

IN THE CIRCUIT COURT OF THE FIFTEENTH JUDICIAL CIRCUIT
IN AND FOR PALM BEACH COUNTY, FLORIDA

OFFICE OF THE ATTORNEY GENERAL,
STATE OF FLORIDA, DEPARTMENT
OF LEGAL AFFAIRS

Plaintiff,

-vs-

CASE NO.

NIKOLAS, LLC, an Active State of Florida
Limited Liability Company,

CHRISTOPHER KAUFMANN, LE SALON, an
Active State of Florida Registered Fictitious Name

CHRISTOPHER KAUFFMANN, an Expired
State of Florida Registered Fictitious Name

CK LE SALON LLC, a Dissolved State of Florida
Limited Liability Company

CHRISTOPHER KAUFMANN, Individually, and as
President, Manager, Owner, Officer and/or Director of
NIKOLAS, LLC, CHRISTOPHER KAUFMANN,
LE SALON, CHRISTOPHER KAUFMANN, and
CK LE SALON LLC.,

Defendants.

**COMPLAINT FOR INJUNCTIVE RELIEF, DECLARATORY
RELIEF, CIVIL PENALITIES, ATTORNEYS' FEES AND
COSTS AND ALL OTHER STATUTORY RELIEF**

Plaintiff, Office of the Attorney General, State of Florida, Department of Legal Affairs
("Attorney General"), sues Defendants, Nikolas, LLC, Christopher Kaufmann, Le Salon,
Christopher Kaufmann, CK Le Salon LLC, and Christopher Kaufmann, Individually, and as
President, Manager, Owner, Officer and/or Director of Defendants, Nikolas, LLC, Christopher

Kaufmann, Le Salon, Christopher Kaufmann, and CK Le Salon LLC, (all hereafter referred to alternatively as “Defendants”) and alleges the following:

The Attorney General

1. Plaintiff, the Attorney General, is the enforcing authority pursuant to Section 501.203(2) of the Florida Deceptive and Unfair Trade Practices Act, Chapter 501, Part II, Florida Statutes (“FDUTPA”) and is authorized to bring this action and to seek injunctive and other available statutory and civil relief pursuant to FDUTPA.

2. The Attorney General has conducted an investigation of the matters alleged herein, and the head of the enforcing authority, Attorney General Pamela Jo Bondi, has determined that this enforcement action serves the public interest, as required by Section 501.207(2), Florida Statutes.

The Defendants

3. Defendant, Nikolas, LLC, is an active State of Florida Limited Liability Company established in or around 2007, with its principal office located in Palm Beach, Palm Beach County, Florida. Nikolas, LLC offers and/or offered at one time, jewelry design, repair, cleaning, sales, and consignment services to consumers in the State of Florida and elsewhere in the United States.

4. Defendant, Christopher Kaufmann, Le Salon, is an active State of Florida Fictitious Name which was registered in or around 2009, with its principal office located in Palm Beach, Palm Beach County, Florida. Christopher Kaufmann Le Salon offers and/or offered at one time, jewelry design, repair, cleaning, sales, and consignment services to consumers in the State of Florida and elsewhere in the United States.

5. Defendant, Christopher Kaufmann, is an expired State of Florida Fictitious Name (“EFN”) which was registered in or around 2010, with its principal office located in Palm Beach,

Palm Beach County, Florida. Christopher Kaufmann (EFN) offers and/or offered at one time, jewelry design, repair, cleaning, sales, and consignment services to consumers in the State of Florida and elsewhere in the United States.

6. Defendant, CK Le Salon LLC, is a dissolved State of Florida Limited Liability Company which was established in or around 2010, with its principal office located in Palm Beach, Palm Beach County, Florida. CK Le Salon LLC offers and/or offered at one time, jewelry design, repair, cleaning, sales, and consignment services to consumers in the State of Florida and elsewhere in the United States

7. Defendant, Christopher Kaufmann, is a natural person who is and/or was registered with the Florida Department of State, Division of Corporations, as a Principal, Owner and/or Officer of Nikolas, LLC, Christopher Kaufmann, Le Salon, Christopher Kaufmann (EFN), and CK Salon, LLC.

