CITY ATTORNEY DENNIS HERRERA

NEWS RELEASE

FOR IMMEDIATE RELEASE:
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Herrera Sues Skyline Realty, CitiApartments for Egregious Pattern of Illegal Business Practices

One of City's Largest Residential Landlords Charged with Panoply of Lawlessness, Intimidation Tactics, Retaliation Against Residents

SAN FRANCISCO (August 16, 2006)—City Attorney Dennis Herrera filed suit against one of the largest residential landlords and property managers in San Francisco today, alleging an egregious pattern of unlawful and unfair business practices whereby rental units were illegally recovered from tenants; renovated in clear violation of building and safety codes; and then unlawfully relet at dramatically increased rental rates—occasionally as short-term corporate housing, representing still another violation of local law. The litigation against Skyline Realty, Inc., CitiApartments, Inc., and nine named subsidiary limited liability companies follows a months-long investigation by the City Attorney's Office, and details a shocking panoply of corporate lawlessness, intimidation tactics, and retaliation against residents.

"The facts revealed by my office's investigation demonstrate very clearly that the owners of Skyline Realty and CitiApartments made a calculated business decision to operate in violation of the law—and to do so consistently," Herrera said. "Given its dominant market position and web of subsidiaries, Skyline's illicit business practices do not merely victimize tenants, they cheat the vast majority of law-abiding landlords with whom they compete unfairly. Their business conduct is egregious, it is pervasive, it is illegal, and it will not be countenanced in San Francisco's rental marketplace."

According to the complaint filed in San Francisco Superior Court this morning, Skyline and CitiApartments employed frequently harrowing tactics to intimidate tenants into surrendering their rent controlled tenancies, including unannounced visits by armed paramilitary-like agents; unauthorized entry into rental units; shutting off utilities without notice and for extended periods; changing locks and depriving tenants of keys; and retaliating against tenants who refused to accept offered buy-outs. Once in control of vacated units, Herrera's complaint alleges, Skyline undertook occasionally extensive construction and remodeling work without bothering to obtain requisite permits, or to risk any of the inspections necessary to assure compliance with state and local safety and building codes.

Representative Violation of City's HCO

In one of several representative violations detailed in the City Attorney's lawsuit, Skyline flouted the City's Hotel Conversion Ordinance by illegally offering residential units in a single room occupancy hotel for rent for non-residential or tourist use—including as extremely lucrative "corporate suites." (Local law permits such conversions, but requires a mitigation fee to offset the loss of residential housing stock.) When the defendants purchased the Gaylord Hotel at 620 Jones Street in August 2005, the building's Certificate of Occupancy confirmed it to be a 171-room residential hotel, with all of its rooms designated

[MORE]

as residential, and none allowed for tourist use. Yet despite its current legal status as a solely residential hotel, the current owners within one year began marketing rooms for rent to tourists—in flagrant violation of the HCO—advertising, "Whether traveling for business or pleasure, Gaylord Suites (formerly The Gaylord Hotel) combines the comforts and conveniences of home with the luxury of hotel service."

The lawlessness appears to have reaped a substantial windfall—at least in the short term. According to the Annual Unit Usage Report filed with the City's Department of Building Inspection by the Gaylord Hotel's *previous* owners in October 2004, average monthly rent for a residential room was $990. A year later—following the defendant's purchase of the building and reincorporation as Gaylord Hotel LLC—the average monthly room rental had skyrocketed *more than four-fold*, to $3,972.

Violations Alleged and Penalties Sought

Herrera's litigation against Skyline Realty, CitiApartments and related defendants alleges multiple violations of state and local laws, including the San Francisco Housing and Administrative Codes; California Health and Safety and Civil Codes; and the state Business and Professions Code's Unfair Competition Law. Apart from a court-ordered injunction against further lawlessness by the defendants, the civil action seeks disgorgement of profits and restitution, as well as recovery of civil penalties for past conduct that could include $1,000 per day for each Housing Code violation; $2,500 for each unlawful business act; and an additional $2,500 for each unfair and unlawful business act perpetrated against a senior citizen or disabled person. Attorneys' fees and costs are also sought under Herrera's action.

Code Enforcement Hotline Available

The City Attorney's Office maintains a Code Enforcement Hotline for callers speaking English, Spanish or Cantonese at the following telephone number: (415) 554-3977. Callers may use the hotline to report suspected illegal conduct by Skyline Realty, CitiApartments or its subsidiaries. A general TTY number for the office is available for hearing-impaired callers at (415) 554-6770.

About the Case

Herrera's civil case is prosecuted by the City Attorney's Neighborhood and Resident Safety Division by Deputy City Attorneys Yvonne Meré and Neli Palma, and Chief of Special Litigation Owen Clements. The case is *City and County of San Francisco and People of the State of California v. Skyline Realty Inc., CitiApartments, Inc., et al.* San Francisco Superior Court, filed August 16, 2006. A copy of the complaint is available on City Attorney Dennis Herrera's Web site at: http://www.sfgov.org/cityattorney/.

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SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF SAN FRANCISCO

UNLIMITED JURISDICTION

CITY AND COUNTY OF SAN FRANCISCO, a Municipal Corporation, and the PEOPLE OF THE STATE OF CALIFORNIA, by and through DENNIS J. HERRERA, City Attorney for the City and County of San Francisco, Plaintiffs, vs. SKYLINE REALTY INC., CITIAPARTMENTS INC., GAYLORD HOTEL LLC, TROPHY PROPERTIES V LLC, TROPHY PROPERTIES V DE LLC, PRIME APARTMENT PROPERTIES LLC, LSL PROPERTY HOLDINGS II DE LLC, 737 PINE DE LLC, TROPHY PROPERTIES VI LLC, TROPHY PROPERTIES IV DE LLC, NOB HILL TOWER DE LLC, AND DOE ONE THROUGH DOE FIFTY Defendants.	Case No. COMPLAINT FOR INJUNCTIVE AND OTHER RELIEF Type of Case: (42) Other Complaint

The CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation, and the PEOPLE OF THE STATE OF CALIFORNIA, by and through San Francisco City Attorney DENNIS J. HERRERA, ("Plaintiffs") file their Complaint against Defendants SKYLINE REALTY INC., CITIAPARTMENTS INC., GAYLORD HOTEL LLC, TROPHY PROPERTIES V LLC, PRIME APARTMENT PROPERTIES LLC, LSL PROPERTY HOLDINGS II DE LLC, 737 PINE DE LLC, TROPHY PROPERTIES V DE LLC, TROPHY PROPERTIES VI LLC, TROPHY PROPERTIES IV DE LLC, NOB HILL TOWER DE LLC, and DOE ONE through DOE FIFTY ("Defendants"). Plaintiffs hereby allege as set forth below:

INTRODUCTION

1. This action arises out of Defendants' unlawful, unfair and fraudulent business practices relating to their ownership, management, operation and maintenance of multi-unit residential properties in San Francisco.

2. Defendants SKYLINE REALTY INC. and CITIAPARTMENTS INC. manage, maintain, operate, serve as agents of, and/or have ownership interest in of more than 150 multi-unit residential apartment buildings in San Francisco. Defendants SKYLINE REALTY INC. and CITIAPARTMENTS INC. manage, maintain, operate, serve as agents of, have ownership interest in and/or have business relationships with owners of multi-unit residential property owners including Defendants GAYLORD HOTEL LLC, TROPHY PROPERTIES V LLC, TROPHY PROPERTIES V DE LLC, PRIME APARTMENT PROPERTIES LLC, LSL PROPERTY HOLDINGS II DE LLC, 737 PINE DE LLC, TROPHY PROPERTIES VI LLC, TROPHY PROPERTIES IV DE LLC, and NOB HILL TOWER DE LLC.

3. As described in further detail below, Defendants have devised a series of unlawful, unfair and deceptive business practices designed to systematically recover possession of rental units in violation of state and local law and then to subsequently renovate those units and relet them to new tenants with new increased market rental rates.

