CONSUMER PROTECTION DIVISION OFFICE OF THE ATTORNEY GENERAL 200 St. Paul Place, 16th Floor Baltimore, Maryland 21202, Proponent, v. HEATHER HILL PROPERTY COMPANY LLC SERVE ON: The Corporation Trust Incorporated 2405 York Road, Suite 201 Lutherville Timonium, Maryland 21093, and HEATHER HILL OPERATING COMPANY LLC SERVE ON: The Corporation Trust Incorporated 2405 York Road, Suite 201 Lutherville Timonium, Maryland 21093, and ONEWALL COMMUNITIES LLC SERVE ON: The Corporation Trust Incorporated 2405 York Road, Suite 201 Lutherville Timonium, Maryland 21093, and ANDY WALLACE 707 Summer Street, 5th Floor Stamford, Connecticut 06901, and RON KUTAS 707 Summer Street, 5th Floor Stamford, Connecticut 06901, Respondents.	* *	IN THE CONSUMER PROTECTION DIVISION OF THE OFFICE OF THE ATTORNEY GENERAL CPD Case No. 24-021-373461 OAH Case No.

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STATEMENT OF CHARGES

The Consumer Protection Division of the Office of the Attorney General institutes this proceeding to enjoin Heather Hill Property Company LLC, Heather Hill Operating Company LLC, OneWall Communities LLC, and their owners Andy Wallace and Ron Kutas (collectively, "Respondents") from engaging in unfair, deceptive or abusive trade practices that violate the Consumer Protection Act ("CPA"), Md. Code Ann., Com. Law §§ 13-101 through 13-501, and the Consumer Debt Collection Act ("CDCA"), Md. Code Ann., Com. Law §§ 14-201 through 14-204.

Heather Hill Property Company LLC, Heather Hill Operating Company LLC, and OneWall Communities LLC own, manage, and/or operate an apartment community in Prince George's County, Maryland, known as Heather Hill by OneWall. Respondents illegally rented apartments at Heather Hill by OneWall to consumers without obtaining and maintaining the required multi-family dwelling license, for which one of the prerequisites is inspections by Prince George's County to ensure compliance with applicable health and safety standards. Respondents have illegally advertised and leased apartments and charged rent without the rental license and have illegally delivered to tenants apartment units that were not properly inspected for fire and housing code violations.

Throughout the time that they have operated and advertised in Maryland, consumers have come to Respondents seeking legal, safe, affordable housing for themselves and their families. Respondents, in turn, have represented to consumers, expressly or impliedly, that they will provide them with legal, habitable, and safe consumer realty and only engage in legal business practices in interacting with tenants. Respondents have represented, expressly or impliedly, that the apartment units will not contain conditions that constitute a fire hazard or a serious or substantial threat to the life, health, or safety of occupants. Instead, Respondents have advertised and rented apartments to consumers that are not properly licensed and inspected, and fraught with housing and fire code violations. Some consumers living in Respondents' properties have had to endure living in units that are infested with bats, rodents and vermin, are plagued with water leaks and unsanitary walls, ceilings and floors, lack proper and operable fire systems, lack adequate fire extinguishers, and/or lack basic utilities, among other things. Additionally, Respondents have engaged in illegal business practices in that they have attempted to illegally use the courts, or illegally threatened to use the courts, to collect rent or fees that were not owed, after representing, expressly or impliedly, that they will only take legal action against tenants in accordance with the law.

Respondents Heather Hill Operating Company LLC and OneWall Communities LLC repeatedly violated the CDCA by seeking to collect debts on behalf of Respondent Heather Hill Property Company LLC when they knew that the debts were not owed and failed to obtain and maintain a debt collection license as required by the Maryland Collection Agency Licensing Act ("MCALA").

The Parties

1. The Proponent in this proceeding is the Consumer Protection Division (the "Proponent") of the Office of the Attorney General of Maryland. The Proponent is the state agency charged with enforcing Maryland's consumer protection laws, including the CPA and the CDCA.

2. Respondent Heather Hill Property Company LLC (the "Owner" or "Respondent Owner") is a Delaware limited liability company with its primary place of business at 707 Summer Street, 5th Floor, Stamford, Connecticut 06901. The Owner registered with the Maryland State Department of Assessments and Taxation ("SDAT") on February 10, 2022. The Owner has regularly conducted business in Maryland, including owning, operating, managing, leasing and subleasing properties. Respondent Heather Hill Property Company LLC is the owner of Heather Hill by OneWall.