8. As a Principal, Owner and/or Officer of Nikolas, LLC, Christopher Kaufmann, Le Salon, Christopher Kaufmann (EFN), and CK Salon, LLC, Defendant, Christopher Kaufmann, presently, and/or at all times material to the allegations in this AVC, participated in, controlled and/or possessed the authority to control the acts and practices of Nikolas, LLC, Christopher Kaufmann, Le Salon, Christopher Kaufmann (EFN), and CK Salon, LLC and possessed actual and/or constructive knowledge of all material acts and practices complained of herein.

Jurisdiction and Venue

9. This is an action for temporary and permanent injunctive relief, restitution, civil penalties, attorney's fees and costs, and other statutory relief against Defendants in excess of \$15,000.00, pursuant to FDUTPA.

10. This Court has jurisdiction over the subject matter pursuant to FDUTPA and Section 817.415 (4), (5), and (6), Florida Statutes. The granting of injunctive and other equitable relief is within the jurisdiction of the circuit court, and the amount in controversy satisfies the jurisdictional threshold of the circuit court.

11. Defendants maintain a place of business located in Palm Beach County, Florida. The statutory violations alleged herein affect or occurred in more than one judicial circuit in the State of Florida, including the Fifteenth Judicial Circuit in and for Palm Beach County, Florida. Accordingly, the venue is proper in Palm Beach County and in the Fifteenth Judicial Circuit, pursuant to the provisions of FDUTPA and Sections 47.051 and 47.041 of the Florida Statutes.

12. All actions material to this Complaint have occurred within four (4) years of the filing date of this action.

Trade and Commerce

13. Defendants, at all material times hereto, provided goods or services within the definition of Section 501.203(8), Florida Statutes, within Palm Beach County and elsewhere in Florida and the United States.

14. Defendants, at all material times hereto, solicited consumers within the definition of Section 501.203(7), Florida Statutes.

15. Defendants, at all material times hereto, engaged in a trade or commerce within the definition of Section 501.203(8), Florida Statutes.

Defendants' Pattern of Unfair and Deceptive Acts and Practices

16. Beginning in or around 2015, the Office of the Attorney General became aware of numerous consumer complaints regarding the deceptive and unfair business practices of Defendants as it relates to Defendants' consignment services. Subsequent investigation revealed

that consumers began filing lawsuits and/or police reports with local authorities as far back as 2008 for deceptive and unfair trade practices relating to Defendants' jewelry consignment services.

17. Consumers provided high-end jewelry to Defendants to sell on their behalf pursuant to consignment agreements. Defendants typically examined the jewelry to be consigned, assigned an anticipated value to the jewelry and then entered into a written consignment agreement with consumers which contained an upfront agreed-to amount to be paid by Defendants to consumers upon the sale of the consigned jewelry.

18. However, upon receipt of consumers' jewelry, Defendants sold the jewelry, failed to inform consumers of the sale, and either never paid consumers for the jewelry sold or failed to pay consumers the agreed-to consignment amount.

19. Alternatively, upon receipt of consumers' jewelry pursuant to a consignment agreement, Defendants sold consumers' jewelry well below the agreed-to consignment amount absent their permission and then attempted to pay consumers a substantially reduced consignment amount. When consumers refused to accept the reduced amount and demanded full payment, Defendants refused to pay the full amount due to consumers.

20. Finally, upon receipt of consumers' jewelry pursuant to a consignment agreement, Defendants failed to sell the jewelry within the anticipated timeframe. When consumers requested the return of their jewelry, Defendants ignored consumers' repeated telephone calls and requests for the return of their jewelry. When consumers were finally able to reach Defendants, Defendants claimed that the jewelry had been lost, stolen and in some instances sold.