4. Defendants' unlawful, unfair and deceptive business practices include the following: using intimidating tactics to induce tenants to surrender rent controlled tenancies; using deceptive,

unlawful and harassing tactics to enter tenants' rental units; threatening and endeavoring to evict tenants without just cause and in violation of San Francisco Administrative Code section 37.9 et seq.; making misleading representations to tenants about their respective rights to occupy their rental units; causing utilities to be turned off repeatedly, without notice and for extended periods of time; constructively evicting tenants by changing the locks and depriving tenants of keys to their units; retaliating against tenants who exercise their legal rights to request repairs or to refuse to accept offered buy-outs; doing construction and remodeling work without requisite permits; and offering residential units in single room occupancy hotels for rent for non-residential or tourist use, thereby unlawfully converting residential units to tourist use.

5. By owning, operating, managing, and maintaining multi-unit residential rental property in the above manner, Defendants are violating San Francisco Administrative Code Sections 37.9 and 41, California Civil Code Sections 789.3, 1954 and 1940.2, Code of Civil Procedure Section 1160, California Health and Safety Code Sections 17910-17998.3 (the "State Housing Law"), and engaging in unfair and unlawful business practices in violation of Business and Professions Code Sections 17200-17210 (the "Unfair Competition Law").

6. Plaintiffs are seeking to enjoin Defendants' future violations of law and for penalties against Defendants for past violations of law.

PARTIES AND SUBJECT PROPERTY

7. The CITY AND COUNTY OF SAN FRANCISCO is a municipal corporation organized and existing under and by virtue of the laws of the State of California and has a population in excess of 750,000 people as determined by the Demographic Research Unit of the State of California's Department of Finance. The CITY AND COUNTY OF SAN FRANCISCO brings this action under the San Francisco Housing Code, the State Housing Law, California Civil Code Sections 3479, 3480, 3491, and 3494, and California Code of Civil Procedure Section 731.

8. Plaintiff PEOPLE OF THE STATE OF CALIFORNIA (the "PEOPLE"), by and through San Francisco City Attorney Dennis J. Herrera, brings this action pursuant to the Business

and Professions Code Sections 17200-17210, Civil Code Sections 3479, 3480, 3491, and 3494, and Code of Civil Procedure Section 731.

9. Defendant SKYLINE REALTY INCORPORATED ("SKYLINE") is, and at all relevant times was, a corporation formed and operating under the laws of the State of California, and a manager, operator, maintainer, owner, affiliate and/or agent for each of the properties owned by the limited liability companies named as Defendants in this action. SKYLINE's business address is 2099 Market Street San Francisco, California 94114.

10. Defendant CITIAPARTMENTS INCORPORATED ("CITIAPARTMENTS") is, and at all relevant times was, a corporation formed and operating under the laws of the State of California, and a manager, operator, maintainer, owner, affiliate and/or agent for each of the properties owned by the limited liability companies named as Defendants in this action. CITIAPARTMENTS' business address is 2099 Market Street San Francisco, California 94114.

11. Defendant GAYLORD HOTEL LLC is, and at all relevant times was, a limited liability company formed and operating under the laws of the State of California. Defendant GAYLORD HOTEL LLC is the legal owner, lessor, and maintainer of the real property and all buildings and other improvements located at 620 Jones Street, Assessor's Block 0305, Lot 11 and 36 in the City and County of San Francisco, State of California and more particularly described in Exhibit A, which is attached hereto and incorporated as part of this Complaint. GAYLORD HOTEL LLC's business address is 2099 Market Street San Francisco, California 94114. The Gaylord Hotel is a 171 room residential hotel.

12. Defendant TROPHY PROPERTIES V LLC is, and at all relevant times was, a limited liability company formed and operating under the laws of the State of California. Defendant TROPHY PROPERTIES V LLC is the legal owner, lessor, and maintainer of the real property and all buildings and other improvements located at 520 Buchanan Assessor's Block 830, Lot 015 in the City and County of San Francisco, State of California and more particularly described in Exhibit B, which is attached hereto and incorporated as part of this Complaint. TROPHY PROPERTIES V

LLC's business address is 2099 Market Street San Francisco, California 94114. The property located at 520 Buchanan is a nineteen-unit apartment building.

13. Defendant TROPHY PROPERTIES V LLC is, and at all relevant times was, a limited liability company formed and operating under the laws of the State of California. Defendant TROPHY PROPERTIES V LLC is the legal owner, lessor, and maintainer of the real property and all buildings and other improvements located at 1850 Clay, Assessor's Block 0618, Lot 003 in the City and County of San Francisco, State of California and more particularly described in Exhibit C, which is attached hereto and incorporated as part of this Complaint. TROPHY PROPERTIES V LLC's business address is 2099 Market Street San Francisco, California 94114. The property located at 1850 Clay is a twenty-unit apartment building.

14. Defendant TROPHY PROPERTIES V DE LLC is, and at all relevant times was, a limited liability company formed in Delaware and operating under the laws of the State of California. Defendant TROPHY PROPERTIES V DE LLC is the legal owner, lessor, and maintainer of the real property and all buildings and other improvements located at 355 Fulton, Assessor's Block 792, Lot 7E in the City and County of San Francisco, State of California and more particularly described in Exhibit D, which is attached hereto and incorporated as part of this Complaint. TROPHY PROPERTIES V DE LLC's business address is 2099 Market Street San Francisco, California 94114.

15. Defendant PRIME APARTMENT PROPERTIES LLC is, and at all relevant times was, a limited liability company formed and operating under the laws of the State of California. Defendant PRIME APARTMENT PROPERTIES LLC is the legal owner, lessor, and maintainer of the real property and all buildings and other improvements located at 1126 Bush, Assessor's Block 0277, Lot 007 in the City and County of San Francisco, State of California and more particularly described in Exhibit E, which is attached hereto and incorporated as part of this Complaint. PRIME APARTMENT PROPERTIES LLC's business address is 2099 Market Street San Francisco, California 94114. The property located at 1126 Bush is a thirty-one unit apartment building.

16. Defendant LSL PROPERTY HOLDINGS II DE LLC is, and at all relevant times was, a limited liability company formed in Delaware and operating under the laws of the State of California. Defendant LSL PROPERTY HOLDINGS II DE LLC is the legal owner, lessor, and maintainer of the real property and all buildings and other improvements located at 78 Buchanan, Assessor's Block 0576, Lot 013 in the City and County of San Francisco, State of California and more particularly described in Exhibit F, which is attached hereto and incorporated as part of this Complaint. LSL PROPERTY HOLDINGS II DE LLC 's business address is 2099 Market Street San Francisco, California 94114. The property located at 78 Buchanan is a thirty-six unit apartment building.

17. Defendant 737 PINE DE LLC is, and at all relevant times was, a limited liability company formed in Delaware and operating under the laws of the State of California. Defendant 737 PINE DE LLC is the legal owner, lessor, and maintainer of the real property and all buildings and other improvements located at 737 Pine Street, Assessor's Block 272, Lot 1-B in the City and County of San Francisco, State of California and more particularly described in Exhibit G, which is attached hereto and incorporated as part of this Complaint. 737 PINE DE LLC 's business address is 2099 Market Street San Francisco, California 94114.

18. Defendant TROPHY PROPERTIES VI LLC is, and at all relevant times was, a limited liability company formed and operating under the laws of the State of California. Defendant TROPHY PROPERTIES VI LLC is the legal owner, lessor, and maintainer of the real property and all buildings and other improvements located at 479 Buena Vista, Assessor's Block 2607, Lot 57 in the City and County of San Francisco, State of California and more particularly described in Exhibit H, which is attached hereto and incorporated as part of this Complaint. TROPHY PROPERTIES VI LLC 's business address is 2099 Market Street San Francisco, California 94114.

19. Defendant TROPHY PROPERTIES IV DE LLC is, and at all relevant times was, a limited liability company formed in Delaware and operating under the laws of the State of California. Defendant TROPHY PROPERTIES IV DE LLC is the legal owner, lessor, and maintainer of the real property and all buildings and other improvements located at 755-757 Green,

Assessor's Block 0129, Lot 029 in the City and County of San Francisco, State of California and more particularly described in Exhibit I, which is attached hereto and incorporated as part of this Complaint. TROPHY PROPERTIES IV DE LLC 's business address is 2099 Market Street San Francisco, California 94114.

20. Defendant NOB HILL TOWER DE LLC is, and at all relevant times was, a limited liability company formed in Delaware and operating under the laws of the State of California. Defendant NOB HILL TOWER DE LLC is the legal owner, lessor, and maintainer of the real property and all buildings and other improvements located at 1221 Jones, Assessor's Block 0220, Lot 036 in the City and County of San Francisco, State of California and more particularly described in Exhibit J, which is attached hereto and incorporated as part of this Complaint. NOB HILL TOWER DE LLC's business address is 2099 Market Street San Francisco, California 94114.