3. Respondent Heather Hill Operating Company LLC (the "Operating Company" or "Respondent Operating Company") is a Delaware limited liability company with its primary place of business at 707 Summer Street, 5th Floor, Stamford, Connecticut 06901. The Operating Company registered with SDAT on January 31, 2022. The Operating Company has regularly conducted business in Maryland, including acquiring, owning, operating, transferring, and selling real property. The Operating Company is the master lessee for the Owner, and it operates, uses, manages, maintains and collects the rent from tenants of the apartments at Heather Hill by OneWall.

4. Respondent OneWall Communities LLC ("OneWall Communities") is a New York limited liability company with its primary place of business at 707 Summer Street, 5th Floor, Stamford, Connecticut 06901. OneWall Communities registered with SDAT on April 23, 2021. OneWall Communities has regularly conducted business in Maryland, acquiring, owning, operating, transferring, and selling real property, including managing, maintaining, leasing and subleasing units in several Maryland communities, such as Heather Hill by OneWall, Gateway Station, Hopkins Point and Oak Grove in Temple Hills, Suitland, and Middle River, respectively.

5. Respondent Andy Wallace is a member of the Owner and the Operating Company and the Chief Executive Officer ("CEO") and co-founder of OneWall Communities and is, upon information and belief, a resident of Colorado. Respondent Andy Wallace is responsible for the companies' operation, leasing, marketing, and management of Heather Hill by OneWall. Andy Wallace knew or should have known of the unfair, deceptive and abusive trade practices alleged herein; possessed the authority to control the policies and trade practices of Respondents Owner, Operating Company, and OneWall Communities that are alleged to be unfair, deceptive and abusive; participated in the alleged unfair, deceptive and abusive trade practices that are described herein; directed or supervised those employees who participated in the alleged unfair, deceptive and abusive trade practices that are described herein; and had the power to stop the alleged unfair, deceptive and abusive trade practices, but rather than stopping them, promoted their use. As a member of Respondents Owner and Operating Company and as CEO and co-founder of OneWall Communities, Andy Wallace is liable for the unfair, deceptive and abusive trade practices committed by Respondents Owner, Operating Company, and OneWall Communities because he 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.

6. Respondent Ron Kutas is a member of Respondents Owner and Operating Company and the Chief Operating Officer ("COO") and co-founder of Respondent OneWall Communities who, upon information and belief, lives in Massachusetts. Respondent Ron Kutas is responsible for the companies' day-to-day operations, property management, leasing, legal matters and management of Heather Hill by OneWall. Ron Kutas knew or should have known of

the unfair, deceptive and abusive trade practices alleged herein; possessed the authority to control the policies and trade practices of Respondent Owner, Respondent Operating Company, and Respondent OneWall Communities that are alleged to be unfair, deceptive and abusive; participated in the alleged unfair, deceptive and abusive trade practices that are described herein; directed or supervised those employees who participated in the alleged unfair, deceptive and abusive trade practices that are described herein; and had the power to stop the alleged unfair, deceptive and abusive trade practices, but rather than stopping them, promoted their use. As a member of Respondents Owner and Operating Company and as COO and co-founder of Respondent OneWall Communities, Ron Kutas is liable for the unfair, deceptive and abusive trade practices committed by Respondents Owner, Operating Company, and OneWall Communities because he 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.

7. During all times pertinent hereto, Respondents have regularly conducted business in Maryland by advertising, managing, offering to lease and leasing consumer realty, and collecting rent from Maryland consumers.

Maryland's Landlord Tenant Laws

Licensing Requirements and Municipal Regulations

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

9. Local jurisdictions in Maryland, including Prince George's County, in which Respondents do business, have housing codes requiring landlords to ensure that rental premises

are free from conditions that threaten the life, health, or safety of tenants. *See* Prince George's County Code of Ordinances § 13-181 *et seq.*

10. The County adopted the International Property Maintenance Code for the operation of muti-family dwelling units. Prince George's County Code of Ordinances § 13-101(a). The Code requires minimum standards to be met by the Owner, which includes, but is not limited to the following: (a) legible premises identification for all of the residential buildings on the property (§ 13-119(a) (now section 303.3)); (b) a deadbolt locking device shall be provided for entry doors and the exterior door shall be maintained in a functional condition (§13-119(c) (now 303.15.1)); (c) removal of chipping, peeling, flaking paint and correction of cracked/loose/decayed plaster (§ 13-120 (now section 304.3)); (d) continued maintenance of rodent and pest-free conditions of the interior structure (§ 13-121(c) (now section 309.5)); (e) visible interior directional signage (§ 13-122(a) (now section 307.1)); (f) operational cooking facilities in every unit (§ 13-123(e) (now section 404.7.1)); and (g) provision of heating facilities capable of maintaining a temperature of 70 degrees Fahrenheit in all rooms (§ 13-127(a) (now section 602.2)).