21. When consumers requested payment for the jewelry that they gave Defendants to sell pursuant to the consignment agreement, which in most instances was no more than the agreed-to consignment amount, Defendants told consumers that they did not have the funds to pay

consumers and offered to repay consumers the consignment amount pursuant to an installment plan.

22. If consumers agreed, then Defendants in most instances made only one initial payment pursuant to the repayment installment plan and thereafter failed to make any additional payments.

23. When consumers attempted to contact Defendants regarding the remaining balance due on the agreed-to repayment installment plan, Defendants again engaged in a pattern of avoiding consumers' telephone calls and inquiries and ultimately did not pay consumers the full amount to which they were entitled pursuant to the consignment agreement.

24. Defendants travel frequently between their New York and Palm Beach County jewelry stores to conduct their jewelry business and often transfer the jewelry provided by consumers to Defendants at their Palm Beach County stores to their New York stores purportedly to sell the jewelry pursuant to consignment agreements.

25. The number of consumers who have presented claims to the Office of the Attorney General and of whom the Attorney General is currently aware that have been adversely impacted by the above-detailed unfair and deceptive consignment scheme of Defendants during the four-year period beginning January, 2012, is at least seventeen (17). The value of the jewelry taken from consumers by deception and fraud is estimated to be at least \$1,108,650.00. The amount of restitution to which these consumers are believed to be entitled after their receipt of partial payments from Defendants is at least \$554,439.00.

26. Unless Defendants to this action are permanently enjoined from engaging further in the acts and practices complained of herein, the continued activities of Defendants will result in irreparable injury to the public for which there is no adequate remedy at law.

COUNT I

Florida’s Deceptive and Unfair Trade Practices Act Chapter 501, Part II, Florida Statutes (“FDUTPA”)

27. The Attorney General realleges, reavers, adopts and incorporates paragraphs 1 through 26 above, as if fully set forth herein.

28. FDUTPA provides that “unfair methods of competition, unconscionable acts or practices, and unfair or deceptive acts or practices in the conduct of any trade or commences are hereby declared unlawful”. Section 501.204, Florida Statutes. Misrepresentations, false statements or omissions of materials fact constitute deceptive acts or practices prohibited FDUTPA.

29. FDUTPA defines “trade or commerce” as:

. . . **advertising, soliciting, providing, offering**, or distributing, whether by sale, rental, or otherwise, of **any** good or **service**, or any property, whether tangible or intangible, or any other article, commodity, or thing of value, wherever situated. “Trade or commerce” shall include the conduct of any trade or commerce, however denominated, including any nonprofit or not-for-profit person or activity.

Section 501.203(8), Fla. State. (Emphasis added).

30. The provisions of FDUTPA are to be “construed liberally” to promote the protection of the “consuming public and legitimate business enterprises from those who engage in unfair methods of competition, or unconscionable, deceptive, or unfair acts or practices in the conduct of any trade or commerce.” Section 501.202, Fla. Stat.

31. Any person, firm, corporation, association, or entity, or any agent or employee of the foregoing, who willfully engages in a deceptive or unfair act or practice is liable for a civil penalty of \$10,000 for each violation. Willful violations occur when the person knew or should

have known that the conduct in question was deceptive or unfair or prohibited by rule. Section 501.2075, Fla. Stat.

32. Any person, firm, corporation, association, or entity, or any agent or employee of the foregoing, who willfully engages in a deceptive or unfair act or practice is liable for a civil penalty of \$15,000 for each such violation involving a senior citizen or handicapped person. Willful violations occur when a person knows or should have known that the conduct in question was deceptive or unfair or prohibited by rule. Section 501.2077, Fla. Stat.