21. Plaintiffs are ignorant of the true names and capacities of Defendants DOES 1 through 50, inclusive, and therefore sue these Defendants by fictitious names. Plaintiffs will amend this complaint under Code of Civil Procedure 474 to insert the true names and capacities of these Defendants, when ascertained.

22. At all times herein mentioned, each Defendant is an agent, partner, joint venturer, representative, employee, affiliate, manager, co-manager or co-conspirator of each other Defendant and at all times was acting within the course and scope of said agency, partnership, joint venture, representation, employment affiliation, management, co-management or conspiracy. Whenever reference is made in this Complaint to any act of "Defendants," each such allegation shall mean that each defendant acted both individually and jointly with the other defendants. Actions taken by or omissions made by Defendants' employees or agents in the course of their employment or agency are considered to be actions or omissions of Defendants for the purposes of this Complaint.

23. Defendants are, and at all relevant times were, actively engaged in the business of owning, operating and managing multi-unit residential properties within San Francisco, California. Defendants currently own or manage more than 150 multi-unit apartment buildings within the City and County of San Francisco.

GENERAL ALLEGATIONS

I. APPLICABLE STATE AND LOCAL LAWS

A. Rent Stabilization and Arbitration Ordinance

24. The San Francisco Rent Stabilization and Arbitration Ordinance of 1979 ("Rent Ordinance") is codified in San Francisco Administrative Code Section 37 et seq. The Rent Ordinance is a legal framework that applies to landlord tenant relationships within buildings in San Francisco that had an initial certificate of occupancy issued before the effective date of the Rent Ordinance or June 13, 1979. The Rent Ordinance and the Rules and Regulations promulgated therein, regulate, among other things, annual rent increases, delineate permissible substantive eviction grounds and outline tenants' rights to live free from retaliation.

25. Although there are a few delineated exceptions, Section 37.2(r) of the Rent Ordinance defines a rental unit as "all residential dwelling units in the City and County of San Francisco together with the land and appurtenant buildings thereto, and all housing services, privileges, furnishings and facilities supplied in connection with the use or occupancy thereof, including garage and parking facilities."

26. The Rent Ordinance regulates the percentage rent increase a landlord may charge a tenant. Each March 1, the Rent Board establishes the annual maximum allowable rent increase that a landlord may impose on an existing tenant. The annual allowable rent increases are based on 60% of the increase in the Consumer Price Index. The maximum allowable rent increases from March 1, 1997 to the present are as follows 1.8%, 2.2%, 1.7%, 2.9%, 2.8%, 2.7%, 0.8%, 0.6%, 1.2%, 1.7%. The Rent Ordinance also provides procedures for how a property owner may increase rents beyond these limits.

27. When a tenant voluntarily moves out or a unit is otherwise lawfully vacated, an owner may increase the rent to the current market rate.

28. Rules 6.14 and 6.15 promulgated by the San Francisco Rent Board pursuant to Rent Ordinance Section 37.6(a) codify landlords' and tenants' rights when additional occupants are added to a unit. Rule 6.14 allows landlords to treat subsequent occupants in some cases as new tenants for

purposes of rent increases. Rule 6.15 delineates tenants' rights to replace roommates and to take on additional occupants without breaching their leases. For tenancies entered into after May 25, 1998, absent a written prohibition against subleasing that was adequately disclosed and agreed to by the tenant at the commencement of the tenancy, landlords may not evict a tenant for subleasing. For leases that require a landlord's consent to sublease, a landlord cannot unreasonably withhold consent, particularly when the additional occupant is a family member or partner.

29. Sections 37.9(a-b) of the Rent Ordinance detail the fourteen enumerated just causes for eviction. Section 37.9(c) states that a landlord, their agent, representative or successor "shall not endeavor to recover possession of a rental unit unless at least one of the grounds enumerated in Section 37.9(a) or (b)." Section 37.9(c) continues to read that the grounds enumerated in Sections 37.9(a) or (b) must be the landlord's "dominant motive for recovering possession."

30. Section 37.9(d) of the Rent Ordinance provides that, "no landlord may cause a tenant to quit involuntarily or threaten to bring any action to recover possession, or decrease any services, or increase the rent, or take any other action where the landlord's dominant motive is retaliation for the tenant's exercise of any rights under the law." Section 37.9(d) further states that a waiver by a tenant of any rights protected by the Rent Ordinance, with few exceptions, is void as contrary to public policy.

31. Rent Ordinance Section 37.9(e) makes it "unlawful for a landlord or any other person who willfully assists the landlord to endeavor to recover possession or to evict a tenant except as provided in Section 37.9(a) and (b)."

32. Defendants own, lease, manage, maintain and act as agents for multi-unit residential rental properties in the City and County of San Francisco that are subject to the Rent Ordinance. The properties particularly described herein including, 620 Jones Street, 520 Buchanan, 1850 Clay, 355 Fulton, 1126 Bush, 78 Buchanan, 737 Pine Street, 479 Buena Vista, 755-757 Green, and 1221 Jones, and the tenancies therein are subject to the Rent Ordinance.

B. State Law Protections Against Forcible Detainers and Wrongful or Constructive Evictions

33. State law protects against wrongful or constructive evictions. Evictions in California may only be accomplished through an unlawful detainer proceeding, a judicial process governed by Code of Civil Procedure Section 1159 et seq.

34. Code of Civil Procedure Section 1160 prohibits an owner or operator from taking any act that would constitute a forcible detainer; that is causing a tenant to vacate a unit by force or by menace and threats of violence, or by locking a tenant out of a rental unit in their absence.

35. Civil Code Section 789.3(b)(1) prohibits owners and operators from preventing tenants from gaining access to property by changing the locks or removing personal property without the tenant's permission.

36. Civil Code Section 789.3(a) also prohibits owners and operators from causing the interruption or termination of any utility service furnished to the tenant including, but not limited to, "water, heat, light, electricity, gas, telephone, elevator, or refrigeration."

37. A constructive eviction results when a landlord engages in acts that render the premises unfit for occupancy for the purpose for which it was leased or deprives a tenant of the beneficial use of the premises. Civil Code section 1927 guarantees tenants the warranty of quiet possession.

C. Tenants' Rights Against Unauthorized Entry, Harassment and Retaliation

38. Civil Code Section 1954 permits a landlord to enter a residential unit only under limited circumstances. Absent an emergency or court order, a landlord may only enter a tenant occupied unit upon at least 24 hour written notice with date and time to make necessary or agreed upon repairs or improvements or to exhibit the unit to prospective or actual purchasers, mortgagees, tenants, workers, or contractors. This section also specifically prohibits a landlord from abusing the right of access or using it to harass a tenant.

39. Civil Code Section 1940.2 provides in relevant part that it is unlawful for a landlord to, "use, or threaten to use, force, willful threats, or menacing conduct constituting a course of

conduct that interferes with the tenant's quiet enjoyment of the premises in violation of [Civil Code] Section 1927 that would create an apprehension of harm in a reasonable person…or…commit a significant and intentional violation of Section 1954."

D. Unlawful Conversion of Residential Hotel Units to Tourist Use

40. Residential hotels in San Francisco are governed by the Hotel Conversion Ordinance ("HCO"), San Francisco Administrative Code Section 41 et seq. The purpose of the HCO is outlined in Section 41.2 which reads: "It is the purpose of this ordinance to benefit the general public by minimizing adverse impact on the housing supply and on displaced low income, elderly, and disabled persons resulting from the loss of residential hotel units through their conversion and demolition. This is to be accomplished by establishing the status of residential hotel units, by regulating the demolition and conversion of residential hotel units to other uses, and by appropriate administrative and judicial remedies."

41. To accomplish its purpose, the HCO imposes reporting requirements on residential hotels, and limits rental of residential hotel rooms for residential purposes only, with small exception. The HCO is designed to prevent unlawful conversions of residential units to tourist use.

42. Section 41.20 of the HCO makes it unlawful to change the use of, eliminate, or demolish a residential hotel unit without first obtaining a permit to convert in accordance with the HCO. Section 41.20 also makes it unlawful to offer to rent a residential unit for nonresidential use or tourist use.

