

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

Proponent,

v.

PHOENIX REMODELING GROUP LLC
4709 Harford Road
Baltimore, MD 21214,

KIMBERLY KAGEN
8 Heath Street
Baltimore, MD 21230,

ANDREW PAUL AVRAMIDIS
30 Bush Cabin Court
Parkton, MD 21120,

and

ROCKFORD LOWELL HAWKINS, JR.
2725 Fait Avenue
Baltimore, MD 21224

Respondents.

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IN THE
CONSUMER PROTECTION
DIVISION
OFFICE OF THE
ATTORNEY GENERAL

CPD Case No.: OAG-CPD-22-041-
361607

**Office of the Attorney General
Consumer Protection Division
FILED
DEC -7 2022
ADMINISTRATIVE HEARING PROCESS**

STATEMENT OF CHARGES

1. The Office of the Attorney General, Consumer Protection Division, institutes this proceeding to enjoin Respondents Phoenix Home Remodeling Group LLC, Kimberly Kagen, Andrew Paul Avramidis, and Rockford Lowell Hawkins, Jr. from engaging in unfair and deceptive trade practices in the course of offering and selling consumer goods and services, and to obtain relief for consumers harmed by these unfair and deceptive trade practices.

2. Respondents engaged in a pattern and practice of entering into contracts with consumers to perform home improvement goods and services, collecting advance deposits that are often larger than one-third of the contract price, failing to commence or complete the promised work, and continuing to offer and sell home improvement goods and services for a period after their license to sell and perform home improvement services was suspended by the Maryland home Improvement Commission. When confronted by consumers, the Respondents ignore their requests to either provide the promised services or refund their payments.

3. Selling consumer goods and services without intent or ability to perform the services, collecting illegal deposit amounts, failing to deliver promised goods or services, failing to return refunds owed to consumers, and selling consumer goods and services without required licenses, are all unfair and deceptive trade practices that violate the Maryland Consumer Protection Act.

PARTIES

4. Proponent in this proceeding is the Consumer Protection Division of the Office of the Attorney General of Maryland (the "Division"). This proceeding is brought by the Division to redress past violations and to prevent future violations of Maryland's Consumer Protection Act, Md. Code Ann., Com. Law §§ 13-101 through 13-501 ("CPA").

5. Respondent Phoenix Remodeling Group, LLC ("Phoenix Remodeling") is a Maryland corporation that offered and sold home improvement goods and services to consumers. Phoenix Remodeling's principal place of business is 4709 Harford Road, Baltimore, MD 21214 and it maintains another business office at 3500 Boston Street, Suite 423, Baltimore, MD 21224.

6. Kimberly Kagen ("Kagen") is an officer and the sole owner of Phoenix Remodeling. As an owner and officer of Phoenix Remodeling, Respondent Kagen possessed and exercised the authority to control the policies and trade practices of Phoenix Remodeling;

was responsible for creating and implementing the alleged unfair or deceptive policies and trade practices of Phoenix Remodeling that are described herein; participated in the alleged unfair or deceptive trade practices that are described herein; directed or supervised those employees of Phoenix Remodeling who participated in the alleged unfair or deceptive trade practices that are described herein; and knew or should have known of the unfair or deceptive trade practices that are described herein and had the power to stop them, but rather than stopping them, promoted their use.

7. Andrew Paul Avramidis (“Avramidis”) was the President of Phoenix Remodeling. As the President of Phoenix Remodeling, Respondent Avramidis possessed and exercised the authority to control the policies and trade practices of Phoenix Remodeling; was responsible for creating and implementing the alleged unfair or deceptive policies and trade practices of Phoenix Remodeling that are described herein; participated in the alleged unfair or deceptive trade practices that are described herein; directed or supervised those employees of Phoenix Remodeling who participated in the alleged unfair or deceptive trade practices that are described herein; and knew or should have known of the unfair or deceptive trade practices that are described herein and had the power to stop them, but rather than stopping them, promoted their use.