11. Under the Code the definition of unfit for human habitation is:

> A structure is unfit for human occupancy whenever the Code Official finds that such structure is unsafe, unlawful, or, because of the degree to which the structure is in disrepair or lacks maintenance, is unsanitary, vermin or rat infested, contains filth and contamination, or lacks ventilation, illumination, sanitary or heating facilities, utilities, or other essential equipment required by this Code, or because the location of the structure constitutes a hazard to the occupants of the structure or to the public. This term shall also include the phrase unfit for human habitation.

Prince George's County Code § 13-113(c).

12. In Prince George's County, a license is required to offer and lease multi-family dwelling rental units. The legal owner of record of the property must make a written application to the Director of the Department of Permitting, Inspections and Enforcement for Prince George's County, Maryland ("DPIE") ensuring compliance with Division 4 of the Rental Housing Code and the Housing Code in its entirety. *See* Prince George's County Code of Ordinances §§ 13-181 and 13-182.

13. In Prince George's County, a written lease must contain, among other provisions, an express warranty of habitability, a "nonretaliation" provision, and a provision acknowledging rent escrow as a tenant's lawful remedy. *See* Prince George's County Code of Ordinances § 13-162.

14. Among other things, a lease shall include a copy of the most current version of the Maryland Tenants' Bill of Rights published by the Office of Tenant and Landlord Affairs in the Department of Housing and Community Development and shall not provide for a penalty for the late payment of rent in excess of 5% of the amount of rent due for the rental period for which the payment was delinquent. *See* Md. Code Ann., Real Property § 8-208.

15. A landlord or its agent that files a failure to pay rent complaint pursuant to the Summary Ejectment Law must affirm under penalty of perjury whether the landlord is required by law to be licensed in order to operate the premises as a rental property. *See* District Court Form DC-CV-082, *available at* https://mdcourts.gov/sites/default/files/court-forms/district/forms/civil/dccv082np.pdf/dccv082np.pdf. And if the landlord is required by law to be licensed, the landlord must, under penalty of perjury, provide both the license number and its expiration date.

16. A landlord cannot retaliate against tenants for raising complaints about violations of laws, the lease, or conditions in the leased premises. Maryland Code, Real Property § 8-208.1(2) ("RP").

The Consumer Debt Collection Act

17. The Consumer Debt Collection Act, Md. Code Ann., Com. Law §§ 14-201 through 14-204, prohibits persons from collecting or attempting to collect consumer debts that they know are not owed, engaging in unlicensed debt collection activity, and engaging in conduct that violates §§ 807 and 808 of the federal Fair Debt Collection Practices Act ("FDCPA").

18. In collecting or attempting to collect an alleged debt a collector may not disclose or threaten to disclose information which affects the debtor's reputation for credit worthiness with knowledge that the information is false. (CDCA § 14-202 (3)).

19. Property management companies that receive rent and other payments are collection agencies within the meaning of the MCALA. *See* Md. Code Ann., Bus. Reg. § 7-101(c)(1).[1] MCALA requires a collection agency to obtain and maintain a debt collection license issued by the Maryland Commissioner of Financial Regulation.

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

21. The FDCPA prohibits a debt collector from using (a) any false, deceptive, or misleading representation or means in connection with the collection of any debt, and (b) unfair

[1] Prior to July 1, 2023, the definition of a collection agency was codified at BR § 7-101(d)(1)(2018 supp.).

or unconscionable means to collect or attempt to collect any debt. A violation of the FDCPA is a violation of the Consumer Debt Collection Act.

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

The Consumer Protection Act

23. The CPA was enacted to provide minimum standards for the protection of consumers in Maryland. In enacting the CPA, the General Assembly concluded the Division "should take strong protective and preventive steps to investigate unlawful consumer practices, to assist the public in obtaining relief from these practices, and to prevent these practices from occurring in Maryland. It is the purpose of this title to accomplish these ends and thereby maintain the health and welfare of the citizens of the State." *Id.* § 13-102(b)(3).

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

25. Unfair, deceptive and abusive trade practices include any:

a. false, falsely disparaging, or misleading oral or written statement, visual description, or other representation of any kind which has the capacity, tendency, or effect of deceiving or misleading consumers;

b. representation that consumer goods, consumer realty, or consumer services have a sponsorship and/or approval they do not have;

c. representation that a merchant has a sponsorship, approval, and/or status which he does not have;

d. representation that consumer goods, consumer realty, or consumer services are of a particular standard, quality, and/or grade which they are not;

e. failure to state a material fact if the failure deceives or tends to deceive;

f. advertisement or offer of consumer goods, consumer realty, or consumer services without intent to sell, lease, or rent them as advertised or offered; and,

g. violation of a provision of Title 14, Subtitle 2 of Commercial Law Article, the Maryland Consumer Debt Collection Act. *Id.* §§ 13-301(1), (2), (3), (5) and (14).

