

STATE OF NORTH CAROLINA IN THE GENERAL COURT OF JUSTICE
SUPERIOR COURT DIVISION

WAKE COUNTY

FILE NO. _____

FILED
2022 MAR 17 A 11:45

STATE OF NORTH CAROLINA, *ex rel.*
JOSHUA H. STEIN, Attorney General,

BY _____
Plaintiff,

v.

COMPLAINT

CHRISTOPHER DILLARD, individually
and d/b/a "Dillard Timber, LLC,"

Defendant.

Plaintiff, the State of North Carolina, by and through its Attorney General, Joshua H. Stein, brings this action against Defendant Christopher Dillard pursuant to the North Carolina Unfair and Deceptive Trade Practices Act, N.C. Gen. Stat. §§ 75-1.1, *et seq.* In support of its Complaint, Plaintiff alleges as follows:

INTRODUCTION

Defendant, doing business as "Dillard Timber, LLC," advertised his logging services to landowners in Southern Central North Carolina. Defendant represented that his business specialized in "select cutting, clear cutting, swamp logging, and thinning of timber"; that he was "paying top prices for standing hardwood and pine timber"; and that his mill could "get a

longer log and smaller tree . . . than most other companies . . . mean[ing] more money in the landowner's pocket.”

In reality, Defendant's timber business was a sham. Although Defendant advertised as “Dillard Timber, LLC,” no such company was ever registered with the North Carolina Secretary of State. In fact, Defendant never had a logging business at all. He owned no logging equipment, had no employees, and—despite representations in his advertisements—performed no logging, timber milling, or other timber work. Instead, after luring in customers with misleading advertising, Defendant contracted to perform logging and timber services for landowners but then passed the work off to third parties.

In addition to deceiving customers about the nature of his business, Defendant made other misrepresentations in his advertisements and dealings with landowners. For example, Defendant used a non-industry-standard unit of timber measurement to pay up to 80% below market rates to a landowner for the landowner's timber. Furthermore, when work was not performed according to what Defendant had promised, landowners had little recourse against the third-party logging companies that actually performed the work. For instance, Defendant promised to clear cut a landowner's timber but the company that performed the work never finished the job. The company removed the most valuable timber and left behind the less valuable

timber and logging debris. Defendant promised to complete the job and clean up the mess, but no one ever returned to the property to finish the work.

In short, Defendant was deceptive in his advertisements, contracts, and dealings with landowners. Defendant's business practices violate North Carolina's Unfair and Deceptive Trade Practices Act, N.C. Gen. Stat. § 75-1.1, *et seq.* The State seeks permanent injunctive relief against Defendant, restitution for consumers, civil penalties, attorney fees, and other relief.

PARTIES, JURISDICTION, AND VENUE

1. Plaintiff is the State of North Carolina, by and through its Attorney General, Joshua H. Stein, who brings this action based on his authority under Chapters 75 and 114 of the North Carolina General Statutes.

2. Upon information and belief, Defendant Christopher Dillard is a resident of Robeson County, North Carolina, and lives at 909 Glenn Street, Lumberton, North Carolina, 28358.

3. This Court has personal jurisdiction over Defendant.

4. This Court has subject matter jurisdiction over this dispute.

5. Venue is proper in Wake County based on the Attorney General's selection under N.C. Gen. Stat. § 75-14.

FACTUAL ALLEGATIONS

Defendant's Business Practices

6. From at least 2017 until early 2021, Defendant advertised his logging and timber services and solicited business from landowners in Southern Central North Carolina.

7. In his advertisements, Defendant held himself out as the owner and operator of "Dillard Timber, LLC."

8. Defendant mailed print advertisements for timber services to landowners in Southern Central North Carolina.

9. Defendant also advertised his timber services online, including on his personal Facebook site and on a "Dillard Timber" Facebook site.

10. In his print advertisements, Defendant made the following representations:

- a. "We are presently logging and buying standing timber in your area";
- b. "We are paying top prices for standing hardwood and pine timber";
- c. "Our people specialize in select cutting, clear cutting, swamp logging, and thinning of timber";

- d. “We can get a longer log and a smaller tree with our mill than most other companies. This means more money in the landowner’s pocket!”; and
- e. “Pine pulpwood is bringing in higher prices at this time.”

Ex. 3, Dillard Timber Advertisement Received by the Halls in 2017; Ex. 4, Dillard Timber Advertisement Received by NCDOJ in 2021.

