



## City Attorney Dennis Herrera News Release

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For Immediate Release:  
June 5, 2015  
Contact: Matt Dorsey  
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### **Herrera sues landlord Kihagi for harassing, displacing tenants from rent-controlled homes**

*Calling defendant ‘among the most abusive and lawless landlords I’ve encountered,’  
City Attorney cites ‘breathtaking cruelty’ for targeting elderly, disabled renters*

SAN FRANCISCO (June 5, 2015)—City Attorney Dennis Herrera has sued San Francisco landlord Anne Kihagi for an egregious pattern of unlawful business practices that includes waging “a war of harassment, intimidation, and retaliation” against tenants to force them from their rent-controlled homes. Once vacated, according to Herrera’s complaint, Kihagi offers the apartments to new tenants at substantially higher rents.

But the full scope of related violations and appalling tactics employed by Kihagi, her business associates and companies under their control—as detailed in the 38-page complaint filed in San Francisco Superior Court late yesterday—distinguishes their predatory business model as one of the most ruthless in recent memory. Herrera’s office continues to investigate possible wrongdoing among the more than 50 rent-controlled apartments Kihagi has acquired in San Francisco since 2013. But the investigation has already established compelling and actionable evidence of illegal tactics to bully tenants into surrendering their rent-controlled apartments. At least six elderly and disabled renters were among those targeted for harassment by Kihagi or her agents, according to the complaint, including a 65-year-old Army veteran battling cancer, a 71-year-old retired school crossing guard, and a bedridden 91-year-old great grandmother.

Herrera’s civil suit alleges that Kihagi or her agents: interrupted gas, electric, water, and cable service; disrupted mail service; failed to cash rent checks, only to later claim them as untimely rent payments; backdated correspondence and notices; violated tenants’ privacy by entering their apartments without required notice; refused to timely abate unsafe and substandard habitability conditions; and even retaliated against tenants who cooperated with city inspectors by installing video surveillance cameras aimed at the residents’ front doors. Well-known among tenants for her harassing text messages and shrieking, expletive-ridden personal interactions, Kihagi is even

[MORE]

reported to have made an apparent threat against a tenant's cat, urging the resident to be careful "because someone might let her out."

"Anne Kihagi is among the most abusive and lawless landlords I've encountered in my tenure as City Attorney—and I've gone after a lot of lawlessness by landlords," said Herrera. "It takes breathtaking cruelty to so aggressively bully and displace even elderly and disabled tenants from their rent-controlled homes, especially in the midst of our severe housing crisis. But Ms. Kihagi's apparent contempt for her tenants seems rivaled only by her contempt for the law. She defies city enforcement orders, deceives city agencies and even the Superior Court, and flouts statutes intended to protect law-abiding businesses from having to compete against scofflaws and cheats. With our litigation today, we're moving forcefully to halt this egregious conduct, to punish it severely, and to assure renters and the vast majority of law-abiding landlords that there is no place for this kind of lawlessness in San Francisco. I want to express particular appreciation to Supervisor Scott Wiener, whose district includes all but one of Ms. Kihagi's nine San Francisco properties. His active engagement with Ms. Kihagi's tenants helped enable us to develop a strong case quickly, and it will be key to helping end this egregious injustice."

"I commend City Attorney Dennis Herrera for taking this step today to say 'no more' to this out-of-control landlord," said Supervisor Scott Wiener. "Ms. Kahagi has been engaging in the worse kind of behavior—tormenting and intimidating her tenants, violating city codes, and engaging in other egregious behavior. This illegal behavior needs to stop, and today's lawsuit will help us end it. We are experiencing a housing crisis in San Francisco, and housing costs are out of control. Now more than ever, job one is to keep people stable in their housing and their community. There is no place in San Francisco for landlords who harass and intimidate tenants to drive them out of their homes. Enough."

Additional legal violations alleged in Herrera's complaint include: renovating units without requisite permits; refusing access for legally required inspections; defying multiple notices of violation; failing to register businesses for tax purposes; and repeatedly providing false information—often under penalty of perjury—to San Francisco's Rent Board, Assessor/Recorder's Office and Superior Court. Kihagi and her known associates have spent more than \$24 million acquiring at least nine multi-unit residential rental properties in San Francisco, according to Herrera's complaint. Properties at issue in the case so far include: 3947 18th Street; 650 Church Street; 195 Eureka Street; 1000-1022 Filbert Street; 1135-1139 Guerrero Street; and 69-75 Hill Street.

The case is: *City and County of San Francisco and People of the State of California v. Anne Kihagi et al.*, San Francisco Superior Court No. 15-546152, filed June 4, 2015. Additional information on the San Francisco City Attorney's office is available at: <http://www.sfcityattorney.org/>.

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PEOPLE OF THE STATE OF CALIFORNIA

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.

ANNE KIHAGI aka ANNA KIHAGI aka  
ANNA SWAIN aka ANNE KIHAGI SWAIN  
aka ANNA KIHAGI SWAIN, JULIA  
MWANGI aka JULIA MUNENE,  
CHRISTINE MWANGI aka CHRISTINA  
MWANGI aka CHRISTINE JOHNSON,  
XELAN PROP 1, LLC, RENKA PROP, LLC,  
NOZARI 2, LLC, ZORIAL, LLC, and DOE  
ONE THROUGH DOE FIFTY,

Defendants.