33. As more fully detailed above in paragraphs 1 through 26 above, Defendants, engaged in, and continue to engage in, a pattern of deceptive and unfair acts and practices as it relates to their jewelry consignment services offered to consumers in the State of Florida and elsewhere in the United States, which include, but are not limited to, the following:

- a. Consumers are deceived into believing that their high end jewelry will be sold for an upfront and agreed-to amount as provided by a signed consignment agreement between consumers.
- b. In truth and in fact consumers' high end jewelry is not sold by Defendants pursuant to the terms and conditions of the consignment agreement and consumers are not paid by Defendants for the loss. Rather, Defendants: 1) sell consumers jewelry, fail to inform consumers of the sale, and either never pay consumers for the jewelry sold on their behalf or fail to pay consumers the agreed-to consignment amount; 2) sell consumers' jewelry well below the agreed-to consignment amount absent their permission and then attempt to pay consumers a substantially reduced consignment amount; and 3) fail to sell the jewelry within the anticipated timeframe, ignore consumers' requests for the return of their jewelry and/or claims that jewelry has been lost, stolen and in some instances sold.

34. Defendants, have violated and will continue to violate FDUTPA, and the above-described acts and practices of Defendants have injured and will likely continue to injure and prejudice the public and consumers in the State of Florida and elsewhere.

35. Unless Defendants are permanently enjoined from engaging further in the acts and practices complained of herein, Defendants' continued deceptive and unfair business practices will result in irreparable injury to the public and consumers in the State of Florida for which there is no adequate remedy at law.

COUNT II

Civil Theft

36. The Attorney General realleges, reavers, adopts and incorporates paragraphs 1 through 26 above, as if fully set forth herein.

38. According to Section 812.014(1)(a) and (b) of the Florida Statutes, a person commits theft if he or she knowingly obtains or uses, or endeavors to obtain or to use, the property of another with the intent to either temporarily or permanently deprive the person of a right to the property or a benefit from the property; or appropriates the property to his or her own use or to the use of another person not entitled to the use of the property.

39. Defendants obtained high-end jewelry from consumers in Florida and elsewhere valued at in excess of one million dollars through a deceptive consignment scheme. As part of the scheme, Defendants took possession of consumers' jewelry purportedly to sell pursuant to a written consignment agreement between Defendants and consumers. However, once in possession of consumers' jewelry Defendants failed to either pay consumers the full agreed to consignment amount or return consumers' jewelry upon request.

40. Defendants knowingly obtained the jewelry of unsuspecting consumers pursuant to an alleged consignment agreement with the intent to either temporarily or permanently deprive consumers of a right to the jewelry or a benefit from the jewelry.

41. Defendants further appropriated the jewelry of unsuspecting consumers to Defendants' own use or to the use of another not entitled to the use of the jewelry.

42. The consumers impacted by Defendants' consignment scheme are entitled to full restitution, that is, the total agreed-to consignment amount from Defendants.

PRAYER FOR RELIEF

Plaintiff, State of Florida, Department of Legal Affairs, Office of the Attorney General, respectfully requests that this Court:

- A. Enter judgment in favor of the Attorney General.
- B. Enter an order prohibiting and enjoining Defendants, and their officers, agents, servants, employees, attorneys and those persons in active concert or participation with them who receive actual notice of this injunction, from committing future violations of FDUTPA and Section 817.415 (4), Florida Statutes, as specifically alleged above; committing future acts of Civil Theft; and marketing, soliciting, advertising, selling, providing engaging in or accepting payment for any services related to the consignment of jewelry.
- C. Award full restitution against Defendants to consumers for the acts and practices of Defendants, in accordance with Section 501.207, Florida Statutes.
- D. Assess civil penalties against Defendants in the amount of Ten Thousand Dollars (\$10,000.00), pursuant to Section 501.2075, Florida Statutes, or Fifteen Thousand Dollars (\$15,000.00) in cases involving senior citizens or handicapped persons, pursuant to Section 501.2077(2), Florida Statutes, for each violation of FDUTPA.
- E. Award attorney's fees and costs against Defendants, pursuant to Section 501.2075, Florida Statutes, or as otherwise authorized by law.

F. Grant such other and further relief as this Honorable Court deems just and proper, including, but not limited to, all other relief allowable under Section 501.207(3), Florida Statutes.

Dated this 13th day of September, 2016.

Respectfully Submitted,

PAMELA JO BONDI
Attorney General of the State of Florida

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