- 11. Defendant’s advertisements were false and deceptive.
- 12. Defendant never registered a business called “Dillard Timber, LLC” with the North Carolina Secretary of State.
- 13. Defendant has never owned or operated a logging or timber business.
- 14. Defendant has never owned any logging or milling equipment and has never had any employees.
- 15. Defendant’s business practice consisted of soliciting business from landowners with deceptive advertising, entering into contracts with these landowners to perform logging and timber services on their land, and then passing off the logging and timber work to third parties.
- 16. Defendant essentially acted as a “timber finder” for these third parties.
- 17. During his contract negotiations with landowners, Defendant repeated the false and deceptive statements contained in his advertisements.

18. During and after contract negotiations, Defendant continued to falsely represent that he was the owner of “Dillard Timber, LLC” and that his company would perform the contracted-for logging and timber services.

19. Defendant also repeated the false and deceptive claim that he would pay “top dollar” for landowners’ timber.

20. In his contracts with landowners, Defendant used the cord rather than the ton as the unit of measure for pine and hardwood pulp.

21. Upon information and belief, the ton, rather than the cord, is the standard unit of measure used by timber mills in North Carolina.

22. By using the cord as the unit of measure for wood pulp, Defendant created the impression that he was paying more for the timber than he was.

23. In reality, Defendant was paying as much as 80% below the market rate for wood pulp.

Defendant’s Transaction with Herman and Mary Hall

24. In September 2020, Herman Roger Hall and Mary Alice Hall submitted a consumer complaint about Defendant’s business practices to the Consumer Protection Division of the North Carolina Department of Justice. Attached hereto as Exhibit 1 are Affidavits of Herman Roger Hall and Mary Alice Hall together with the consumer complaint they submitted, which is

labeled as Exhibit A to their Affidavits. The factual allegations in the Halls' affidavits and consumer complaint are incorporated herein by reference.

25. The Halls also sent supporting documentation with their complaint, including the advertisement they received in the mail from Defendant and their contract with Defendant. Ex. 3; Ex. 5.

26. Herman Roger Hall and Mary Alice Hall own a 79-acre farm in Ellerbe, North Carolina. They also live on the property.

27. In 2017, Herman and Mary Hall received a "Dillard Timber, LLC" advertisement in the mail from Defendant. Ex. 3.

28. In the advertisement, Defendant made the representations described above in paragraph 10. Ex. 3.

29. Based on the advertisement, the Halls contacted Defendant about clear cutting their land.

30. The Halls told Defendant that they wanted to clear cut and sell the timber on their land and then plant new trees. To plant new trees, the Halls' land needed to be clear cut and free of logging debris.

31. In November 2017, the Halls entered into a contract with Defendant.

32. Under the contract, Defendant agreed to complete the clear cutting of the timber on the Halls' land by June 1, 2019.

33. Based on Defendant's advertisement and conversations with the Halls, the Halls believed that Defendant owned and operated Dillard Timber LLC, that Defendant's company would be doing the logging and timber work on their land, and that Defendant owned a timber mill where the timber harvested from their land would be processed.

34. None of these representations by Defendant were true.

35. In early 2018, loggers came to the Halls' land and began harvesting their timber. But the loggers did not clear cut the Halls' timber as promised. Instead, the loggers harvested the most valuable timber and left the rest behind. The loggers also failed to remove the logging debris from the Halls' land. The loggers promised to return to the Halls' land with a chipper to complete the work, but they never did.

36. When no one returned to complete the work, the Halls tried to contact Defendant. Defendant never returned to complete the work.

37. Ultimately, the Halls had to contract with someone else to complete the work and fix the mess that Defendant had left on their land.

38. The contract specified the rates that Defendant would pay the Halls for wood logs, chip, and pulp harvested from their land. Ex. 5.

39. The contract rates for wood pulp were per cord, and the other rates were per ton. For pine pulp, the contract rate was \$14.75 per cord; for hardwood pulp, the rate was \$1.75 per cord. If these had been *per-ton* rates,

the pine-pulp rate would have been within the range of market rates, and the hardwood-pulp rate would have been a few dollars below the market rate. However, after converting the per-cord rates provided in the contract to per-ton rates, the contract rates were approximately 50% to 80% below the market rates for pine and hardwood pulp.

40. Upon information and belief, the industry standard for timber mills in the State is to use the ton, rather than the cord, as the unit of measurement.

41. By using per-cord rather than per-ton rates in the contract, Defendant created the impression that he was paying the Halls at or close to market rates for pine and hardwood pulp. But he actually paid them far below the market rates for wood pulp.

42. In addition, the Halls compared the payments they received for their timber with the weight scale tickets from the mill where their timber was taken. These records show that they were not paid at all for at least one truckload of their timber.