Case No. **CGC 15-546152**

COMPLAINT FOR INJUNCTIVE AND OTHER  
RELIEF

[REAL PROPERTY]

Type of Case: (42) Other Complaint

1 The CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation, (hereinafter,  
2 "SAN FRANCISCO" or "City"), and the PEOPLE OF THE STATE OF CALIFORNIA, by and  
3 through DENNIS J. HERRERA, City Attorney for the City and County of San Francisco (hereinafter,  
4 "PEOPLE"), (collectively, "Plaintiffs") file their complaint against ANNE KIHAGI aka ANNA  
5 KIHAGI aka ANNA SWAIN aka ANNE KIHAGI SWAIN aka ANNA KIHAGI SWAIN (hereinafter,  
6 "KIHAGI"), JULIA MWANGI aka JULIA MUNENE (hereinafter, "J. MWANGI"), CHRISTINE  
7 MWANGI aka CHRISTINA MWANGI aka CHRISTINE JOHNSON (hereinafter, "C. MWANGI"),  
8 XELAN PROP 1, LLC (hereinafter, "XELAN"), RENKA PROP, LLC (hereinafter, "RENKA"),  
9 NOZARI 2, LLC (hereinafter, "NOZARI"), ZORIAL, LLC (hereinafter, "ZORIAL"), and DOE  
10 ONE through DOE FIFTY (collectively "Defendants").

11 Since 2013, Defendants have acquired more than 50 rent-controlled residential units in San  
12 Francisco, most of which were occupied by long-term tenants. In defiance of numerous state and local  
13 laws protecting these tenants and capping rents, Defendants have waged a war of harassment,  
14 intimidation, and retaliation using unlawful, unfair and fraudulent practices designed to force them out  
15 to make room for new tenants who pay market rent. The victims of Defendants' relentless campaign  
16 include a public school teacher, a cabinet maker, a professional skydiver, and at least six elderly and  
17 disabled tenants, including a 71-year-old retired school crossing guard, a 65-year-old Army veteran  
18 who is battling cancer, a 68-year-old employee of Saints Peter and Paul Church, and a 91-year-old  
19 great grandmother, who is bedridden.

20 Plaintiffs hereby allege as set forth below:

## 21 INTRODUCTION

22 1. San Francisco is currently in the midst of a historic housing crisis. According to real  
23 estate blog Curbed SF, the median rent in San Francisco "now sits at a terrifying \$4,225/month."  
24 [http://sf.curbed.com/archives/2015/05/22/san\\_franciscos\\_median\\_rent\\_climbs\\_to\\_a\\_whopping\\_4225.](http://sf.curbed.com/archives/2015/05/22/san_franciscos_median_rent_climbs_to_a_whopping_4225.php)  
25 [php](http://sf.curbed.com/archives/2015/05/22/san_franciscos_median_rent_climbs_to_a_whopping_4225.php). Because of skyrocketing rents in today's white-hot real estate market, San Francisco residents  
26 who lose their rent-controlled apartments have few options but to move out of the City they call home.

27 2. In 1979, San Francisco established the San Francisco Rent Stabilization and Arbitration  
28 Ordinance, codified as San Francisco Administrative Code § 37 ("Rent Ordinance"). The Rent

1 Ordinance was enacted in response to a critical housing shortage, in which tenants were displaced as a  
2 result of their inability to pay increased rents, and were forced to relocate because they were unable to  
3 find decent, safe, and sanitary housing at affordable rent levels. This situation had a detrimental effect  
4 on a substantial numbers of San Francisco renters, especially creating hardships on senior citizens,  
5 persons on fixed incomes and low- and moderate-income households. San Francisco Administrative  
6 Code Section 37.1(b)(2).

7 3. It has long been settled that the police power of municipalities extends to objectives in  
8 furtherance of the public peace, safety, morals, health and welfare, and is not a circumscribed  
9 prerogative, but is elastic and, in keeping with the growth of knowledge and the belief in the popular  
10 mind of the need for its application, capable of expansion to meet existing conditions of modern life.  
11 The municipal police power justifies reasonable regulations upon private property rights to serve the  
12 larger public good. *Birkenfeld v. City of Berkeley*, 17 Cal.3d 129 (1976).

13 4. The Rent Ordinance covers approximately 172,000 residential units. Designed to  
14 stabilize San Francisco's housing market, the Rent Ordinance caps annual rent increases and permits  
15 evictions only under limited circumstances. The Rent Ordinance furthers the legitimate objectives of  
16 promoting the public health and welfare in San Francisco.

17 5. By 2008, some landlords, frustrated by the limitations on rent increases imposed by the  
18 Rent Ordinance, were using strong-arm and unlawful tactics such as harassment, threats, reduction in  
19 services, retaliation, and false accusations to hasten natural or lawful attrition. The City's voters,  
20 many of whom are tenants, clearly perceived a need to prohibit such abuse, to ensure that tenants are  
21 treated fairly, and to prevent landlords from undermining the City's rent control laws. In 2008, the  
22 voters responded by passing Proposition M, codified as San Francisco Administrative Code Section  
23 37.10B, which prohibits residential landlords from harassing their tenants in bad faith.

24 6. Since June 2013, Defendants have been rampantly violating the letter and spirit of the  
25 Rent Ordinance, and in particular, Section 37.10B, by harassing, retaliating, and intimidating their  
26 tenants into surrendering their rent-controlled units.

27 7. Defendants have spent more than \$24 million acquiring nine multi-unit residential  
28 rental properties (over 50 rent-controlled residential units) in San Francisco, including the following:

1 3947 18th Street (hereinafter, "18th Street"), 1000-1022 Filbert Street (hereinafter, "Filbert"), 195  
2 Eureka Street (hereinafter, "Eureka"), 1135-1139 Guerrero Street (hereinafter, "Guerrero"), 69-75 Hill  
3 Street (hereinafter, "Hill"), and 650 Church Street (hereinafter, "Church"), collectively, the  
4 "Properties." The Properties are discussed in greater detail below. Defendants' acquisitions also  
5 include the following properties: 4018-4022 19th Street (hereinafter, "19th Street"), 1378-1382  
6 Alabama Street (hereinafter, "Alabama"), and 3328-3330 26th Street (hereinafter, "26th Street").