Statement of Facts

26. Heather Hill by OneWall, also known as Heather Hill Apartments, is an apartment community in Prince George's County at 5837 Fisher Road, Temple Hills, Maryland, that includes several buildings that contain a total of 459 apartment units.

27. Heather Hill by OneWall was purchased by the Respondent Owner in April 2022.

28. Respondent Operating Company operated as the property manager of Heather Hill by OneWall from at least February 18, 2022, through the present.

29. Respondent OneWall Communities also operated as the property manager of Heather Hill by OneWall from at least February 18, 2022, until at least August 29, 2024.

30. The Respondents represented, expressly and impliedly, to consumers, through their advertisements and model apartments, that the apartments for rent were changed, transformed, and renovated 1, 2, and 3 bedroom units.

31. Respondent Owner entered into leases with consumers to rent the apartment units at Heather Hill by OneWall. The written lease agreements Respondent Owner entered into with

consumers failed to contain an express warranty of habitability, a "nonretaliation" provision, and a provision acknowledging rent escrow as a tenant's lawful remedy.

32. The leases contain the following language with respect to habitability, which is inconsistent with the law, including the County ordinance:

> Residents acknowledge that the Leased Premises are in a clean, fit, and habitable condition including painted surfaces, carpets, flooring, all furniture, furnishings, fixtures, equipment and appliances. It shall be conclusively presumed that said Leased Premises and all items, appliances and fixtures contained therein are in good working condition, unless any damages are discovered during the Joint Inspection or Residents deliver a contrary statement in writing to Owner prior to or on the starting date of this Agreement.

33. The leases also contained language that consumers were subject to the base rent agreed upon and "additional rent" as follows:

> You must pay the Base Monthly Rent and any Additional Rent, as defined below (collectively the 'rent'), to us by the first (1st) of every month in such manner as directed by us during the Term hereof. You may not withhold or offset Rent unless authorized by law. If we receive a payment from you which is less than the full amount owed by you, we may, in our sole discretion, subject to Section 25 below, apply such payment to any of the charges owed by you, which may include paying in full any late charges, legal fees, or any other Additional Rent charged prior to applying any amount of such payment to the Base monthly Rent.
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> . . .
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> If any portion of the Rent (including Additional Rent) is not paid by the fifth (5^{th}) calendar day of the month, you must pay a late fee equal to 5% of the Base Monthly Rent ***for each month*** until your account is brought current. This late fee is Additional Rent. Rent is due on the first day of the month, and failure to pay the Rent by that date is a violation of the Lease. This shall not constitute a waiver of Landlord's right to institute proceedings for Rent, damages and/or repossession of the Apartment for non-payment of any installment Rent. (emphasis added)
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> . . .
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> Additional rent includes, but is not limited to, late charges, insufficient funds charges, legal fees, court costs, collection costs, utility charges, pet rent and related charges, damages charges, amenity fees and parking charges. In addition, we may, in our sole discretion, perform any obligations under the Lease which are your responsibility and which you fail to perform. The cost to us for performing

> such obligations may be charged to you as "Additional Rent." Additional Rent is due and payable on the next day Rent is due. If you vacate, any Additional Rent may be deducted from your Security Deposit. We have the same legal rights against you due to your failure to pay Additional Rent under this or any other paragraph of this Lease as we may have due to your failure to pay the Base Monthly Rent. This means that we may evict you for failure to pay Additional Rent.
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> . . .
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> Owner and Residents agree that it is and will be impracticable and extremely difficult to fix the actual damages suffered by Owner in the event Residents make a late payment of rent, or in the event Residents make a payment that is subsequently dishonored by the bank, and that the below charges represent a reasonable approximation of the damages that Owner is likely to suffer from a late or dishonored payment. Owner and Residents further agree that this provision does not establish a grace period for the payment of rent, and that Owner may give Residents a written notice to pay or quit the Leased Premises in accordance with state and local law, at any time after the payment is due. Owner shall have all remedies under the law and this Agreement in the event Residents fail to timely pay the rent or other amounts owed. At Owner's sole discretion, Owner may report any delinquent rent or other amounts owed to a credit reporting agency.

34. Respondents instructed tenants at Heather Hill by OneWall to pay rent, collected rent and other fees, including late fees, from tenants, and threatened tenants with late fees and court action for nonpayment of base rent and additional rent.

Failing to Obtain and Maintain a Required Multi-Family Rental License

35. Pursuant to Prince George's County Code § 13-186(b), Respondent Owner had 30 days following the date of settlement on the purchase of Heather Hill by OneWall to apply *in writing* to obtain a license to operate Heather Hill by OneWall.