8. Rockford Lowell Hawkins, Jr. (“Hawkins”) was an officer of Phoenix Remodeling. As an officer of Phoenix Remodeling, Respondent Hawkins possessed and exercised the authority to control the policies and trade practices of Phoenix Remodeling; was responsible for creating and implementing the alleged unfair or deceptive policies and trade practices of Phoenix Remodeling that are described herein; participated in the alleged unfair or deceptive trade practices that are described herein; directed or supervised those employees of Phoenix Remodeling who participated in the alleged unfair or deceptive trade practices that are

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

STATEMENT OF FACTS

9. Respondents Hawkins and Kagen operated Phoenix Remodeling. Phoenix Remodeling offered consumers home improvement goods or services, which are goods or services the purpose of which is to alter, convert, improve, modernize, remodel, repair or replace any part of a residential dwelling.

10. Respondents repeatedly entered into contracts with consumers promising to perform home improvement services and supply home improvement goods, including repairing or replacing roofs, replacing windows and doors, and performing various other improvements to consumers' homes.

11. Before beginning work, Respondents collected deposits from consumers pursuant to these contracts. These deposits regularly totaled thousands of dollars and, in some instances, exceeded one-third of the contract price, in violation of the Maryland Home Improvement Law, Md. Code Ann., Bus. Reg., § 8-617.

12. From on or about December 2020 until May 2022, the Respondents, after collecting deposits from consumers, either never commenced providing the promised home improvement goods and services or commenced providing the promised work and goods but abandoned the projects prior to completion.

13. Respondents, in some instances, represented to consumers' home insurance companies that work had been completed and received payment for work that they did not actually perform.

14. Consumers routinely made multiple attempts to contact Respondents to request

that they complete the agreed upon work or refund their payments, to no avail. Respondents either provided consumers with false excuses for their failure to perform or they just entirely ignored consumers' calls, text messages, and emails.

15. The Respondents have now closed Phoenix Remodeling and have no intention to provide consumers with the home improvement goods or services that they sold them.

16. The Respondents collected hundreds of thousands of dollars in deposits from consumers for work they never performed.

17. Pursuant to Md. Code Ann., Bus. Reg. § 8-301, a home improvement contractor must be licensed by the Maryland Home Improvement Commission to offer, sell and perform home improvement goods or services in Maryland.

18. On May 3, 2022, the Maryland Home Improvement Commission notified Respondent Kagen that it was immediately suspending both her license and the license held by Phoenix Remodeling to offer, sell and/or perform home improvement goods and services because they routinely failed to provide the promised home improvement goods and services to consumers.

19. Notwithstanding the suspension of both Respondent Kagen and Phoenix Remodeling's licenses to offer, sell and/or perform home improvement goods or services, Respondents continued to offer and sell home improvement goods and services to consumers without the required license for a period of time while they represented to consumers, both implicitly and explicitly, that they were licensed home improvement contractors.

20. Respondents have a history of collecting payments from consumers for home improvement goods or services that they fail to provide. Prior to creating Phoenix Remodeling, Respondents owned and/or operated another home improvement company called Prestige Home Solutions, LLC, which they also operated in Maryland. Prestige Home Solutions, LLC ceased

operating in 2018 and also failed to provide consumers with promised home improvement goods and services.

21. The contract forms that home improvement contractors use in Maryland are regulated by the Maryland Home Improvement Commission (“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 MHIC.

22. Any home improvement contract entered in Maryland that contains an arbitration clause must comply with the following requirements set forth in COMAR § 09.08.01.25:

A. A mandatory arbitration clause in a home improvement contract shall include the following information:

- (1) The name of the person or organization that will conduct the arbitration;
- (2) Whether any mandatory fees will be charged to the parties for participation in the arbitration and include the fee schedule;
- (3) Whether the arbitrator's findings are binding; and
- (4) A disclosure that, under Business Regulation Article, §8-405(c), Annotated Code of Maryland, a claim against the Home Improvement Guaranty Fund by an owner shall be stayed until completion of any mandatory arbitration proceeding.

B. The parties shall affix their initials and date immediately adjacent to any mandatory arbitration clause in a home improvement contract, at the time of execution of the contract.

C. This regulation shall apply to all home improvement contracts executed after October 31, 1994.

23. Additionally, COMAR § 09.08.01.25 requires any home improvement contract entered into with a Maryland consumer to contain the following notice concerning the Home Improvement Guaranty Fund and additional consumer protections:

A. A home improvement contract shall contain a notice stating that:

- (1) Formal mediation of disputes between homeowners and contractors is available through the Maryland Home Improvement Commission;
- (2) The Maryland Home Improvement Commission administers the Guaranty Fund, which may compensate homeowners for certain actual losses caused by acts or omissions of licensed contractors; and

(3) A homeowner may request that a contractor purchase a performance bond for additional protection against losses not covered by the Guaranty Fund.