7 8. Defendants have engaged in a series of unlawful, unfair, fraudulent and deceptive  
8 business practices to systematically displace and recover possession of rent-controlled units in  
9 violation of state and local law. Defendants accomplish this displacement through deliberate,  
10 malicious, and oppressive acts, including, but not limited to, harassment, retaliation, intimidation,  
11 fraud, abuse, false accusations, reduction of services, refusal to timely and properly perform repairs,  
12 bullying, invasion of privacy, and willful destruction of the tenants' guarantee of quiet enjoyment.  
13 Once Defendants have successfully terrorized the tenants out of the units, they quickly renovate the  
14 units, in many cases without first obtaining the proper City permits and attendant inspections, and then  
15 advertise the units for rent online, seeking to rent the units at substantially increased rents.

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

## 21 **PARTIES**

22 10. Plaintiff SAN FRANCISCO is a municipal corporation organized and existing under  
23 and by virtue of the laws of the State of California. SAN FRANCISCO brings this action under San  
24 Francisco Administrative Code Section 37.10B, California Health and Safety Code Sections 17910-  
25 17998.3, California Civil Code Section 3294, and California Code of Civil Procedure Section 526.

26 11. Plaintiff PEOPLE, by and through Dennis J. Herrera, City Attorney for the City and  
27 County of San Francisco, brings this action pursuant California Civil Code Sections 3479 and 3480,  
28 California Code of Civil Procedure Section 731, and California Business and Professions Code

1 Sections 17200-17210.

2       12. Defendant KIHAGI is, and at all relevant times has been, a resident of California, and  
3 an owner, manager, operator, maintainer, controller, affiliate and/or agent of one or more of the  
4 Properties, either in her name, or as a member of one or more of the limited liability companies named  
5 as Defendants in this action. Defendant KIHAGI, as an individual, and/or as a member of one or more  
6 of the limited liability companies named as Defendants in this action, is sued in her capacity as the  
7 past or present owner, lessor and/or manager of one or more of the Properties, or the agent of the  
8 owner, lessor, and/or manager of one or more of the Properties, and as the person committing the acts  
9 alleged in this Complaint, or the person allowing or directing the commission of the acts alleged in this  
10 Complaint. Defendant KIHAGI is a prolific professional real estate investor and landlord in the San  
11 Francisco and Los Angeles markets. Defendant KIHAGI, as an individual, and/or as a member of one  
12 or more of the limited liability companies named as Defendants in this action, has, since June 2013,  
13 purchased at least nine multi-unit residential properties in San Francisco, for a total purchase price of  
14 approximately twenty-four million dollars (\$24,000,000.00). Defendant KIHAGI is a member of  
15 numerous California limited liability companies, including those named as Defendants herein.  
16 Defendant KIHAGI's business address as listed with the San Francisco Assessor's Office is: P.O. Box  
17 691889, Los Angeles CA, 90069.

18       13. Defendant J. MWANGI is, and at all relevant times has been, a resident of California,  
19 and an owner, manager, operator, maintainer, controller, affiliate and/or agent of one or more of the  
20 Properties, either in her name, or as a member of one or more of the limited liability companies named  
21 as Defendants in this action. Defendant J. MWANGI, as an individual, and/or as a member of one or  
22 more of the limited liability companies named as Defendants in this action, is sued in her capacity as  
23 the past or present owner, lessor, and/or manager of one or more of the Properties, or the agent of the  
24 owner, lessor, and/or manager of one or more of the Properties, and as the person committing the acts  
25 alleged in this Complaint, or the person allowing or directing the commission of the acts alleged in this  
26 Complaint. Defendant J. MWANGI is the alleged sister of Defendant KIHAGI and an active  
27 participant in KIHAGI's real estate investment business.  
28

1           14. Defendant C. MWANGI is, and at all relevant times has been, a resident of California,  
2 and an owner, manager, operator, maintainer, controller, affiliate and/or agent of one or more of the  
3 Properties, either in her name, or as a member of one or more of the limited liability companies named  
4 as Defendants in this action. Defendant C. MWANGI, as an individual and/or as a member of one or  
5 more of the limited liability companies named as Defendants in this action, is sued in her capacity as  
6 the past or present owner, lessor, and/or manager of one or more of the Properties, or the agent of the  
7 owner, lessor, and/or manager of one or more of the Properties, and as the person committing the acts  
8 alleged in this Complaint, or the person allowing or directing the commission of the acts alleged in this  
9 Complaint. Defendant C. MWANGI is the alleged sister of Defendant KIHAGI, and an active  
10 participant in KIHAGI's real estate investment business.

11           15. Defendant XELAN is, and at all relevant times was, a limited liability company formed  
12 and operating under the laws of the State of California. Defendant KIHAGI formed Defendant  
13 XELAN on or about May 21, 2013. At all relevant times, Defendant XELAN has also been a legal  
14 owner, manager, operator and maintainer of one or more of the Properties. XELAN is sued in its  
15 capacity as the past or present owner, lessor, and/or manager of one or more of the Properties, and as  
16 the entity responsible for committing the acts alleged in this Complaint, or the entity allowing or  
17 directing the commission of the acts alleged in this Complaint. Defendant XELAN's business address  
18 as registered with the Secretary of State's Office is: 1220 North Formosa Avenue, West Hollywood,  
19 California 90046. Defendant XELAN's business address as listed with the San Francisco Assessor's  
20 Office is: P.O. Box 691889, Los Angeles CA, 90069. Defendant XELAN's only member is  
21 Defendant KIHAGI. Defendant KIHAGI owns 100% of Defendant XELAN.