43. As a result of Defendant's acts, practices, representations, and omissions alleged in this Complaint, the Halls have suffered financial harm.

**The Attorney General's Investigation
of Defendant's Business Practices**

44. After receiving the Halls' consumer complaint in September 2020, the Consumer Protection Division began investigating the allegations in the consumer complaint. Attached hereto as Exhibit 2 is the Affidavit of Cynthia Carson Gilliam, a Consumer Protection Specialist in the Division, describing, *inter alia*, Plaintiff's investigation of Defendant's business practices. The factual allegations in Gilliam's affidavit are incorporated herein by reference.

45. In fall 2020, Plaintiff reached out to Defendant multiple times for information about his transaction with the Halls. Defendant never provided any substantive response.

46. In December 2020, pursuant to the Attorney General's authority under N.C. Gen. Stat. § 75-10, Plaintiff served on Defendant a Civil Investigative Demand requiring him to submit certain documents to Plaintiff. The Civil Investigative Demand sought documents and communications related to Defendant's transactions with the Halls and other landowners, as well as documentation about Defendant's business, business practices, and advertising. Ex. 6, Civil Investigative Demand.

47. Defendant failed to respond to the Plaintiff's Civil Investigative Demand.

48. On March 10, 2021, Plaintiff filed with this Court an Application for Enforcement of Civil Investigative Demand. Ex. 7, Application for Enforcement of Civil Investigative Demand in *Stein v. Dillard*, File No. 21 CVS 3289 (Wake Cnty. Super. Ct. Mar. 10, 2021).

49. Following a hearing on the Plaintiff's Application, the Court entered an order dated April 1, 2021 directing Defendant to respond to the Plaintiff's Civil Investigative Demand by May 10, 2021. Ex. 8, Order in *Stein v. Dillard*, File No. 21 CVS 3289 (Wake Cnty. Super. Ct. Apr. 1, 2021).

50. In violation of this order, Defendant again failed to respond to the Plaintiff's Civil Investigative Demand.

51. On June 22, 2021, Plaintiff filed with this Court a motion for order to show cause, moving the Court, pursuant to N.C. Gen. Stat. §§ 75-10 and 5A-23, for an order directing Defendant to show cause why he should not be held in civil contempt for his failure to comply with the Court's order.

52. On June 25, 2021, the Court entered an order finding probable cause to believe that Defendant was in civil contempt and requiring Defendant to appear and show cause why he should not be held in civil contempt. Ex. 9, Order in *Stein v. Dillard*, File No. 21 CVS 3289 (Wake Cnty. Super. Ct. Jun. 25, 2021).

53. At the August 9, 2021 show cause hearing, Defendant claimed—for the first time—that he was unable to comply with Plaintiff's Civil

Investigative Demand because he did not have the documents Plaintiff had requested.

54. Plaintiff's counsel questioned Defendant under oath at the hearing. Defendant admitted:

- a. That he held himself out as the owner of "Dillard Timber, LLC," even though no such company existed (Ex. 10, Excerpt from Transcript of Aug. 9, 2021 Show Cause Hearing, pp. 31-33, 40-41; *see also Id.*, pp. 16-17 (Defendant's admission to the Court that he never registered the company));
- b. That he represented in his advertisements that his company did logging work, even though that was not true (*Id.*, pp. 31-33, 40-41); and
- c. That contrary to the representations in his advertisements, he owned no logging or timber milling equipment and had no employees (*Id.*, pp. 40-41).

55. Following the show cause hearing, the Court entered an order. Ex. 11, Order in *Stein v. Dillard*, File No. 21 CVS 3289 (Wake Cnty. Super. Ct. Sept. 2, 2021). The Court made the following findings of fact in its order:

- a. Dillard has failed to comply with this Court's April 1, 2021 Order. *Id.* at ¶ 5.

- b. Dillard has held himself out as the owner of Dillard Timber, LLC, and has represented in advertisements to consumers that he is engaged in the business of logging, buying, and milling timber. *Id.* at ¶ 14.
- c. Dillard Timber, LLC, is not registered with the North Carolina Secretary of State. *Id.* at ¶ 15.
- d. Dillard's business owns no logging or milling equipment, has no employees, and does not log or mill timber. *Id.* at ¶ 16.
- e. Dillard's business practice was to act as a "timber finder," where he would serve as a "middle man" between timber owners and timber logging and milling companies. *Id.* at ¶ 17.
- f. Dillard did not disclose in his advertisements to consumers that the service he was offering was to be a "timber finder," and that third party companies, rather than Dillard Timber, LLC, would do the logging and milling of the consumer's timber. *Id.* at ¶ 18.