43. Pursuant to Housing Code Section 1002, improper recordkeeping or conversion violative of the HCO renders a property a substandard building.

II. DEFENDANTS' UNLAWFUL AND UNFAIR BUSINESS ACTS AND PRACTICES

A. Unlawful Conversion of Residential Units in a Residential Hotel

44. On August 19, 2005, Defendants purchased the Gaylord Hotel located at 620 Jones Street and now manage said premises. The Gaylord Hotel is a 171 room residential hotel with a Certificate of Occupancy of 171 Residential Units and 0 Tourist Units. A copy of the Certificate of Use for the Gaylord Hotel is attached hereto as Exhibit K.

45. Despite being a purely residential hotel, the Gaylord Suites is being advertised as and offered for rent to tourists, in violation of the HCO. Gaylord Suites' websites advertises, "Whether traveling for business or pleasure, Gaylord Suites (formerly The Gaylord Hotel) combines the comforts and conveniences of home with the luxury of hotel service."

46. The Annual Unit Usage Report filed on October 22, 2004, indicated that the average monthly rent for residential units in October 2004 was $990. The 2004 Annual Unit Usage Report indicates that on October 15, 2004, 131 residential hotel units were rented. A copy of the 2004 Annual Unit Usage Report filed by the Gaylord Hotel's former owner, Irene Lieberman, is attached hereto as Exhibit L. Defendants purchased this property after this filing.

47. Defendant Gaylord Hotel LLC filed its first Annual Unit Usage Report on May 8, 2006 and indicates that the average monthly rent for residential units in October 2005 was $3972. The 2005 Annual Unit Usage Report indicates that on October 15, 2005, 29 residential hotel units were rented. A copy of the 2005 Annual Unit Usage Report filed by Defendant Gaylord Hotel LLC, is attached hereto as Exhibit M.

B. Harassment and Unlawful Eviction for Profit

48. Defendants engage in an aggressive, unfair and unlawful business practice to unlawfully recover possession of rental units from current tenants, thereby circumventing the restrictions and regulations imposed by the Rent Ordinance and state law. Instead of relying on typical tenant attrition or vacancy, Defendants employ a series of business practices designed to displace a substantial number of a building's current residents, remodel the vacant units without permits, and then relet those units at market rate in order to profit from the higher rents. Defendants acquire multi-unit residential buildings with a substantial number of long-term, rent-controlled tenants to further this unfair and unlawful business practice.

49. After acquisition of a building, Defendants send letters and make phone calls to tenants named on the leases announcing the change in ownership. These letters generally include new house rules and lease addendums and state that a representative from the Resident Services Department will be contacting the tenants to discuss their tenancy. Defendants often insist that each

tenant come have this discussion at their business offices. Tenants find these meetings, often held in a basement-like space, more like an intimidating interrogation than a meeting between a management company or a landlord and a tenant. Tenants are often required to attend the meetings alone and as a result feel apprehensive and fearful. Defendants use the meetings to gather information from tenants, information that includes detailed personal facts, including immigration status. At these meetings, Defendants often raise the option of relocation or the possibility of a "buy-out", where a tenant is offered a sum of money to surrender possession of his/her unit. If the tenant is interested in relocating, Defendants present the tenant with copies of a "Surrender Agreement, Release and Covenant Not to Sue."

50. Defendants also typically change the locks to the front doors of the buildings and have their agents occupy the lobby or other entrance common space of a building in order to question entering tenants and demand identification. Defendants provide keys only to tenants named on the lease and deny keys and entry to other lawful tenants, whose names may not appear on the lease. Those tenants are left without a way to enter their buildings. Defendants also deny in-home support services workers and other health care providers access to units despite the fact that they are lawfully providing care to tenants in the buildings.

51. Using the information gathered in the identification process, Defendants then begin to threaten and notice lease violations frequently alleging that there are unauthorized occupants in the units. After informal or formal notice of a lease violation, Defendants renew the prospect of relocation, explaining to tenants that they might avoid the unpleasantness of an eviction action by electing to move.

52. For tenants who choose to remain in their homes, rejecting Defendants' numerous relocation offers, there are additional strong-arm tactics that are employed, including but not limited to the following: threatening, menacing and harassing tenants through letters, phone calls, meetings, unannounced visits by management or Defendants' agents, sometimes armed and dressed in bulletproof vests and military fatigues; threatening to recover possession of units without just cause; excessively and unlawfully entering and inspecting units, including videotaping and

photographing units without notice to tenants or when tenant is sleeping; interrogating and intimidating tenants into believing that they will be evicted; denying lawful tenants and occupants access to their units; misrepresenting tenants' rights; causing utilities to be shut-off regularly; neglecting building maintenance and ignoring requests for repairs; causing unreasonable and excessive construction noise and disruptions; and removing building amenities and interfering with tenants' quiet enjoyment of their homes.

53. Once Defendants recover possession of the premises, Defendants relet the vacated and unlawfully renovated units at much higher rents thus eroding the affordable housing stock.

54. By engaging in the aforementioned scheme, Defendants are violating the law to achieve a financial gain at the expense of their tenants. The victims of such practices are not only Defendants' tenants, but also other owners of residential property who operate their buildings following local and state law. As a result, Defendants gain an unfair competitive advantage over other property owners and/or management companies.

55. Representative examples of properties in which Defendants have engaged in the aforementioned unlawful and unfair business schemes include, but are not limited to: 620 Jones Street, 520 Buchanan Street, 1126 Bush Street, 78 Buchanan Street, 737 Pine Street, 355 Fulton Street, 479 Buena Vista Avenue and 755-757 Green Street, 1221 Jones Street. Specific examples related to this scheme include the following:

1. Unlawful Conduct that Limits Tenants and Lawful Occupants Access To Buildings

56. A tenant at 355 Fulton Street, a property managed and operated by Defendants, came home on October 20, 2005 at 9:00 pm and found two large men in the lobby of the building. The tenant recognized one of the men as an agent of Defendant Skyline Realty and Citiapartments. Both men were wearing bulletproof vests and were armed with guns and billy clubs. The men demanded to see the tenant's identification prior to allowing entry beyond the lobby. This tenant was both intimidated and outraged by this behavior and refused to provide identification. This tenant told the men that she lived in the building and was going home. The men proceeded to follow the tenant up

three flights of stairs continually demanding to see identification. The tenant was extremely upset by these events. She entered her unit and immediately locked the door. This tenant's rent is $936 per month.

57. A tenant of 1126 Bush Street lived at the building for ten years with a common-law spouse. Defendants approached the tenant offering the tenant $1000 to relocate. The tenant declined the offer to relocate and shortly thereafter Defendants' agent Andrew Hawkins appeared at the tenant's front door, armed and in full combat fatigues demanding proof of the tenant's residency and immigration status.

58. A tenant of 620 Jones Street (Gaylord Hotel) took a trip for three months, paying her rent while she was away visiting family. When she returned to her apartment, she found she had been locked out of her unit and that her personal belongings had been removed to the basement of the building. Some of her belongings were missing, including her immigration documents. The tenant was shocked, especially because she had paid rent through the month of her return. Having been locked out of her home, she was forced to find a new apartment, which meant paying rent for two apartments simultaneously. This tenant's rent was $1000 per month.

59. A tenant of 755-757 Green Street has lived in the building for ten years and pays $1150 per month in rent. This tenant came home one day and the locks to the front door of the building were changed. Two men, whom the tenant did not recognize, were in the lobby asking people to present identification in order to receive keys to the new locks. Those men were acting in an aggressive, suspicious and authoritative manner, giving keys only to certain tenants. This tenant presented his identification and was given a key to the front door, which could not be duplicated. The tenant then asked for a key for his roommate who had resided in the unit with him for six years. That request was denied. Because the roommate was not on the original lease, Defendants refused to produce an additional set of keys and threatened legal action. This roommate was deprived of access to his unit, having been denied a key that would allow him entrance into the building. This tenant and his roommate were then forced to devise an elaborate and coordinated system to ensure their mutual entry into the building and access to their home.

60. A tenant of 1126 Bush Street moved into the building in 1977. The tenant is disabled and his rent is $750.20 a month. The tenant has an in-home care worker who provides the tenant medical care. Defendants denied the tenant's in-home care worker a key to the unit as he is not officially on the lease. The tenant's home health care provider had been living in the tenant's unit for years, an agreement made by the tenant and the previous building owner.