22           16. Defendant RENKA is, and at all relevant times was, a limited liability company formed  
23 and operating under the laws of the State of California. Defendant KIHAGI formed Defendant  
24 RENKA on or about December 3, 2013. At all relevant times, Defendant RENKA has also been a  
25 legal owner, manager, operator and maintainer of one or more of the Properties. Defendant RENKA is  
26 sued in its capacity as the past or present owner, lessor, and/or manager of one or more of the  
27 Properties, and as the entity responsible for committing the acts alleged in this Complaint, or the entity  
28 allowing or directing the commission of the acts alleged in this Complaint. Defendant RENKA's



business address as registered with the Secretary of State's Office is: 1220 North Formosa Avenue, West Hollywood, California 90069. Defendant RENKA's business address as listed with the San Francisco Assessor's Office is: P.O. Box 691889, Los Angeles CA, 90069. Defendant RENKA's members include Defendants KIHAGI (75% owner) and J. MWANGI (25% owner).

17. Defendant NOZARI is, and at all relevant times was, a limited liability company formed and operating under the laws of the State of California. Defendant KIHAGI formed Defendant NOZARI on or about September 15, 2014. At all relevant times, Defendant NOZARI has been a legal owner, manager, operator and maintainer of one or more of the Properties. Defendant NOZARI is sued in its capacity as the past or present owner, lessor, and/or manager of one or more of the Properties, and as the entity responsible for committing the acts alleged in this Complaint, or the entity allowing or directing the commission of the acts alleged in this Complaint. Defendant NOZARI's business address as registered with the Secretary of State's Office is: 458 North Doheny Drive #1889, West Hollywood, CA 90069. NOZARI's business address as listed with the San Francisco Assessor's Office is: P.O. Box 690889, Los Angeles CA, 90069. Defendant NOZARI's only member is Defendant KIHAGI. Defendant KIHAGI owns 100 % of Defendant NOZARI.

18. Defendant ZORIALI is, and at all relevant times was, a limited liability company formed and operating under the laws of the State of California. Defendant KIHAGI formed Defendant ZORIALI on or about May 29, 2014. At all relevant times, Defendant ZORIALI has been a legal owner, manager, operator and maintainer of one or more of the Properties. Defendant ZORIALI is sued in its capacity as the past or present owner, lessor, and/or manager of one or more of the Properties, and as the entity responsible for committing the acts alleged in this Complaint, or the entity allowing or directing the commission of the acts alleged in this Complaint. Defendant ZORIALI's business address as registered with the Secretary of State's Office is: P.O. Box 691889, Los Angeles CA, 90069. Defendant ZORIALI's members include Defendants KIHAGI (73% owner) and C. MWANGI (27% owner).

19. DOE ONE through DOE FIFTY are sued herein under fictitious names. Plaintiffs do not at this time know the true names or capacities of said Defendants, but pray that the same may be alleged herein when ascertained.

20. At all times herein mentioned, each Defendant was an agent, servant, employee, partner, franchisee and/or joint venturer of each other Defendant, and at all times was acting within the course and scope of said agency, service, employment, partnership, franchise and/or joint venture. 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 other defendants.

21. Actions taken, 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.

22. Whenever reference is made in this Complaint to any act or omission of “Defendants” such allegation shall mean that each Defendant did or authorized or permitted the act or omission, or recklessly and carelessly failed to supervise, control, or direct other persons who engaged in the act or omission.

23. Defendants are, and at all relevant times were, actively engaged in the business of owning, operating, and managing multi-unit residential rental properties within San Francisco, California.

## GENERAL ALLEGATIONS

24. Since June 2013, Defendants have acquired at least nine tenant-occupied, multi-unit, residential rental properties located in the City and County of San Francisco. All of the Properties and the tenancies therein are subject to the Rent Ordinance.

25. Defendants' business model involves buying a residential building whose price reflects its occupation by long-term, rent-controlled tenants, and then unlawfully recovering possession of units as quickly as possible, remodeling the vacant units without the requisite building, electrical and plumbing permits, and then reletting the remodeled units at market rate, maximizing profit from the higher rents.

26. Impatient to wait for typical tenant attrition or vacancy, Defendants, upon acquiring title, unfairly and unlawfully use a number heavy-handed techniques designed to upset, terrorize and ultimately displace as many below-market-rent-paying tenants as possible, thereby circumventing the

1 legal restrictions and regulations imposed by state law and the Rent Ordinance and defeating their  
2 purpose.

3         27. After acquiring a building, Defendant KIHAGI typically introduces herself to tenants as  
4 a representative of the owner or the owner's hired manager, when in fact, she is the owner. In one  
5 case, she falsely represented herself as an inspector for Paragon Real Estate. Tenants uniformly  
6 describe their initial experience with Defendants as "intimidating," "perplexing," and/or  
7 "disconcerting."

8         28. Defendants typically impose new house rules that have the effect of upsetting  
9 longstanding arrangements enjoyed by tenants with past landlords, such as keeping of pets, use of and  
10 access to storage rooms, use of and access to backyards, use of and access to garages, use of and  
11 access to laundry facilities, and the storage of large items, such as bicycles. Those tenants who do not  
12 accept the new house rules are informed that they refuse "at their peril."

13         29. Tenants are requested to produce copies of their lease as well as any addendums or  
14 agreements or estoppels. Defendants demand information from the tenants including detailed personal  
15 information, relationship status with guests/visitors, personal habits, employment, etc. Defendants  
16 also conduct intrusive investigations of tenants by contacting neighbors and former landlords in an  
17 attempt to obtain personal information about their tenants. In some cases, Defendants have their  
18 laborers spy on tenants while they are on site, and report back their observations.

19         30. Often, Defendants attempt to buy-out long-term tenants. When a tenant rejects the  
20 offer, Defendants begin a pattern and practice of harassing and/or retaliating against the tenant in  
21 various forms. For example, Defendant KIHAGI told an elderly Guerrero tenant who rejected her  
22 buyout effort: "I'm going to kick you out of the house." Using hostile and surreptitious acts,  
23 Defendants destroy the tenants' quiet enjoyment and make life miserable for them, effectively bullying  
24 the tenants into eventually surrendering their units.