B. The notice required by this regulation shall be included within the contract or, until July 1, 2013, may be included in an addendum attached to the contract, provided that the addendum is signed by the homeowner and contractor.

24. Respondents represented to consumers that the contract forms they used to offer and sell home improvement goods and services complied with Maryland law. Respondents entered into home improvement contracts with consumers that were illegal because (i) they contained arbitration clauses that were not separately initialed by consumers to ensure the consumer was made aware of the existence of the arbitration clause, and (ii) Respondents' home improvement contracts lacked the required notice informing consumers of their rights to make claims against the Home Improvement Guaranty Fund both in the arbitration clause and elsewhere in the contracts.

25. Respondents' false and misleading representations to consumers, both implicit and explicit, regarding the legality of their contracts, their licensing status, the excessive upfront deposits they collected, their willingness or ability to provide home improvement goods and services, and their promises to refund consumers' payments, had the capacity, tendency, or effect of misleading consumers and, in fact, have misled consumers.

26. Respondents' lack of a home improvement license, their unwillingness and/or inability to provide the promised home improvement goods and services, their refusal to pay refunds, and their failure to include required notices and language in their contracts, are material facts that, if known to consumers, would likely impact consumers' decisions regarding whether to hire Respondents. Respondents' failure to disclose these facts tended to deceive and, in fact, did deceive consumers.

27. Respondents' misrepresentations and omissions of material of facts regarding their licensing status; the legality of their contracts, their failure to provide promised home

improvement goods and services; demand for and collection of excessive deposits; and their refusal to provide promised refunds to consumers caused substantial injuries to consumers both financially and by depriving them of full use and enjoyment of their property. Consumers could not reasonably avoid the injuries caused by the Respondents, who misrepresented to consumers that they possessed the proper licensure to provide home improvement services and that they would perform promised home improvement goods and services.

VIOLATIONS OF THE CONSUMER PROTECTION ACT

28. The Division incorporates paragraphs 1 through 28 as if they were fully alleged herein.

29. 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.

30. The home improvement goods and services that Respondents 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.

31. Respondents acted as merchants as defined by § 13-101(g)(1) of the CPA.

32. Respondents 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) and (2) of the CPA.

Deceptive Trade Practices

33. Respondents' false and misleading statements, as set forth above, 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.

34. Respondents misrepresented their status when, for a period of time following the

suspension of their home improvement contractor's licenses, they falsely held themselves out as licensed home improvement contractors, which constitutes a deceptive trade practice prohibited by § 13-303 of the CPA, as defined in § 13-301(2)(ii) of the CPA.

35. As set forth above, Respondents' omissions of material facts deceived or tended to deceive consumers and are therefore deceptive trade practices prohibited by § 13-303 of the CPA, as defined in § 13-301(3) of the CPA.

Unfair Trade Practices

36. Respondents engaged in unfair trade practices in their offer and sale of home improvement goods and services to consumers.

37. Respondents' practice of collecting deposits above the statutory limit and failing to provide promised home improvements goods and services has caused substantial injury to consumers.

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

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

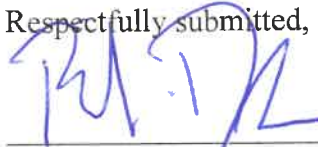
CLAIM FOR RELIEF

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 CPA;

- B. requiring Respondents to take affirmative action, including restitution of all moneys Respondent collected for goods and services in connection with unfair or deceptive practices;
- C. requiring Respondents to pay the costs of this proceeding, including costs of investigation;
- D. requiring Respondent to pay a suitable civil penalty pursuant to § 13-410 of the CPA; and
- E. granting such other and further relief as is appropriate and necessary.

Respectfully submitted,



Philip Ziperman, Bar No.: 9012190379
Deputy Chief, Consumer Protection Division
200 St. Paul Place, 16th Floor
Baltimore, Maryland 21202
(410) 576-6417
pziperman@oag.state.md.us



Kathleen Hyland; Bar No.: 1206200116
Assistant Attorney General
200 St. Paul Place, 16th Floor
Baltimore, MD 21202
410-576-7057
khyland@oag.state.md.us

Attorneys for Proponent