2. Unlawfully Entering and Inspecting Units

61. A tenant at 1126 Bush Street has had someone enter her studio apartment on several occasions while she was sleeping. The last time, the door was slammed shut and re-locked just as she got out of bed to confront the intruder. On several occasions she has come home from work only to find her desk gone through, her bills perused. She believes that management is entering her unit without permission. This tenant has been subjected to numerous and intrusive inspections, repeated and unauthorized entries all intended to intimidate and frighten her. There are other tenants at 1126 Bush Street, particularly single women, who recount the same type of unauthorized and unlawful entry and inspection. This tenant's rent is $785 per month.

62. A tenant of 1126 Bush Street moved into the building in 1977. The tenant is disabled and his rent is $750.20 a month. The tenant has an in-home care worker who provides the tenant medical care. Defendants noticed an inspection of tenant's unit and two men came armed with a video camera filming the entire apartment.

63. A tenant of 520 Buchanan Street has lived at the building for ten years and pays $584 per month. This tenant was approached by an agent of Defendants who informed the tenant that she needed to provide written confirmation that her houseguest would not be staying with her longer than two weeks. At the time actually, her guest had already returned to his home. Defendants' agent then posted her door with something to the effect that she had violated her lease because she had someone staying with her. Immediately after this encounter, Defendants demanded an inspection of her unit. The tenant asserted that the inspection violated Civil Code Section 1954 and refused Defendants entry.

3. Endeavoring and Threatening to Evict Tenants in Violation of San Francisco Administrative Code Section 37 et seq., the San Francisco Rent Stabilization and Arbitration Ordinance

64. 3270 Mission Street, a property owned, operated or managed by Defendants Skyline Realty and/or Citiapartments, is an 8-unit building that had at least three or four tenants who had been there longer than 20 years. Defendants sent a tenant of 3270 Mission Street a letter introducing themselves and asking for a face-to-face meeting at their Market Street office. This tenant had lived at the property with his domestic partner for seven years and their toddler. This tenant met with Defendants agents, Andrew Hawkins and Dan Molieri. The tenant was told that because he was not on the original lease, this tenant was going to be evicted. This meeting with Defendants was recorded and Defendants asked the tenant if he and his domestic partner wanted to move out in lieu of being evicted. Defendants' agents consistently mentioned the "room full of lawyers" who would "deal with the lease issue." The tenant did not agree to move at that time. In February 2006, Defendants returned the tenant's February rent check with a letter explaining that they intended to evict the family. The letter however also said that rather than evicting the couple, Defendants were willing to entertain the idea of compensating them for lack of maintenance in the building and for the trouble of moving. Feeling they had no other realistic option, the tenants took Defendants compensation and moved. This tenant's rent was $790 per month.

65. A tenant at 737 Pine Street moved into the building with his then girlfriend in 1993. A year later, the couple broke up and this tenant remained in the unit, although his name was never officially put on the lease. After Defendants took over ownership, management and operation of the property, Defendants' agent, Dan Molieri threatened the tenant indicating that he was an unauthorized occupant who would be evicted. Defendants' agent contacted the tenant's former girlfriend, asking that she confirm that her ex-boyfriend from 12 years ago was illegally living in the unit she vacated. The ex-girlfriend refused to issue such a statement.

66. A tenant of 1470 California Street lived in the building since 1991 with his young cousin. The tenant's rent was $678 per month. The tenant's cousin moved in two years ago when she got a job in San Francisco. In March 2005, Defendants took over the building and began to

inspect units. Defendants met the tenant's cousin as she granted them access to the apartment. Defendants issued the cousin a mailbox key for the new boxes, and also subsequently responded to her request to fix a clogged sink. A year later, in March and April 2006, Defendants refused to cash the tenant's rent checks and issued a Three-Day Notice for unlawful subletting. Afraid of having an unlawful detainer besmirch their credit ratings, the tenant and the cousin reluctantly decided to move. The tenant found it extremely distressing to have to leave his home of fifteen years.

4. Conducting Unpermitted Construction, Imposing Unreasonable Utility Shut-offs, and Retaliating Against Tenants Who Exercise their Legal Rights

67. Defendants typically conduct construction and renovation work without appropriate permits. Defendants have done this unlawful construction at numerous buildings including 78 Buchanan, 520 Buchanan, 1126 Bush, 1850 Clay and 1221 Jones.

68. A tenant of 1126 Bush Street moved into the building in 1977. The tenant is disabled and his rent is $750.20 a month. The tenant's ability to live peacefully in the building has been impacted by the constant construction at the property, the fact that the front door does not work properly and frequent water and electricity cut-offs done in conjunction with major building repairs.

69. A tenant of 78 Buchanan Street who lived in the building for 26 years and pays $939 per month in rent, has lived under disruptive and difficult conditions because of the constant construction and frequent utility shut-offs in the building.

70. A tenant of 635 Ellis Street, a building managed or operated by Defendants Skyline Realty and/or Citiapartments, is disabled and needs an In Home Support Service worker to assist him with his daily activities. Tenant requested that Defendants repair the plumbing problems in his unit, including backed-up sewage. In response to this request, Defendants' agent stated that the reason why Defendants would not repair the unit was because Defendants alleged that the tenant consistently paid rent three days late.

71. A 13-year tenant of 355 Fulton Street requested that Defendants make repairs to his unit. When Defendants refused to make the requested repairs, the tenant contacted the Department

of Building Inspection (DBI) to report the conditions in his unit. DBI issued a Notice of Violation to Defendants to correct conditions in tenant's unit. Subsequently, Defendants served the tenant with a Three-Day Notice alleging that the tenant "manufactured properties and decorative items for sale." To date, Defendants have taken no steps to file an unlawful detainer against this tenant.

5. Other Practices Designed to Harass Tenants and Create an Unpleasant Environment of Apprehension at the Properties

72. Defendants regularly strip tenants of the use of common spaces, resulting in a decrease in the housing services provided to those tenants and a more unpleasant environment for the tenants who choose to remain in those buildings. Examples of some of those practices include:

- Defendants refusal to allow residents of 620 Jones Street to continue long-standing activities such as monthly pasta nights, Sunday breakfasts and Friday night happy hours, in the building's common areas;
- Defendants refusal to allow residents of 520 Buchanan Street to utilize the building's roof deck;
- Defendants' removal of a tenant's personal belongings located on the roof of 737 Pine Street. The tenant, a 13-year resident who let the building's penthouse, had exclusive right to the roof through a spiral staircase accessible solely from his unit;
- Removing inviting amenities in building common areas such as the removal of the lobby mirror, mail table and garbage can from the lobby of 520 Buchanan Street; and
- Neglecting repairs or maintenance of building common areas.

73. An 11-year tenant at 520 Buchanan Street had consistently made requests for repairs to be done in his unit. Defendants consistently denied the tenant's repair requests, Defendants' agent stating that because the rent is low, management was not going to make any repairs. Nevertheless, this tenant continued requesting that repairs be made to his unit and approached the building's on-site manager who responded that he would take care of it. Later that day, the tenant left the building

only to find another one of Defendants' agents standing outside the building. Defendants' agent identified as "Lucky" stated that he was there because "stuff was going down" and that the tenant was "on his way out." As a result of this incident, the tenant was served with a letter addressed to the tenant and an "unauthorized occupant." The tenant has and does live alone. Several weeks later, the tenant went to Defendants' business offices seeking a replacement key and was confronted by three of Defendants' agents, Andrew Hawkins, Dan Molieri and Lucky. Dan Molieri informed the tenant that they "all have licenses to carry guns" and that the tenant should stop making trouble.

74. A tenant of 990 Fulton Street paying $936 per month in rent has been living through extensive construction work at the building. Defendants acting as owners, managers, operators and/or agents of the property were leaving written notices to enter his unit yet without a date or time specified. The tenant sent management a written request to ensure that future notices seeking access would disclose a specific date and specific time. At the end of April 2006, Defendants agent Dan Molieri left a business card on the tenant's door asking the tenant to call him or someone named Iosefa Too without any indication of what the request was regarding. The tenant called and spoke to Too. Too asked the tenant what his thoughts were regarding all of the construction and if now he might be willing to take a buy-out and relocate.