25         31. Defendants also employ a variety of other harassment tactics, including, but not limited  
26 to: interrupting mail service, interrupting gas, electric, water, and cable service, backdating  
27 correspondence and notices, failing and refusing to cash rent checks, falsely claiming that rent  
28 payments were untimely, violating tenant privacy, sending harassing text messages, abusing the

1 landlord's right of access by failing to give the required notice before entering, even yelling and  
2 screaming at tenants.

3 32. Defendants also fail to maintain the Properties, fail to timely correct conditions at the  
4 properties which are unsafe and threatening to the health and safety of the occupants, and react to  
5 tenant complaints with hostility and scorn. For example when a 71-year-old disabled tenant at  
6 Guerrero complained to Defendant KIHAGI that something in the building needed fixing, Defendant  
7 KIHAGI stated: "F\*\*k off...for the peanuts you pay me I'm not going to do anything." When a  
8 tenant at Hill reported a water leak from the unit above him, Defendant KIHAGI told him: "That is  
9 not my priority." When the Hill tenant mentioned necessary sidewalk repair, Defendant KIHAGI  
10 responded that she was "not putting any money into that building."

11 33. When tenants have reported unsafe or substandard conditions to the City, Defendants  
12 ignore the City's efforts to follow up on the complaints, refuse access to the City's inspectors, refuse  
13 to timely perform the required work, perform work without required permits, hire unlicensed workers  
14 to perform work requiring a license, and retaliate or threaten retaliation against the tenants for  
15 reporting the problems.

16 34. When the City attempted to conduct noticed building inspections of Defendants'  
17 properties in response to the numerous tenant complaints, Defendants refused access, and even hired  
18 security guards to intimidate and disrupt the inspections. When tenants at the Guerrero, Hill and  
19 Eureka properties invited the City inspectors to enter their units, Defendants retaliated against the  
20 cooperative tenants by installing video surveillance equipment aimed at their front doors, decreasing  
21 services, and inflicting other forms of retribution.

22 **The 18th Street Property.**

23 35. 3947 18th Street, a tenant-occupied, six-unit, rent-controlled residential building in the  
24 Castro neighborhood of San Francisco, was purchased for approximately two million eight hundred  
25 thousand dollars (\$2,800,000.00) on or about June 19, 2013, by Defendant KIHAGI through  
26 Defendant XELAN. 18th Street, also known as Assessor's Block 3584, Lot 086 in the City and  
27 County of San Francisco, State of California, is more particularly described in Exhibit A, attached  
28 hereto and incorporated as part of this Complaint.

1           36.     On information and belief, at the time Defendants purchased 18th Street, three of the  
2 six units were occupied by rent-controlled tenants (Units 1, 2 and 5), while three were vacant (Units 3,  
3 4 and 6).

4           37.     Defendants immediately began a campaign to unlawfully and in bad faith force out the  
5 rent-controlled tenants in Units 1 and 5. Defendants initially claimed they were going to create a  
6 tenants-in-common ownership structure, and would be conducting buyouts. When the tenants did not  
7 accept buyouts, Defendants threatened to evict under the Ellis Act, and take the units off the rental  
8 market. Defendants took no steps to invoke the Ellis Act. Instead, Defendants then changed their  
9 approach. Under the ruse that Defendants KIHAGI, J. MWANGI and C. MWANGI each needed  
10 places to live, and, *notwithstanding the fact that there were three available vacant units at the time*,  
11 Defendants took a series of steps towards initiating an Owner Move-In eviction ("OMI") of Unit 5,  
12 and a Relative Move-In eviction ("RMI") for Unit 1.

13           38.     The tenant in Unit 1 had lived in the rent-controlled apartment since August 2004 and  
14 was paying below-market rent of \$1,423.26 per month. After acquiring the property, Defendant  
15 KIHAGI began harassing the tenant in Unit 1. Defendant KIHAGI initially introduced herself as a  
16 representative of the new owner, inquired about the tenant's cat, and remarked that the tenant should  
17 be careful "because someone might let her out."

18           39.     The tenant in Unit 5 had lived in the rent-controlled unit since June 2003 and was  
19 paying below-market rent of \$1626.61 per month.

20           40.     Before initiating the OMI and RMI, Defendants first had to transfer title to an  
21 individual because OMI and RMI evictions are only available to individuals, not LLCs. On or about  
22 July 30, 2013, Defendant XELAN transferred title to 18th Street to Defendant KIHAGI. No transfer  
23 tax was paid because Defendant KIHAGI, in a sworn affidavit submitted to the San Francisco  
24 Assessor/Recorder's Office, claimed to be exempt from transfer tax because the ownership interest  
25 before and after the transfer remained exactly the same, meaning that Defendant KIHAGI was the sole  
26 member (and 100% owner) of Defendant XELAN.