36. In order to obtain or renew a multi-family dwelling license, Respondents were required to demonstrate that, *inter alia*, all required fees had been paid, the premises had passed an inspection, and the premises were not subject to any unabated violation notice or order issued

under the Prince George's County housing, fire, and related codes, pursuant to Prince George's County Code Subtitle 13, Division 4 § 13-184.

37. Notwithstanding these requirements, Respondents failed to apply for or obtain a multi-family dwelling license as required by the Prince George's County Code. For a period of at least 25 months, between April 2022 and at least May 7, 2024, Respondents operated without applying for or obtaining the required license. During this period, Respondents held Heather Hill by OneWall out as a properly licensed multi-family dwelling, entered into leases with consumers to rent apartment units, collected rent, utility costs, and other fees, and assessed late fees.

38. During the time between April 2022 and May 7, 2024, when Respondent Owner did not hold a multi-family dwelling license, Respondents received notices of violation from DPIE, including notices for violations such as:

a. existence of mold in floors, walls, and underneath sinks;

b. walls and ceilings having evidence of water leaks/stains;

c. heat and/or air conditioning not working;

d. inoperable stoves and dishwashers;

e. fire code violations;

f. bathroom leaking and/or obstructed drains in tubs and sinks;

g. walls and ceiling having cracks, holes and flaking and peeling paint/plaster;

h. rodent entry holes in baseboards/walls;

i. infestation of bats/roaches/insects/rodents;

j. floors, egress door(s), refrigerator(s), and electrical fixtures being in disrepair;

k. roof leaks;

l. interior ceiling and walls being unsanitary;

m. water infiltration;

n. mushrooms growing through the floor;

o. broken window(s) and door(s); and,

p. stair treads being in disrepair or missing.

39. On May 7, 2024, the Respondent Owner applied for and purportedly was issued a temporary multi-family dwelling license from DPIE.

40. However, the temporary license issued by DPIE expressly states, on its face, that the license is void if the property has outstanding violations.

41. When the purported temporary license was issued, there were unabated notices of violations against Heather Hill by OneWall, including, but not limited to, notice of violation number HOU-16446, issued on April 11, 2024; notice of violation number HOU-15393, issued on March 13, 2024; notice of violation number HOU-14764, issued on February 29, 2024; notice of violation number HOU-6068, issued on October 6, 2023; notice of violation number HOU-7618, issued on November 28, 2023; and, notice of violation number 7765, issued on December 1, 2023. These violations included, among other issues, smoke detectors in disrepair/missing, ceilings and walls in an unsanitary condition, walls having evidence of leaks/stains, washing machine in disrepair, water infiltration, roof leak, floors and refrigerator in disrepair, and no heat.

42. Additionally, Respondents were notified by DPIE, conspicuously on the face of the temporary license that, "This temporary license cannot be used for litigation purposes."

43. In or around mid-June 2024, the Respondents filed over one hundred thirty (130) failure to pay rent actions against tenants in the District Court of Hyattsville, Maryland.

44. The Respondents represented to the court on the failure to pay rent complaints that a license was required, and they held a valid license.

45. On June 13, 2024, Heather Hill by OneWall was issued a notice of violation after an inspection revealed housing and fire code violations throughout every building on the complex, such as egresses with broken/missing glass panes, fire extinguishers that were discharged, missing and/or had expired service tags, interior dwelling ceilings that were in an unsanitary condition, interior dwelling walls that had evidence of water leaks/stains, and numerous hallway/stairway emergency lighting fixtures that were inoperable and/or missing, among other things.

46. In or about late June 2024, the Respondents voluntarily withdrew the failure to pay rent complaints after a local non-profit organization challenged the authority and validity of the actions on the grounds that Respondents lacked a multi-dwelling rental license.

47. Notwithstanding the voluntary dismissal of the over one hundred thirty (130) failure to pay rent actions, on July 5, 2024, the Respondents represented to the consumers at Heather Hill by OneWall the following:

> [We] will continue to charge and collect all rent legally due under the terms of the lease and in accordance with local and state laws. We will also exercise our legal rights to enforce payments and take possession of units occupied by leaseholders who fail to pay rent or otherwise violate the terms of their lease.

48. The Respondents also informed the consumers at Heather Hill by OneWall that Prince George's County represented to them that "holding a temporary rental license does not exempt residents from paying rent."

49. The Respondents, however, did not inform consumers that under the law they are prohibited from collecting rent and filing summary ejectment proceedings to collect rent that is attributable to any unlicensed period.

50. On August 4, 2024, Heather Hill by OneWall failed a Fire Safety Inspection.

51. On August 5, 2024, DPIE issued a notice of suspension of the temporary multi-family dwelling license.

52. DPIE conditioned further operation of Heather Hill by OneWall upon compliance with Prince George's County Code of Ordinances, namely housing and fire codes. DPIE restricted the Respondent Owner from renting any existing vacant units and units that may become vacant in the future, until "you have applied for and obtained a multi-family rental license."