ONLY EXAMPLES

75. The Defendants' actions described above in relation to specific properties are merely examples. Defendants have engaged in the unlawful and unfair business acts and practices described in this Complaint in connection with numerous other properties they currently own, operate and manage, or have owned, operated or managed in the past.

FIRST CAUSE OF ACTION FOR *PER SE* PUBLIC NUISANCE BROUGHT BY PLAINTIFF CITY AND COUNTY OF SAN FRANCISCO FOR VIOLATIONS OF SAN FRANCISCO HOUSING CODE AGAINST DEFENDANTS SKYLINE REALTY, CITIAPARTMENTS, and GAYLORD HOTEL LLC

(San Francisco Housing Code Sections 204(c)(2), 401, 1001, 1002;
San Francisco Administrative Code Sections 41.9, 41.20.)

76. Plaintiff City and County of San Francisco hereby incorporates by reference paragraphs 1 through 75 above and make them a part of this first cause of action, as though fully set forth herein.

77. Plaintiff brings this cause of action pursuant to San Francisco Housing Code Sections 204(c)(2), 401, 1001, 1002 and San Francisco Administrative Code Sections 41.9, 41.20.

78. Defendants are now, and for a considerable period of time and at all times herein mentioned have been, maintaining the Gaylord Hotel located at 620 Jones Street in violation of the San Francisco Administrative Code. Chapter 41 et seq. is also known as the Hotel Conversion Ordinance or HCO. The HCO makes it unlawful for any residential unit to be unlawfully converted to tourist use. Administrative Code Section 41.20 defines an unlawful conversion as an "offer for rent for nonresidential use or tourist use a residential unit except as permitted by this Chapter."

79. Defendants are now, and for a considerable period of time and at all times herein mentioned have been offering to rent and renting residential rooms at the Gaylord Hotel located at 620 Jones Street to tourists and nonresidents. Defendants are thus unlawfully converting residential units to tourist units in violation of the HCO.

80. An unlawful conversion of residential housing to tourist housing is also a violation of San Francisco Housing Code Section 1002 and renders 620 Jones Street a substandard building. Housing Code Section 1002 defines a substandard condition to include, "[I]llegal conversion of any residential unit of a residential hotel, or improper recordkeeping as defined and required by Chapter 41 of the San Francisco Administrative Code."

81. Pursuant to San Francisco Housing Code Section 401, any condition that renders a property a substandard building is declared a public nuisance. Residential units formerly occupied by long-term tenants and protected under the Rent Ordinance are being unlawfully vacated and converted to market rate housing resulting in a loss of affordable housing stock.

82. Defendants are now, and for a considerable period of time and at all times herein mentioned have been maintaining and operating 620 Jones in violation of law and as a substandard building.

83. Defendants are now, and for a considerable period of time and at all times herein mentioned have been violating the recordkeeping and posting requirements of the HCO.

84. At all times herein mentioned Defendants had notice and knowledge that 620 Jones Street was a residential hotel governed by the HCO and the San Francisco Housing Code.

85. Plaintiff has no adequate remedy at law in that damages are insufficient to protect the public from the operations and conditions described above.

86. Unless this nuisance practice is enjoined and abated, the residents of 620 Jones Street and the residents and citizens of the City and County of San Francisco, will suffer irreparable injury and damage, in that said conditions will continue to be injurious to the continuous enjoyment of the life and the free use of property of said residents of the City and County of San Francisco and the People of the State of California.

87. By maintaining the Properties in a manner violating the San Francisco Housing Code, Defendants have violated, disobeyed, omitted, neglected and refused to comply with the San Francisco Housing Code and are thus subject to civil penalties up to $1,000 per day for each day that such violations existed and were permitted to continue at each property as set forth in Housing Code Section 204(c)(2).

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SECOND CAUSE OF ACTION
FOR VIOLATIONS OF THE STATE HOUSING LAW
BROUGHT BY PLAINTIFF CITY AND COUNTY OF SAN FRANCISCO
AGAINST ALL DEFENDANTS
(Health And Safety Code Sections 17910-17998.3)

88. Plaintiff City and County of San Francisco hereby incorporates by reference paragraphs 1 through 87 above, as though fully set forth herein.

89. Defendants now are, and for a considerable period of time heretofore and at all times herein mentioned have been, maintaining and operating properties as substandard buildings within the meaning of Health and Safety Code Section 17920.3. The conditions creating said substandard

buildings are the on-going violations of the San Francisco Housing and Administrative Codes, as well as state and local law relating to the rights of tenants. The substandard conditions at the properties endanger the health and safety of the occupants and the general public.

90. At all times herein mentioned Defendants have had notice and knowledge that the properties are substandard buildings.

91. Plaintiffs have no adequate remedy at law in that damages are insufficient to protect the public from the harm caused by the conditions described herein.

92. Unless said substandard conditions are abated, the occupants of the properties and the residents and citizens of the City and County of San Francisco, will suffer irreparable injury and damage, in that said conditions will continue to endanger the health and safety of the occupants of the properties and the occupants of the adjacent properties and the public.

THIRD CAUSE OF ACTION
FOR UNLAWFUL AND UNFAIR BUSINESS PRACTICES
BROUGHT BY PLAINTIFF THE PEOPLE OF THE STATE OF CALIFORNIA
AGAINST DEFENDANTS
(Business and Professions Code Sections 17200 - 17210)

93. Plaintiff hereby incorporates by reference Paragraphs 1 through 92 and makes them a part of this third cause of action, as though fully set forth.

94. Plaintiff, acting to protect the public as consumers and competitors from unlawful, unfair, and fraudulent practices, brings this cause of action in the public interest in the name of the People of the State of California, pursuant to Business and Professions Code Section 17200 – 17210.

95. Defendants transact business in the form of ownership, management and operation of multi-unit residential rental property, within the City and County of San Francisco, State of California. The violations of law described herein have been and are being carried out wholly or in part within the City and County of San Francisco.

96. The actions of Defendants are in violation of the laws and public policies of the City and County of San Francisco and the State of California and are inimical to the rights and interest of the general public.

97. Through the conduct described above, Defendants have engaged in a pattern and practice of unlawful and unfair business practices prohibited by Business and Professions Code Sections 17200 – 17210 including but not limited to the following:

A. Violating the State Housing Law by maintaining and operating properties in a manner to constitute a nuisance rendering the properties substandard, endangering the life, limb, health, property, safety and welfare of the occupants and the public;

B. Violating the San Francisco Housing Code;

C. Engaging in retaliatory evictions in violation of San Francisco Administrative Code Section 37.9(a), (c) and (d);

D. Violating Civil Code Section 1942.5 by retaliating against tenants for their exercise of their lawful rights;

E. Engaging in threatening and menacing conduct that interferes with tenants' quiet enjoyment of the premises creating an apprehension of harm in tenants in violation of Civil Code Section 1940.2(a)(3);

F. Abusing the right of access, exceeding the scope of noticed inspections, and entering rental units for the purposes of harassing tenants all in violation of Civil Code Section 1954(c);

G. Committing significant and intentional violations of Civil Code Section 1954, as described above, thus violating Civil Code Section 1940.2(a)(4);

H. Breaching the covenant of quiet enjoyment implied in all rental agreements by interfering with tenants' beneficial enjoyment of the premises as codified in Civil Code section 1927;

I. Locking tenants out of rental units in their absence or removing their personal property without tenants' permission in violation of Code of Civil Procedure Section 1160 et seq. and Civil Code Sections 789.3(b)(1) and (b)(3);

J. Violating San Francisco Administrative Code Section 37.9(a) by endeavoring to recover possession in violation of the enumerated just cause provisions provided for in this section;

K. Unlawfully converting residential rooms to nonresidential or tourist use in violation of San Francisco Administrative Code Section 41.20;

L. Failing to abide by the recordkeeping and posting requirements of San Francisco Administrative Code Section 41.9; and

M. Performing construction and remodeling work on residential units unlawfully and without proper Building, Electrical and Plumbing permits.

98. Plaintiffs are informed and believe that as a direct and proximate result of the foregoing acts and practices, Defendants have received or will receive income and other benefits, which they would not have received if they had not engaged in the violations of Business and Professions Code Section 17200 described in this Complaint.

99. Defendants were able to unfairly compete with other property owners in the State of California by engaging in a pattern and practice of illegal recovering possession of properties in violation of the California Civil Code, the San Francisco Housing and Administrative Codes, and the Business and Professions Code.