27 ///

28 ///

1           **Unit 1.**

2           41.     On August 15, 2013, Defendant KIHAGI served the tenant in Unit 1 with a 60-day  
3 Notice of Termination of Tenancy for a Relative Move-In (RMI) eviction for her alleged sister “Julia  
4 Munene” (aka Defendant J. MWANGI), and provided the Rent Board with a copy of the  
5 documentation. In the 60-day Notice, Defendant KIHAGI stated that she was the sole owner of  
6 record, with a recorded 100% undivided ownership interest, and wanted to move her sister into Unit 1.  
7 However, at the time, two remodeled units (Units 3 and 4) and another unit (Unit 6) were vacant and  
8 available. Defendant KIHAGI then falsely claimed that she had no ownership interest in any other  
9 residential property, intentionally concealing the fact that through her 100% ownership of Defendant  
10 XELAN she owned two other multi-unit residential rental properties in San Francisco.<sup>1</sup> In the 60-day  
11 notice, Defendant KIHAGI purported to “offer” either of the remodeled units as a replacement unit,  
12 but as furnished and for three times the tenant’s existing rent-controlled rent.<sup>2</sup> Defendant KIHAGI did  
13 not offer vacant Unit 6 as a replacement unit.<sup>3</sup> The Rent Board subsequently recorded against title a  
14 Notice of Constraints on Real Property as to Unit 1. The Notice of Constraints on Real Property  
15 required Defendant J. MWANGI to reside in this unit as her primary residence until August 15,  
16 2016—three years from the date of service of the RMI paperwork on the tenant in Unit 1. The RMI  
17 ultimately failed.

18           42.     Undeterred, Defendants continued their harassing efforts to get rid of the tenant in Unit  
19 1. Defendants first refused to cash the tenant’s rent check for October 2013, and then months later  
20 complained that the October 2013 rent had not been timely paid. In addition, Defendants confronted  
21 the tenant’s friend who was visiting from Palm Springs, California. Defendants accused the friend of  
22 living in the unit, and went so far as to hire a private investigator to visit the friend’s Palm Springs  
23 residence and photograph his mailbox. Based on the fact that the friend’s name was not printed on the

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24           <sup>1</sup>As of August 15, 2013, Defendant KIHAGI, through her 100% ownership of Defendant XELAN, owned two  
25 multi-unit residential buildings: the six-unit 19th Street property (acquired on June 20, 2013), and the seven-unit Filbert  
26 property (acquired on August 14, 2013).

27           <sup>2</sup> On information and belief, after the tenant in Unit 1 surrendered her unit and left, Units 3 and 4 were rented to  
28 new tenants, unfurnished and at a lower rent.

<sup>3</sup> In sworn Declarations later submitted to the Rent Board, Defendant KIHAGI claimed that she moved her sister  
Christine (aka Defendant C. MWANGI) into Unit 6.

1 Palm Springs mailbox, Defendants claimed the tenant in Unit 1 was maintaining an illegal sublet in  
2 violation of her lease. The tenant in Unit 1, frightened by Defendants' aggressive tactics, and lacking  
3 the financial resources to continue defend herself, subsequently surrendered Unit 1 in spring or early  
4 summer 2014. To date, on information and belief, Defendant J. MWANGI has not moved-in to Unit 1  
5 or made it her primary residence.

6 **Unit 5.**

7 43. On August 15, 2013, the same day the tenant in Unit 1 was served with her 60-day  
8 Notice, Defendant KIHAGI served the tenant in Unit 5 with a 60-day Notice of Termination of  
9 Tenancy for an Owner Move-In eviction for herself, and provided the Rent Board with a copy of the  
10 documentation. In the 60-day Notice, Defendant KIHAGI stated that she was the sole owner of  
11 record, with a recorded 100% undivided ownership interest, and wanted to move herself into Unit 5.  
12 However, two remodeled units (Units 3 and 4) and another unit (Unit 6) were vacant and available.  
13 Defendant KIHAGI then falsely claimed that she had no ownership interest in any other residential  
14 property, intentionally concealing the fact that through her 100% ownership of Defendant XELAN she  
15 owned two other multi-unit residential rental properties in San Francisco.<sup>4</sup> In the 60-day notice,  
16 Defendant KIHAGI purported to "offer" either of the remodeled units as a replacement unit, but as  
17 furnished and for three times the tenant's existing rent-controlled rent.<sup>5</sup> Defendant KIHAGI did not  
18 offer vacant Unit 6 as a replacement unit.<sup>6</sup> This OMI eventually failed.

19 44. Defendant KIHAGI served the tenant in Unit 5 with another OMI in February 2014,  
20 and provided the Rent Board with a copy. Defendant KIHAGI's new 60-day notice, dated February 6,  
21 2014, falsely stated: "The Owner ANNE KIHAGI owns no other residential properties. Therefore she  
22 owns no other vacant, available, incomparable and comparable units anywhere else to offer you for  
23 rent when this Notice expires." In her supporting declaration, Defendant KIHAGI falsely declared

24 \_\_\_\_\_  
25 <sup>4</sup> As of August 15, 2013, Defendant KIHAGI, through her 100% ownership of Defendant XELAN, owned two  
26 multi-unit residential buildings: the six-unit 19th Street property (acquired on June 20, 2013), and the seven-unit Filbert  
27 property (acquired on August 14, 2013).

28 <sup>5</sup> On information and belief, after the tenant in Unit 1 surrendered her unit and left, Units 3 and 4 were rented to  
new tenants, unfurnished and at a lower rent.

<sup>6</sup> In sworn Declarations later submitted to the Rent Board, Defendant KIHAGI claimed that she (conveniently)  
moved her sister Christine (aka Defendant C. MWANGI) into Unit 6.

1 under penalty of perjury: "I do not own, and my name is not on title to any other real property."  
2 Defendant KIHAGI further falsely declared under penalty of perjury: "I am a co-member (with  
3 others) of a limited liability company that owns residential properties in San Francisco at 1000-1022  
4 Filbert Street and 4020 19th Street." In fact, title to the Filbert and 19th Street properties were held by  
5 Defendant XELAN. As the sole member and 100% owner of Defendant XELAN, Defendant KIHAGI  
6 was the 100% owner of the Filbert and 19th Street properties. In addition, Defendant KIHAGI  
7 deliberately concealed the fact that she also owned at least 75% of Defendant RENKA which at that  
8 time held title to the Eureka property, making Defendant KIHAGI a 75% owner of that multi-unit  
9 residential rental property. In her supporting Declaration, Defendant KIHAGI stated that she was  
10 currently living in Unit #6 at the 18th Street property with her sister, Christine Mwangi aka Defendant  
11 C. MWANGI.