56. Because Defendant told the Court that he did not have some of the documents demanded in the Civil Investigative Demand, the Court did not immediately hold Defendant in willful civil contempt. *Id.* at ¶¶ 12-13.

57. Instead, the Court ordered Defendant to produce to Plaintiff within 30 days of the Order any responsive documents that he had or could

obtain from third parties. *Id.* at p. 5. In addition, the Court ordered Defendant to provide written responses to each of the thirteen specific document requests contained in Plaintiff's Civil Investigative Demand using a form that was attached to the Order. *Id.*; Ex. 12, Attachment to Order. Defendant was required to affirm the truth of the information provided in his written responses. Ex. 11 at p. 5; Ex. 12 at p. 17.

58. The Court also enjoined Defendant, until further order from this court, from engaging in the timber business, including timber finding, logging, buying, milling, or any other business in the timber industry. Ex. 11 at pp. 5-6, ¶ 3.

59. Defendant submitted to Plaintiff his written responses, including the required attestation. In his responses, which were affirmed under the penalties for perjury, Defendant claimed to have no documents responsive to any of Plaintiff's civil investigative document demands. Ex. 13, Written Responses to CID with Attestation.

60. Defendant's responses were not all truthful. For example, the Civil Investigative Demand required Defendant to produce the following documents to Plaintiff:

- a. ALL DOCUMENTS and COMMUNICATIONS RELATED TO
YOUR practices of paying for wood by the cord.

- b. ALL DOCUMENTS and COMMUNICATIONS RELATED TO YOUR practices of chipping cut trees not removed from the land.
- c. ALL complaints that YOU have received since January 1, 2016 RELATED to timber or logging; YOUR responses to those complaints; and ALL YOUR internal COMMUNICATIONS and other DOCUMENTS that discuss such complaints.
- d. ALL legal actions or governmental investigations to which YOU have been a party since January 1, 2016.

Ex. 6 at p. 4, Nos. 7-10; *see also* Ex. 12 at pp. 10-13.

61. In his responses, Defendant claimed to have no documents responsive to these requests. Ex. 13 at pp. 10-13, 17.

62. However, Defendant is a defendant in another lawsuit that was filed in Bladen County District Court on June 10, 2021. Ex. 14, Complaint in *Bell, et al. v. Dillard, et al.*, File No. 21 CVD 369 (Bladen Cnty. Dist. Ct. Jun. 10, 2021).

63. Upon information and belief, Defendant was served with the complaint filed in the *Bell* lawsuit.

64. Defendant failed to provide documents to Plaintiff related to the *Bell* lawsuit or to disclose its existence in his written responses to Plaintiff.

This failure violated the Court's September 2, 2021 Order. *See* Ex. 11 at p. 5, ¶¶ 1-2. Defendant was specifically required to provide documents and information related to any complaints that he had received related to timber or logging and any legal actions that he was a party to. Ex. 6 at p. 4, Nos. 9-10; Ex. 12 at pp. 12-13.

65. The plaintiffs in *Bell* allege strikingly similar facts to those alleged by the Halls in their consumer complaint, including the following allegations:

- a. That the Bells received a Dillard Timber, LLC advertisement in the mail in which Defendant represented that his company was "in the area" and was "paying top prices for hardwood and pine standing timber." Ex. 14 at ¶¶ 8-11; Ex. 15, Advertisement Received by the Bells; *see also* Ex. 3 (identical advertisement received by the Halls).
- b. That the Bells contracted with Defendant to harvest the timber from their land. Ex. 14 at ¶¶ 12-13.
- c. That loggers came to the Bells' property to harvest their timber and it was unclear to the Bells if the loggers were from Defendant's company or from a different logging company. *Id.* at ¶ 16.

- d. That the loggers left without harvesting all of the timber that the Bells had contracted for. *Id.* at ¶ 21.
- e. That the loggers left behind logging debris, including cut timber that was left on the ground to rot. *Id.* at ¶ 22.
- f. That the Bells' contract with Defendant provided that they would be paid a per-ton rate for some of their timber but a per-cord rate for pine and hardwood pulp. *Id.* at ¶ 14.
- g. That Defendant failed to pay the Bells for a large portion of the timber that was harvested from their land. *Id.* at ¶¶ 27-33.