100. Plaintiff has no adequate remedy at law in that damages are insufficient to protect the public from the present harm caused by the conditions described in this Complaint. Defendants will continue to engage in unfair and unlawful business practices. Unless injunctive relief is granted to enjoin Defendants' unfair and unlawful business practices, Plaintiffs will suffer irreparable injury and damage.

101. Defendants are subject to civil penalties of up to $2,500 per violation of the Business and Professions Code for each act of unfair and unlawful competition.

102. Defendants are subject to additional penalties of up to $2,500 per violation of the Business and Professions Code for each act of unfair competition perpetrated against one or more senior citizens or disabled persons.

WHEREFORE, Plaintiffs pray that:

1. Defendants and each of them, be declared to have violated the San Francisco Housing and Administrative Codes, the State Housing Law, California Civil Code Sections 1940.2, 1954, 3479, 3480, and Business and Professions Code Sections 17200 – 17210;

2. Defendants and their agents, officers, managers, representatives, employees, and anyone acting on their behalf, and their heirs and assignees be permanently enjoined from operating, conducting, using, occupying, or in any way permitting the use of the property and structures located at 620 Jones Street, 520 Buchanan Street, 1850 Clay Street, 1126 Bush Street, 78 Buchanan Street, 737 Pine Street, 355 Fulton Street, 479 Buena Vista Avenue, 755-757 Green Street, 1221 Jones Street in violation of San Francisco Housing and Administrative Codes, California Civil Code Sections 1927, 1940.2, 1942.5, 1954, 3479, 3480, and Business and Professions Code Sections 17200 – 17210;

3. Defendants and their agents, officers, managers, representatives, employees, and anyone acting on their behalf, and their heirs and assignees be permanently enjoined from operating, conducting, using, occupying, or in any way permitting the use of any other property Defendants own, operate, or manage in violation in violation of San Francisco Housing and Administrative Codes, California Civil Code Sections 1927, 1940.2, 1942.5, 1954, 3479, 3480, and Business and Professions Code Sections 17200 – 17210;

4. Defendants, their agents, officers, managers, representatives, employees, and anyone acting on their behalf, and their heirs and assignees be ordered to cause the properties located at 620 Jones Street, 520 Buchanan Street, 1850 Clay Street, 1126 Bush Street, 78 Buchanan Street, 737 Pine Street, 355 Fulton Street, 479 Buena Vista Avenue, 755-757 Green Street, 1221 Jones Street and all parts thereof to conform to law;

5. Defendants, their agents, officers, managers, representatives, employees, and anyone acting on their behalf, and their heirs and assignees be ordered to cause the all other properties Defendants own, operate, or manage and all parts thereof to conform to law;

6. Pursuant to San Francisco Housing Code Section 204(c)(2), Defendants be ordered to pay a civil penalty of $1,000 for each day that the Housing Code violations alleged in this Complaint occurred or were permitted to continue;

7. Pursuant to Business and Professions Code Sections 17206, Plaintiffs pray that Defendants be assessed, jointly and severally, a civil penalty of $2,500 for each unfair and unlawful business act alleged in this Complaint;

8. Pursuant to Business and Professions Code Sections 17206.1, Plaintiffs pray that Defendants be assessed, jointly and severally, an additional civil penalty of $2,500 for each unfair and unlawful business act that is perpetrated against a senior citizen or a disabled person as those terms are defined in Business and Professions Code Sections 17206.1, subdivisions (b)(1) and (b)(2);

9. Pursuant to Business and Professions Code Sections 17203 and the equitable powers of the Court, Defendants be ordered to disgorge all profits and make restitution of any money or property, real or personal, obtained through their unfair and unlawful business acts and practices;

10. Defendants be preliminarily and permanently enjoined from spending, transferring, encumbering, or removing from California any money received from or in payment for the unfair and unlawful acts alleged in this Complaint;

11. Recordation of an abstract of judgment in this case constitutes a prior lien over any lien that may be held on the properties by any defendant to this action;

12. Pursuant to Business and Professions Code Sections 17203 and the equitable powers of the Court, Plaintiffs pray that a receiver be appointed to take possession and control of all properties within San Francisco at which Defendants are continuing to engage in unfair and unlawful competition as described in this Complaint;

13. Pursuant to State Housing Law Section 17980.7(b)(1), the Court order Defendants to not claim any deduction with respect to state taxes for interest, taxes, expenses, depreciation, or amortization paid or incurred with respect to the properties mentioned herein for the taxable years of Defendants' violations of the State Housing Law;

14. Plaintiffs be awarded attorneys' fees and other expenses recoverable pursuant to Health and Safety Code Section 17980.7(d)(1);

15. Plaintiffs further pray that Plaintiffs be awarded costs of suit and such further and other relief as the court deems just and proper, including an award of attorneys' fees and costs as permitted by statute.

Dated: August 16, 2006

DENNIS J. HERRERA
City Attorney
OWEN J. CLEMENTS
NELI N. PALMA
YVONNE R. MERÉ
Deputy City Attorneys

By:_____
YVONNE R. MERÉ
Attorneys for Plaintiffs
CITY AND COUNTY OF SAN FRANCISCO and
PEOPLE OF THE STATE OF CALIFORNIA

INDEX TO EXHIBITS

Exhibit	Description
A	Property Description for 620 Jones Street
B	Property Description for 520 Buchanan Street
C	Property Description for 1850 Clay Street
D	Property Description for 355 Fulton Street
E	Property Description for 1126 Bush Street
F	Property Description for 78 Buchanan Street
G	Property Description for 737 Pine Street
H	Property Description for 479 Buena Vista Avenue
I	Property Description for 755-757 Green Street
J	Property Description for 1221 Jones Street
K	Certificate of Use for the Gaylord Hotel
L	2004 Annual Unit Usage Report filed by the Gaylord Hotel's former owner, Irene Lieberman
M	2005 Annual Unit Usage Report filed by Defendant Gaylord Hotel LLC

EXHIBIT A

Property Address:
620 Jones Street

The land referred to is situated in the City and County of San Francisco, State of California, and is described as follows:

PARCEL ONE:

BEGINNING at a point on the easterly line of Jones Street, distant thereon 87 feet and 6 inches northerly from the northerly line of Geary Street; running thence northerly and along said line of Jones Street 50 feet; thence at a right angle easterly 90 feet and 6 inches; thence at a right angle southerly 1 inch; thence at a right angel easterly 47 feet; thence at a right angle southerly 49 feet and 11 inches to the northerly line of Maggie Alley; thence at a right angle westerly along said line of Maggie Alley 137 feet and 6 inches to the point of beginning.

BEING part of 50 Vara Block No. 223

PARCEL TWO:

All the space and real property below a horizontal plane at elevation 114 feet, San Francisco Datum, bounded by planes projected vertically above and below the surface limit of certain land described as follows:

BEGINNING at the point of intersection of the easterly line of Jones Street with the southerly line of Maggie Alley and thence running easterly along said southerly line of Maggie Alley 137.50 feet to the easterly terminal line of said Alley; thence at a right angle northerly along said terminal line 10 feet to the northerly line of said Alley; thence at a right angle westerly along said northerly line 137.50 feet to the said easterly line of Jones Street; thence at a right angle southerly 10 feet to the point of begnning.

Being a portion of Maggie Alley and the air space over Maggie Alley vacated by Ordinance No. 69-75, March 3, 1975

PARCEL THREE

COMMENCING at a point on the northerly line of Geary Street distant thereon 62 feet 6 inches easterly from the easterly line of Jones Street; running thence easterly and along said line of Geary Street 75 feet; thence at a right angle northerly 77 feet 6 inches to the southerly line of Maggie Alley; thence at a right angle westerly along said line of Maggie Alley 75 feet; thence at a right angle southerly 77 feet 6 inches to the point of commencement.