12 45. When the tenant in Unit 5 did not vacate the unit, Defendant KIHAGI filed an unlawful  
13 detainer action in April 2014. In the unlawful detainer action, on June 24, 2014, Defendant KIHAGI  
14 filed with the San Francisco Superior Court a Declaration under penalty of perjury, falsely stating in  
15 pertinent part: "Furthermore, in addition with [sic] complying with the requirements of Section  
16 37.9(a)(8), I also truthfully informed Defendant [tenant in unit 5] in the Notice of the following  
17 information in writing: ... (4) *A description of all residential properties owned, in whole or in part, by*  
18 *the landlord...* for whom possession is being sought." [emphasis added] In fact, Defendant KIHAGI  
19 deliberately concealed the other residential properties she owned and controlled. Defendant KIHAGI  
20 lost the unlawful detainer action on summary judgment, and was ordered to pay the tenant in Unit 5  
21 nearly \$7,000. That did not stop her from continuing her harassment, intimidation, and retaliation  
22 against the tenant in Unit 5.

23 46. On June 28, 2014, Defendant KIHAGI served the tenant in Unit 5 with a third OMI and  
24 provided the Rent Board with a copy. In the third OMI Defendant KIHAGI stated that she had been  
25 living in Unit #6 with her sister Christine Johnson (aka Christine Mwangi aka Defendant  
26 C. MWANGI). Defendant KIHAGI again falsely declared under penalty of perjury, "I do not own,  
27 and my name is not on title to any other real property." Defendant KIHAGI again falsely declared  
28 under penalty of perjury, "I am a co-member (with others) of a limited liability company that owns



1 residential properties in San Francisco at 1000-1022 Filbert and 4020 19th Street.” In fact, title to the  
2 Filbert and 19th Street properties were held by Defendant XELAN. As the sole member and 100%  
3 owner of Defendant XELAN, Defendant KIHAGI was in fact the 100% owner of the Filbert and 19th  
4 Street properties. In addition, Defendant KIHAGI deliberately concealed the fact that she also owned  
5 at least 75% of Defendant RENKA, which by that time held title to the Eureka property and the  
6 Guerrero property, making Defendant KIHAGI a 75% owner of both of those multi-unit residential  
7 rental properties in San Francisco. In addition, by then, Defendant KIHAGI, as sole member and  
8 100% owner of her newly created entity Jambax 2, LLC, had also acquired the Alabama property, a  
9 three-unit residential rental property.

10 47. The tenant in Unit 5, exhausted and depleted from the battle with Defendants, and  
11 lacking the financial resources to continue, surrendered Unit 5 in November 2014. After the tenant in  
12 Unit 5 finally relented and surrendered the unit, Defendants inquired whether the tenant would be  
13 willing to accept a buyout so Defendant KIHAGI would not be required to live in the unit. The out-of-  
14 possession tenant declined to accept the buyout. A Notice of Constraints on Real Property was  
15 recorded against title to Unit 5. The Notice of Constraints on Real Property requires Defendant  
16 KIHAGI to reside in this unit as her primary residence until June 28, 2017—three years from the date  
17 of service of the OMI paperwork on the tenant in Unit 5. To date, more than six months after the  
18 tenant in Unit 5 vacated, on information and belief, Defendant KIHAGI has not moved in to Unit 5  
19 and made it her primary residence.

20 48. On September 14, 2014, after successfully evicting Units 1 and 5, Defendant KIHAGI  
21 transferred title to 18th Street to her newly created entity, Defendant NOZARI. In documentation filed  
22 with the San Francisco Assessor/Recorder’s Office, Defendant KIHAGI claimed to be exempt from  
23 transfer tax because she was the sole member (100% owner) of Defendant NOZARI, and the  
24 percentage ownership would be exactly the same before and after the transfer.

25 49. In addition to wrongfully terminating the tenancies of Units 1 and 5 in bad faith through  
26 intimidation, harassment and retaliation, Defendants have also performed construction, including  
27 building, plumbing, and electrical work, without the required City permits or in excess of the scope of  
28 the City permits.

50. Defendants have also denied City inspectors access to the building to conduct lawful inspections. As an example, on March 4, 2015, City inspectors showed up at the 18th Street property for a noticed building inspection. City inspectors were met by Defendant KIHAGI and three bulky, paramilitary-type security guards, who flatly refused access to the 18th Street property.

**The Filbert Property.**

51. 1000-1022 Filbert, a tenant-occupied, seven-unit, rent-controlled residential building in the Russian Hill neighborhood of San Francisco, was purchased for over three million dollars (\$3,025,000.00) on or about August 14, 2013, by Defendant KIHAGI through Defendant XELAN. Filbert, also known as Assessor's Block 0093, Lot 010 in the City and County of San Francisco, State of California, is more particularly described in Exhibit B, attached hereto and incorporated as part of this Complaint. It is comprised of five apartments at 1000-1008 Filbert and an attached two-flat residence at 1020-1022 Filbert.

52. On information and belief, at the time Defendants purchased Filbert, six of the seven units were occupied by rent-controlled tenants.

53. Shortly after Defendants purchased Filbert, Defendants also began harassing tenants into relinquishing their leases. In addition, Defendant KIHAGI, angry that tenants had complained to the San Francisco Department of Building Inspection ("DBI") about unpermitted and unlawful construction, threatened to retaliate by initiating owner move-in and owner relative move-in evictions, and threatened to install video surveillance that invaded her tenants' privacy.

