, Pa. 17225

MOCHA Furniture Limited Liability Company
c/o Christopher Engel
396 Town Dr.
Greencastle, Pa. 17225

AGREED AS TO FORM AND SUBSTANCE

Consumer Protection Division
Office of the Attorney General

By:

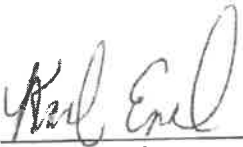


Wilson Meeks
Assistant Attorney General

Individual Respondents



Matthew Dihel
10682 Sunburst Gardens Dr., Unit D
Waynesboro, PA 17268



Karol Engel
396 Town Dr.
Greencastle, Pa. 17225



Christopher Engel
396 Town Dr.
Greencastle, Pa. 17225

Urbana Custom décor Limited Liability Company

By:



Christopher Engel
396 Town Dr.
Greencastle, Pa. 17225

Farmstead Custom Furniture LLC

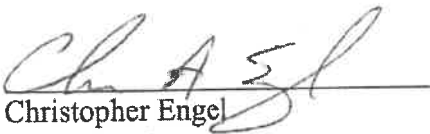
By:



Christopher Engel
396 Town Dr.
Greencastle, Pa. 17225

MOCHA Furniture Limited Liability Company

By:



Christopher Engel
396 Town Dr.
Greencastle, Pa. 17225

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

Date: July 11, 2022

By:



Steven M. Sakamoto-Wengel
Consumer Protection Counsel for
Regulation, Legislation and Policy and
Chief's Designee