BEING part of 50 Vara Lot No. 1065

BEING Assessor's Lot 036; Block 0305 (Being Parcels One and Two)

Lot 011; Block 0305 (Being Parcel Three)

EXHIBIT B

Property Address:
520 Buchanan Street

The land referred to is situated in the City and County of San Francisco, State of California, and is described as follows:

BEGINNING AT THE POINT OF INTERSECTION OF THE SOUTHERLY LINE OF HICKORY STREET AND THE EASTERLY LINE OF BUCHANAN STREET; RUNNING THENCE SOUTHERLY AND ALONG SAID LINE OF BUCHANAN STREET 55 FEET; THENCE AT A RIGHT ANGLE EASTERLY 43 FEET; THENCE AT A RIGHT ANGLE NORTHERLY 4 FEET; THENCE AT A RIGHT ANGLE EASTERLY 11 FEET AND 1-5/8 INCHES; THENCE AT A RIGHT ANGLE NORTHERLY 2 FEET AND 1 INCH; THENCE AT A RIGHT ANGLE EASTERLY 11 FEET AND 3 INCHES; THENCE AT A RIGHT ANGLE NORTHERLY 15 FEET AND 11 INCHES; THENCE AT A RIGHT ANGLE EASTERLY 17 FEET AND 1-3/8 INCHES; THENCE AT A RIGHT ANGLE NORTHERLY 33 FEET TO THE SOUTHERLY LINE OF HICKORY STREET; THENCE AT A RIGHT ANGLE WESTERLY ALONG SAID LINE OF HICKORY STREET 82 FEET 6 INCHES TO THE POINT OF BEGINNING.

BEING PART OF WESTERN ADDITION BLOCK NO. 220

ASSESSOR'S LOT 015; BLOCK 0830

EXHIBIT C

Property Address:
1850 Clay Street

The land referred to is situated in the City and County of San Francisco, State of California, and is described as follows:

BEGINNING at a point on the northerly line of Clay Street, distant thereon 207 feet and 3 inches westerly from the westerly line of Van Ness Avenue; and running thence westerly along said line of Clay Street 40 feet; thence at a right angle northerly 127 feet and 8-1/4 inches; thence at a right angle easterly 40 feet; and thence at a right angle southerly 127 feet and 8-1/4 inches to the point of beginning.

BEING a portion of WESTERN ADDITION BLOCK NO. 90.

Assessor's Lot 3; Block 618

EXHIBIT D

Property Address:
355 Fulton Street

The land referred to is situated in the City and County of San Francisco, State of California, and is described as follows:

BEGINNING at a point on the southerly line of Fulton Street, distant thereon 216 feet, 6 inches westerly from the westerly line of Franklin Street; running thence westerly and along said line of Fulton Street 58 feet, 6 inches; thence at a right angle southerly 137 feet, 6 inches; thence at a right angle easterly 58 feet, 6 inches; thence at a right angle northerly 137 feet, 6 inches to the point of beginning.

BEING a portion of Western Addition Block No. 138.

Assessor's Lot 7E, Block 792

EXHIBIT E

Property Address:
1126 Bush Street

The land referred to is situated in the City and County of San Francisco, State of California, and is described as follows:

Beginning at a point on the Northerly line of Bush Street, distant thereon 87 feet and 6 inches Westerly from the Westerly line of Leavenworth Street; running thence Westerly along said Northerly line of Bush Street 50 feet; thence at a right angle Northerly 100 feet; thence at a right angle Easterly 50 feet; thence at a right angle Southerly 100 feet to the point of beginning.

Being portion of 50 Vara Block No. 278.

Assessor's Lot 007, Block 0277

EXHIBIT F

Property Address:
78 Buchanan Street

The land referred to is situated in the City and County of San Francisco, State of California, and is described as follows:

BEGINNING at the point of intersection of the southerly line of Hermann Street and the easterly line of Buchanan Street; running thence easterly and along said line of Hermann Street 60 feet; thence at a right angle southerly 120 feet; thence at a right angle westerly 60 feet to the easterly line of Buchanan Street; thence at a right angle northerly along said line of Buchanan Street 120 feet to the point of beginning.

BEING a portion of WESTERN ADDITION BLOCK No. 215

Assessor's Lot 9; Block 872

EXHIBIT G

Property Address:
737 Pine Street

The land referred to is situated in the City and County of San Francisco, State of California, and is described as follows:

BEGINNING at a point on the Southerly line of Pine Street, distant thereon 110 feet Westerly from the Westerly line of Stockton Street; running thence Westerly along said line of Pine Street 50 feet to the Easterly line of Monroe Street; thence at a right angle Southerly along said line of Monroe Street 137 feet and 6 inches; thence at a right angle Easterly 50 feet; thence at a right angle Northerly 137 feet and 6 inches to the point of beginning.

BEING part of VARA BLOCK NO. 140.

Assessor's Parcel No. Lot 1-B; Block 272

EXHIBIT H

Property Address:
479 Buena Vista Avenue

The land referred to is situated in the City and County of San Francisco, State of California, and is described as follows:

Those Portions of Lots 10 and 11, in Block 6, as per Map of the lands of the Flint Tract Homestead Association, recorded in the Recorder's Office of the City and County of San Francisco, State of California, April 10, 1874, in Book 1, Page 148 of Maps, described as follows:

BEGINNING at the point of intersection of the Southerly line of Buena Vista Avenue, formerly Park Avenue, and the dividing line between Lots 9 and 10, in said Block 6; running thence Southerly along said dividing line 72 feet, 9 inches to a point distant thereon 70 feet Northerly from the Northerly line of Roosevelt Way; thence at a right angle Easterly 50 feet to the dividing line between Lots 11 and 12, in said Block 6; thence Northerly along said dividing line 71 feet, 11 inches, more or less, to the Southerly line of Buena Vista Avenue; thence Westerly along the South line of Buena Vista Avenue 50 feet to the point of beginning.

Assessor's Parcel No. Lot 57, Block 2607

EXHIBIT I

Property Address:
755-757 Green Street

The land referred to is situated in the City and County of San Francisco, State of California, and is described as follows:

BEGINNING at a point on the Southerly line of Green Street, distant thereon 63 feet Easterly from the Easterly line of Eaton Alley; running thence Easterly along said line of Green Street 68 feet and 9 inches to a point distant thereon 206 feet and 3 inches Westerly from the Westerly line of Powell Street; thence at a right angle Southerly 137 feet and 6 inches; thence at a right angle Westerly 68 feet and 9 inches to a point in a line drawn at a right angle to the aforesaid line of Green Street Southerly from the point of beginning; thence at a right angle Northerly along said line so drawn 137 feet and 6 inches to the point of beginning.

BEING a portion of 50 Vara Block No. 156.

Assessor's Lot 029; Block 0129

EXHIBIT J

Property Address:
1221 Jones Street

The land referred to is situated in the City and County of San Francisco, State of California, and is described as follows:

PARCEL I:

BEGINNING at a point on the westerly line of Jones Street, distant thereon 50 feet northerly from the northerly line of Sacramento Street; running thence northerly along the westerly line of Jones Street 43 feet and 9 inches; thence at a right angle westerly 97 feet and 6 inches; thence at a right angle southerly 43 feet and 9 inches; thence at a right angle easterly 97 feet and 6 inches to the westerly line of Jones Street and the point of beginning.

BEING a portion of 50 Vara Block No. 246.

PARCEL II:

TOGETHER with the right of way and perpetual light easement over and to the following described property, as created in the deed to Bruce Cornwall, recorded May 2, 1911, in Book 522, Page 173, of Deeds;

BEGINNING at a point on the northerly line of Sacramento Street, distant thereon 97 feet and 6 inches westerly from the westerly line of Jones Street; running thence westerly along said line of Sacramento Street 2 feet and 6 inches; thence at a right angle northerly 93 feet and 9 inches; thence at a right angle easterly 2 feet and 6 inches; thence at a right angle southerly 93 feet and 9 inches to the point of beginning.

PARCEL III:

BEGINNING at a point on the westerly line of Jones Street; distant thereon 93 feet and 9 inches northerly from the northerly line of Sacramento Street; running thence northerly along said line of Jones Street 30 feet; thence at a right angle westerly 127 feet and 6 inches; thence at a right angle southerly 30 feet; thence at a right angle easterly 127 feet and 6 inches to the point of beginning.

BEING a portion of 50 Vara Block No. 246.

PARCEL IV:

BEGINNING at a point on the westerly line of Jones Street, distant thereon 123 feet and 9 inches northerly from the northerly line of Sacramento Street; running thence northerly along said line of Jones Street 35 feet; thence at a right angle westerly 127 feet and 6 inches; thence at a right angle southerly 35 feet; thence at a right angle easterly 127 feet and 6 inches to the point of beginning.

BEING a portion of 50 Vara Block No. 246.

Assessor's Lot 036; Block 0220