66. Based on the allegations in the Bells' complaint, Defendant further violated the Court's September 2, 2021 Order because he was required to—but did not—provide documents and information related to his practice of paying for wood by the cord and his practice of chipping cut trees not removed from the land. Ex. 11 at p. 5, ¶¶ 1-2; Ex. 6 at p. 4, Nos. 7-8; Ex. 12 at pp. 10-11; *see* Ex 14, *Bell* Complaint, at ¶¶ 14, 27-33 (describing Defendant paying for some lumber by cord rather than ton and not paying for all of the harvested lumber), ¶ 22 (describing that after harvesting the Bells' timber, the crew left behind cut timber on the ground to rot).

67. Defendant's failure to timely and truthfully respond to Plaintiff's Civil Investigative Demand and the multiple court orders requiring him to comply with the demand has obstructed Plaintiff's investigation of

Defendant's unfair and deceptive trade practices. For example, Defendant's failure to disclose the *Bell* lawsuit, other complaints and legal actions against him, and other landowners with whom he contracted for logging and timber services has hampered Plaintiff's ability to identify all consumers who may have been victims of his unfair and deceptive trade practices.

**Defendant's Acts Negatively Impacted
Commerce in North Carolina**

68. Upon information and belief, Defendant has engaged in the above alleged acts, practices, representations, and omissions throughout the State of North Carolina.

69. Defendant has perpetrated the above alleged acts, practices, representations, and omissions upon North Carolina consumers knowingly, deliberately, and intentionally.

70. Defendant's acts, practices, representations, and omissions have been in or affecting commerce in North Carolina and have had a significant and negative impact thereon.

71. Consumers have suffered financial harm as a result of Defendant's acts, practices, representations, and omissions.

CLAIM FOR RELIEF

**Violations of the Unfair and Deceptive Trade Practices Act,
N.C. Gen. Stat. §§ 75-1.1, *et seq.***

72. Plaintiff incorporates, by reference, as if completely restated herein, the allegations set forth in all of the above paragraphs and alleges that each of Defendant's aforesaid acts, practices, representations, and omissions violates the North Carolina Unfair and Deceptive Trade Practices Act, N.C. Gen. Stat. § 75-1.1, *et seq.*

73. Plaintiff alleges that such violations include, but are not limited to, the following acts, practices, omissions, and representations:

- a. Deceptively advertising and representing to consumers that he was the owner and operator of "Dillard Timber, LLC" and that his company performed logging, milling, and other timber services;
- b. Deceptively advertising and representing to consumers that he would pay landowners top prices for their timber;
- c. Unfairly and deceptively using a non-standard unit of measurement for timber in his contracts to create the impression that he was paying fair prices for timber when he was actually paying well below market rates;

- d. Failing to complete the timber services promised to consumers with whom he contracted;
- e. Failing to respond to complaints from consumers about timber services performed under his contracts with these consumers;
- f. Failing to pay consumers a fair market rate for timber harvested from their land; and
- g. Failing to pay consumers for all timber harvested from their land.

74. Plaintiff is therefore entitled to the relief requested below.

PRAYER FOR RELIEF

WHEREFORE, PLAINTIFF PRAYS THE COURT for the following relief:

1. That Defendant, together with his agents, employees, representatives, successors and assigns, and any person or entity acting under Defendant's direction or control, be permanently enjoined, under N.C. Gen. Stat. § 75-14, from:

- a. Engaging in the timber business, including timber finding, logging, buying, milling, or any other business pursuit in the timber industry; and
- b. Advertising or soliciting customers for timber services, including timber services to be performed by third parties.

2. That Defendant be ordered, pursuant to N.C. Gen. Stat. § 75-15.1, to pay restitution to Herman Roger Hall and Mary Alice Hall for injuries they suffered due to Defendant's unlawful acts and practices;

3. That Defendant be ordered, pursuant to N.C. Gen. Stat. § 75-15.1, to pay restitution to all other consumers who suffered injury due to Defendant's unlawful acts and practices;

4. That Plaintiff recover civil penalties of five thousand dollars (\$5,000.00) from Defendant for each unfair or deceptive trade practice found by the Court, pursuant to N.C. Gen. Stat. § 75-15.2;

5. That Defendant be ordered to reimburse Plaintiff for its attorney's fees and litigation expenses in this action, pursuant to N.C. Gen. Stat. § 75-16.1;

6. That the costs of this action be taxed to Defendant; and

7. That Plaintiff be granted such other and further relief as the Court deems just and appropriate.

Respectfully submitted, this the 17th day of March 2022.

JOSHUA H. STEIN
Attorney General

A handwritten signature in black ink, appearing to read "Brian D. Rabinovitz", written over a horizontal line.

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