53. The Owner, Operating Company, and OneWall Communities failed to display or post the notice of suspension of the temporary housing license as required by Prince George's County Ordinance Subtitle 13, Division 4, § 13-187(d).

54. Notwithstanding the suspension, the Respondents, on August 19, 2024, issued a notice to consumers at Heather Hill by OneWall that included the following directives and notices:

a. Pay all rent in person by personal check or money order using the rent drop box at the leasing office;

b. All payments should be made payable to Heather Hill Operating Company, LLC; and

c. If your rent is not received by the date stated in your lease agreement, you will be assessed a late fee.

55. Respondents represent, expressly or impliedly, to consumers that they (a) are in compliance with the law; and (b) will remain in compliance with the law, when in fact Respondents were not in compliance and/or did not remain in compliance with licensing requirements and fire, safety, sanitation, fitness, and habitability codes, as well as other laws.

56. Respondents represent, expressly or impliedly, to consumers that they are complying with the licensing requirements, have the required licenses, and have the legal authority to advertise and lease the rental units, when in fact, Respondents were not and are not licensed.

57. Respondents represent, expressly or impliedly, to consumers that they are complying with the licensing requirements and, thus, that the premises have passed an inspection and are not subject to any unabated violation notice or order issued under the Prince George's County housing, fire, and related codes, when in fact Respondents had not obtained a license, and the premises had not and have not passed an inspection and were and are subject to at least one unabated violation notice or order.

58. Respondents represent, expressly or impliedly, to consumers that they are complying with the licensing requirements and will remain in compliance with the licensing requirements, when in fact the Respondents were not and are not licensed and, to the extent they obtained a purported temporary license, did not remain in compliance with the licensing requirements.

59. Respondents represent, expressly or impliedly, to consumers that Respondents will follow the law and, thus, that the premises will timely receive all required inspections and

the Respondents will timely resolve any unabated violation notice or order issued under the Prince George's County housing, fire, and related codes, when in fact the Respondents did not maintain a license, the premises were not timely inspected and Respondents did not timely resolve, and are not timely resolving unabated violation notices or orders.

60. In their advertising of consumer realty, entering into lease agreements, including renewal agreements, and leasing consumer realty for housing for consumers, Respondents failed to inform consumers that they were not in compliance with the licensing requirements and lacked the legal authority to advertise and lease the rental units or renew leases, when in fact the Respondents were not licensed.

61. In their advertising of consumer realty, entering into lease agreements, including renewal agreements, and leasing consumer realty for housing for consumers, Respondents failed to inform consumers that, because they were not in compliance with the licensing requirements, Heather Hill by OneWall had not passed necessary inspections and might be in violation of housing and fire codes.

62. In their advertising of consumer realty, entering into lease agreements, including renewal agreements, and leasing consumer realty for housing for consumers, Respondents failed to inform consumers that there were unabated notices of violations against Heather Hill by OneWall and there could be other violations of the housing and fire codes lurking, that would only be detected by the required inspection which had not occurred. Respondents failed to inform consumers that at least one violation of the code was so egregious that the unit was found uninhabitable, and Respondents were instructed to vacate all tenants from the unit. Respondents failed to inform consumers that violations of the code related to the existence of mold, water

infiltration, no heat and/or air conditioning, fire code violations, and infestations of bats, roaches, insects and rodents, among other violations.

63. In their advertising of consumer realty, entering into lease agreements, including renewal agreements, and leasing consumer realty for housing for consumers, Respondents failed to inform consumers that they would not maintain all required licenses and, thus, that the premises would not timely receive all required inspections and the Respondents would not timely resolve any unabated violation notices or orders, including housing and fire violations, when in fact the Respondents did not maintain a license, Heather Hill by OneWall was not timely inspected, and Respondents did not timely resolve unabated violation notices or orders.

Failing to Obtain and Maintain a Debt Collection License

64. Respondent Owner entered into leases in 2022, 2023, and 2024 which contained contract terms requiring consumers to pay, to Respondent Operating Company, "base rent" and "additional rent", which included various utility fees, applicable late fees, insufficient fund charges, legal fees, court costs, collection costs, amenity fees, parking charges, "related charges," damages charges, and costs to perform any obligation under the lease that Respondent Owner deems is the responsibility of the consumer.

65. Respondent Owner did not have rent or other money due from tenants because Respondents could not legally collect rent or other monies from consumers when Respondent Owner and Heather Hill by OneWall did not have a multi-family rental dwelling license.

