

IN THE MATTER OF:

Cryptic House, LLC and Matthew Acheson

ASSURANCE OF DISCONTINUANCE

Pursuant to 5 M.R.S.A. § 211, in October 2022 the Attorney General of Maine initiated an investigation into certain conduct of Cryptic House, LLC (“Cryptic House”) and Matthew Acheson (“Acheson”). Based on that investigation, the Attorney General has determined that Cryptic House and Acheson have engaged in conduct violating the Maine Unfair Trade Practices Act (5 M.R.S.A. §§ 205-A –214) and the Consumer Review Fairness Act (15 U.S.C. § 45b).

In lieu of commencing a civil action under 5 M.R.S.A. § 209 and/or 15 U.S.C. § 45b(e), the Attorney General enters into this Assurance of Discontinuance (“Assurance”) with Cryptic House and Acheson pursuant to 5 M.R.S.A. § 210.

STATEMENT OF FACTS

1. Cryptic House is a Maine limited liability company formed in 2016. Its principal place of business is in Orono, Maine. Cryptic House owns and operates multiple rental properties in Orono. Many of Cryptic House’s residential tenants are students at the University of Maine at Orono.

2. Acheson is an individual who resides in Orono. He is the sole member and owner of Cryptic House and has been since the company’s formation.

3. On October 26, 2022, the Attorney General issued a Civil Investigative Demand (“CID”) under 5 M.R.S.A. § 209 to Cryptic House and to Acheson. Among

other documentary material, the CID requested copies of all leases for Cryptic House's rental properties.

4. Many of the leases for Cryptic House's rental properties contain a "Liability Waiver" provision that provides that:

Tenant agrees to indemnify and hold Landlord blameless for all injuries, property damage, or any other form of liability or economic loss experienced by Tenant or their guests on the building grounds. Tenant waives all rights to pursue civil legal remedies against the Landlord for any reason including negligence.

5. The Attorney General alleges that, with respect to Cryptic House's leases for dwelling units, the "Liability Waiver" provision is illegal under 14 M.R.S.A. § 6030 and violates 5 M.R.S.A. § 207, which prohibits unfair methods of competition and unfair or deceptive acts or practices in the conduct of trade or commerce.

6. Additionally, many of the leases for Cryptic House's rental properties contain a "Disparagement" provision that provides that:

A **\$5,000** fee will be assessed and it is a substantial lease violation if the Tenant or their relatives publicly disparage the Landlord, its employees, its rules and regulations, or its properties; if Tenant or their relatives conduct media interviews, publish online, hold public meetings, or use social media in any way that damages the reputation of the Landlord or the financial performance of its properties or businesses owned by its members.

7. The Attorney General alleges that Acheson added the "Disparagement" provision to Cryptic House's standard lease after a dispute with a relative of a tenant regarding a negative review of Cryptic House.

8. The Attorney General alleges that Cryptic House's leases with individuals are form contracts as defined by 15 U.S.C. § 45b(a)(3).

9. The Attorney General alleges that, with respect to Cryptic House's leases with individuals, the "Disparagement" provision is illegal under the Consumer Review

Fairness Act, 15 U.S.C. § 45b(b), and that offering leases containing this provision violated 5 M.R.S.A. § 207 and 15 U.S.C. § 45b(c).

10. Cryptic House admits that, by including the "Liability Waiver" and "Disparagement" provisions in Cryptic House's leases as described above, it has violated the Maine Unfair Trade Practices Act and the Consumer Review Fairness Act. Acheson does not admit any of the Attorney General's allegations and denies that he has violated any provision of law as alleged herein.

ASSURANCES

11. Cryptic House and Acheson (including any corporation, company, partnership, or other business entity owned or operated by Cryptic House and/or Acheson) shall not offer or enter into a lease for a dwelling unit¹ that contains a provision in violation of 14 M.R.S.A. § 6030, including any provision that purports to limit or absolve Cryptic House or its agents, including Acheson, from liability for negligence.

12. Cryptic House and Acheson (including any corporation, company, partnership, or other business entity owned or operated by Cryptic House and/or Acheson) shall not offer or enter into a form contract² or a lease for a dwelling unit that contains a provision that is invalid under 15 U.S.C. § 45b(b).

13. With respect to leases that contain provisions prohibited by paragraphs 11 and/or 12 above, including leases that contain the "Liability Waiver" and/or "Disparagement" provisions described above, and without regard to whether the tenants under those leases are current tenants, Cryptic House shall, within 30 days of the filing of this Assurance, provide written notice to all parties to those leases that the provisions

¹ The term "dwelling unit" shall have the meaning provided by 14 M.R.S.A. § 6021(1).

² The term "form contract" shall have the meaning provided by 15 U.S.C. § 45b(a)(3).

are illegal and unenforceable and that Cryptic House will not attempt, seek, or threaten to enforce them. The written notices shall be accompanied by an executed copy of this Assurance. The Attorney General c/o AAG Michael Devine shall be simultaneously copied on all written notices.

14. Cryptic House shall pay the total sum of \$5,000 to the Attorney General for his costs of investigation leading to the Assurance. Said payment shall be made by bank or certified check payable to the order of "Maine Attorney General." The payment shall be mailed or otherwise delivered to AAG Michael Devine, 6 State House Station, Augusta, ME 04333, along with an original copy of this Assurance executed by Cryptic House and Acheson.

GENERAL PROVISIONS

15. This Assurance is a settlement and release on behalf of the Attorney General of all claims, causes of action, damages, fines, costs, and penalties that were asserted or could have been asserted pursuant to 5 M.R.S.A. § 209 and/or 15 U.S.C. § 45(b)(e) against Cryptic House and/or Acheson that relate to or are based upon the subject matter of this Assurance, up to and including the date this Assurance is executed by the Attorney General. Notwithstanding the foregoing, the Attorney General may institute investigations, actions, and/or proceedings for any violation of this Assurance and/or for any conduct that occurs after the date this Assurance is executed by the Attorney General.

16. This Assurance shall be governed by the laws of the State of Maine. Any references herein to a statutory enactment shall be deemed to include references to

such enactment as the same may be amended, restated, and/or replaced from time to time, and to any successor legislation of the same general intent and effect.

17. Nothing in this Assurance shall be deemed or construed as a waiver of the claims, remedies, or rights that any consumer or tenant may have against Cryptic House and/or Acheson relating to the subject matter of this Assurance.

18. The rule of construction or interpretation by which an ambiguous provision in an instrument is interpreted against its drafter shall not apply to this Assurance.

19. This Assurance is a matter of public record and shall be filed with the Superior Court of Kennebec County.

20. Each person executing this Assurance represents that he does so voluntarily and with full authority to execute on his behalf and on behalf of the named party, such that by his execution the named party shall be legally bound to the terms of this Assurance.

AARON M. FREY
ATTORNEY GENERAL

Dated: 3/29, 2023




Michael Devine, Bar No. 5048
Assistant Attorney General
Office of the Attorney General
6 State House Station
Augusta, ME 04333

CRYPTIC HOUSE, LLC

Dated: 3/9, 2023


t Matthew Acheson
Member and Owner

Dated: 3/9, 2023


Matthew Acheson