66. Respondents Operating Company and OneWall Communities collected, collects, and attempts to collect rent and other monies from consumers that it knew that the Respondent

Owner lacked the authority to collect because Respondent Owner failed to obtain the multi-family rental license.

67. Respondents Operating Company and OneWall Communities have not held, and do not hold, the requisite debt collector's license in the State of Maryland.

Violations of the Consumer Debt Collection Act
(The Operating Company and OneWall Communities)

68. The Division incorporates paragraphs 1 through 67 as if they were fully alleged herein.

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

70. In their capacity as property managers, Respondents Operating Company and OneWall Communities collect rent and other payments from tenants on behalf of Respondent Owner. Because Respondents Operating Company and OneWall Communities collect debt on behalf of Respondent Owner, Respondents Operating Company and OneWall Communities are required to be licensed pursuant to MCALA.

71. OneWall Communities directed consumers to pay rent, and the rent was made payable to and issued to the Operating Company.

72. Notwithstanding this requirement, Respondents Operating Company and OneWall Communities failed to obtain and maintain a debt collection license.

73. Respondents Operating Company and OneWall Communities knew that there were significant code violations, that the property was not properly licensed and that they lacked the legal right to collect rent and fees from tenants.

74. Respondents Operating Company and OneWall Communities violated § 14-202(8) of the CDCA when they sought to collect rent and fees from tenants.

75. Respondents Operating Company and OneWall Communities violated § 14-202(10) of the CDCA when they engaged in unlicensed debt collection activity in violation of MCALA.

76. Respondents Operating Company and OneWall Communities violated § 14-202(11) of the CDCA when they engaged in false, deceptive, misleading, unfair and unconscionable debt collection activities in violation of §§ 807 and 808 of the FDCPA, including, but not limited to, § 807(1), (2), (5), (9), (10) and (14) and § 808(1) and (4).

77. Respondents Operating Company and OneWall Communities violated § 13-301(14)(iii) of the CPA when they violated the CDCA.

Violations of the Consumer Protection Act

78. The Division incorporates paragraphs 1 through 77 as if they were fully alleged herein.

79. The rental units Respondents offered and leased to consumers are consumer realty and services pursuant to § 13-101(d)(1) of the CPA because they are used for personal, family, or household purposes.

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

81. Respondents engaged in unfair, deceptive and abusive trade practices in connection with the offer or lease of consumer realty and services that are generally prohibited by §§ 13-301 and 13-303 of the CPA.

Deceptive Trade Practices

82. In their advertising of consumer realty, entering into lease agreements, including renewal agreements, and leasing consumer realty for housing for consumers, the Respondents made false and misleading statements that have 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(2) of the CPA, when they represented, expressly or impliedly, that Respondent Owner and/or Heather Hill by OneWall had an approval or status or were of a particular standard or quality (*i.e.* properly inspected and licensed multi-family dwelling units, and licensed debt collection agency) that they did not and do not have.

83. The Respondents made false and misleading statements that have 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(5) of the CPA, when they advertised and offered to lease the units without intent to lease or rent the units as advertised.

84. The Respondents made false and misleading statements that have 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, in their lease agreements, including their renewal agreements, when they defined rent (including, base and additional rent) and described how rent payments could and/or would be allocated.

85. In their advertising of consumer realty, entering into lease agreements, including renewal agreements, and leasing consumer realty for housing for consumers, the Respondents 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 represented, expressly or impliedly, that:

a) they are complying with the law, including the CPA, the Prince George's County Ordinances, and Real Property Article § 8-208, and will remain in compliance with the law;

b) they will follow the law and, thus, that the premises will timely receive all required inspections, and the Respondents will timely resolve any unabated violation notice or order issued under the Prince George's County housing, fire, and related codes;

c) they are complying with the licensing requirements and, thus, that the premises have passed an inspection and are not subject to any unabated violation notice or order issued under the Prince George's County housing, fire, and related codes; and,

d) they could legally collect rent, and other amounts, including by using the courts to seek such payments.

86. Respondents 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:

a) Respondents were not, and are not, in compliance with the law, including the licensing requirements;

b) Respondents could not legally collect rent, and other amounts, including by using the courts to seek such payments;

c) Respondents lack and lacked the legal authority to advertise and lease the rental units or renew leases;

d) Heather Hill by OneWall has not and had not passed necessary inspections and might be in violation of housing and fire codes;

e) there were unabated notices of violations against Heather Hill by OneWall and there could be other violations of the housing and fire codes lurking, that would only be detected by the required inspection;

f) Respondents would not maintain all required licenses and, thus, that the premises would not timely receive all required inspections, and the Respondents would not timely resolve any unabated violation notices or orders, including housing and fire violations; and,

g) the written lease agreement did not include an express warranty of habitability, a "nonretaliation" provision, and a provision acknowledging rent escrow as a tenant's lawful remedy.

87. Respondents 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 defined rent (including, base and additional rent) in a manner that was unclear and confusing and failed to inform consumers of the actual definition of rent and failed to inform consumers that rent payments could not legally be allocated as described in the lease agreement.

Unfair Trade Practices

88. In their advertising of consumer realty, entering into lease agreements, including renewal agreements, and leasing consumer realty for housing for consumers, Respondents engaged in unfair trade practices prohibited by § 13-303 of the CPA.

89. Respondents' illegal rental practices have caused and are likely to continue to cause substantial injury to consumers.

90. Consumers who leased Respondents' consumer realty and services could not have known that Respondents were violating Maryland law or that they would not, and could not, legally provide the consumer realty and services as promised and, therefore, consumers could not reasonably avoid their injuries.

91. The injuries that consumers have suffered as a result of the Respondents' unfair trade practices are not offset by any benefit to consumers or to competition.

Abusive Practices

92. In their advertising of consumer realty, entering into lease agreements, including renewal agreements, and leasing consumer realty for housing for consumers, Respondents engaged in abusive trade practices prohibited by § 13-303 of the CPA.

93. In their advertising of consumer realty, entering into lease agreements, including renewal agreements, and leasing consumer realty for housing for consumers, Respondents represented to consumers that they have for rent changed, transformed, and renovated 1, 2, and 3 bedroom units.

94. In their advertising of consumer realty, entering into lease agreements, including renewal agreements, and leasing consumer realty for housing for consumers, Respondents failed

to inform consumers that there were unabated notices of violations against Heather Hill by OneWall and there could be other violations of the housing and fire codes lurking, that would only be detected by the required inspection which had not occurred. Respondents failed to inform consumers that at least one violation of the code was so egregious that the unit was found uninhabitable, and Respondents were instructed to vacate all tenants from the unit. Respondents failed to inform consumers that violations of the code related to the existence of mold, water infiltration, no heat and/or air conditioning, fire code violations, infestations of bats, roaches, insects and rodents, among other violations.

95. Respondents collected money from consumers for consumer realty that lacked proper licensing, had code violations and that were, at least in some instances, uninhabitable.

96. Respondents took unreasonable advantage of a lack of understanding on the part of the consumers of the material risks, costs, or conditions of the consumer realty and services actually being offered and provided.

97. Respondents renewed lease agreements that consumers had entered into with the prior owner of the Heather Hill apartments, and collected and attempted to collect rent and other fees from those consumers, but failed to inform the consumers that Respondent Owner had failed to timely submit a written application for a rental license, failed to obtain the required inspections, and failed to obtain the required rental license; and, thereby, took unreasonable advantage of a lack of understanding on the part of the consumers.

98. Respondents renewed lease agreements that consumers had entered into with the prior owner of the Heather Hill apartments and collected and attempted to collect rent and other fees from those consumers, but failed to inform the consumers that Respondents Operating

Company and OneWall Communities lacked the requisite debt collector license to collect the rent and other fees; and, thereby, took unreasonable advantage of a lack of understanding on the part of the consumers.

99. Respondents filed failure to pay rent actions, sought summary ejectment and/or defended escrow actions, and, upon information and belief, evicted tenants and/or charged buyout fees; taking unreasonable advantage of a lack of understanding on the part of the consumers in the landlord tenant relationship.

CLAIM FOR RELIEF

100. By violating the CDCA and CPA, Respondents are subject to a cease-and-desist order and are liable for restitution, 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:

A. Finding that Respondents engaged in unfair, deceptive or abusive trade practices in the offering to lease and leasing of consumer realty to consumers, in violation of § 13-303 of the CPA;

B. Finding that the Respondents Operating Company and OneWall Communities collected and attempted to collect rent and fees that were not owed, engaged in unlicensed debt collection activity, and engaged in false, deceptive, misleading, unfair and unconscionable debt collection activities that violate the FDCPA, all in violation of the CDCA;

C. Requiring Respondents cease and desist from engaging in unfair, deceptive or abusive trade practices in violation of the CPA;

D. Requiring Respondents Operating Company and OneWall Communities cease and desist from engaging in violations of the CDCA;

E. Requiring Respondents, jointly and severally, to take affirmative action, including making restitution of all monies that Respondents received in connection with their unfair or deceptive trade practices;

F. Requiring Respondents, jointly and severally, to pay economic damages;

G. Requiring Respondents, jointly and severally, to pay the costs of this proceeding, including all costs of investigation, pursuant to § 13-409 of the CPA;

H. Requiring Respondents, jointly and severally, to pay a suitable civil penalty of $10,000 per violation, pursuant to § 13-410 of the CPA; and

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

Respectfully submitted,

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