54. By April 2014, as a result of Defendants' unlawful, unfair, deceptive and fraudulent business practices, all the units at Filbert were vacated except one. The lone holdouts were the elderly tenants in Unit 1020: a husband and wife each of whom is older than 65, and the wife's 91-year-old mother, a great-grandmother who is bedridden. Determined to remove the elderly tenants who pay substantially below-market rent as a result of their forty-year tenancy, Defendant KIHAGI began a scorched-earth campaign to harass and bully them out of the unit.

55. On March 27, 2014, Defendants issued a 60-day Notice of Termination of Tenancy to the tenants in Unit 1020 and provided a copy to the San Francisco Rent Board. In the Notice of Termination of Tenancy, Defendant KIHAGI falsely claimed that Unit 1020 was an illegal unit and

1 that she intended to demolish the unit and “transform the structure back into the Single Family House  
2 as it was originally and legally built.” In furtherance of her plans to evict the tenants in Unit 1020,  
3 Defendant KIHAGI obtained an over-the-counter permit from DBI for the demolition work on March  
4 20, 2014.

5 56. The elderly tenants in Unit 1020 challenged DBI’s issuance of the demolition permit to  
6 the Board of Permit Appeals. They demonstrated that 1020-1022 Filbert as originally built in 1912  
7 had always been a two-unit flat and was never a single-family home as Defendant KIHAGI claimed to  
8 DBI, the Rent Board, and to the tenants in Unit 1020. The permit to demolish the tenant’s unit was  
9 suspended on May 23, 2014.

10 57. Despite the suspended permit, Defendants have engaged in construction, including  
11 building, plumbing, and electrical construction, at 1000-1008 and 1022 Filbert without and/or  
12 exceeding the scope of City permits. On information and belief, Defendants have undertaken a  
13 complete “to the studs” remodel of Unit 1022 without the necessary City permits. Defendant KIHAGI  
14 attempted to withdraw or cancel the permit to remove Unit 1020, but DBI insisted on inspecting the  
15 building to see if work had already been done. Defendant KIHAGI refused DBI access to conduct  
16 inspections.

17 58. Defendants repeatedly denied City inspectors access to the building to conduct lawful  
18 inspections. As an example, on March 5, 2015, City inspectors noticed an inspection of the property,  
19 but Defendant KIHAGI and two of her security guards on site flatly denied access.

20 59. Determined to harass and intimidate the elderly tenants in Unit 1020 to give up  
21 possession of their unit, Defendant KIHAGI switched gears, and began making wild and  
22 unsubstantiated claims of nuisance and lease violations against this family, in an ongoing effort to  
23 bully them into vacating the unit.

#### 24 **The Eureka Property.**

25 60. 195 Eureka Street, a tenant-occupied, five-unit, rent-controlled residential building with  
26 additional commercial space in the Castro neighborhood of San Francisco, was purchased for  
27 approximately two million two hundred thousand dollars (\$2,200,000.00) on or about December 27,  
28 2013, by Defendant KIHAGI through Defendant RENKA. Eureka, also known as Assessor’s Block

2693, Lot 021 in the City and County of San Francisco, State of California, is more particularly described in Exhibit C, attached hereto and incorporated as part of this Complaint.

61. On information and belief, at the time Defendants purchased Eureka, at least four of the five residential units were occupied by rent-controlled tenants.

62. In August 2014, Defendants issued new "House Rules" to all tenants which unilaterally purported to change the terms of the tenancies, and reduce services and rights and privileges that the tenants had come to enjoy at Eureka. Defendants back-dated the House Rules by approximately one week to July 30, 2014.

63. Defendant KIHAGI misled tenants at Eureka about their rights to reject the House Rules, warning tenants who did not accept the new House Rules that they did so "at your peril."

64. Defendants violated the right to privacy and abused the landlord's right of entry to the former tenant in Unit 3, when construction workers hired by Defendant KIHAGI illegally entered that tenant's unit without proper notice or consent on or about September 6, 2014.

65. On September 24, 2014, Defendant RENKA transferred 25% of Eureka to Defendant J. MWANGI. Defendants paid no transfer tax, claiming to be exempt because the ownership interest before and after the transfer remained exactly the same. In support, Defendants submitted sworn affidavits to the San Francisco Assessor/Recorder's Office stating that J. MWANGI was a 25% owner of Defendant RENKA.

66. On October 25, 2014, Defendant J. MWANGI served the tenants in Unit 4 at Eureka with a 60-day Notice of Termination of Tenancy for an Owner Move-In eviction, and provided a copy to the Rent Board. Contradicting her earlier sworn statement to the Assessor/Recorder's Office that she was a 25% owner of Defendant RENKA, Defendant J. MWANGI falsely stated under penalty of perjury in her Declaration in support of the 60 Day Notice of Termination of Tenancy, that she owned no other property and that she was not a co-member of Defendant RENKA.<sup>7</sup>

67. Defendant J. MWANGI also stated under penalty of perjury that she intended to move-in to Unit 4 within three months and make it her primary residence. Defendant J. MWANGI's

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<sup>7</sup> As a 25% owner of Defendant RENKA, Defendant J. MWANGI was also an owner of the Eureka and Guerrero properties.

1 declaration was submitted approximately one year after Defendant KIHAGI initiated the RMI eviction  
2 of the tenant at 18th Street Unit 1 so Defendant J. MWANGI could make that unit her primary  
3 residence for at least thirty-six continuous months.

4 68. The tenants in Eureka Unit 4 vacated in January 2015. To date, on information and  
5 belief, Defendant J. MWANGI has not moved-in to Unit 4 and made it her primary residence.

6 69. On March 6, 2015—one day after the City’s March 5, 2015 inspection of Eureka—  
7 Defendant J. MWANGI transferred her 25% interest in Eureka back to Defendant RENKA.  
8 Defendants paid no tax on the property transfer by claiming the ownership interest before and after the  
9 transfer remained exactly the same, and by submitting documents to the San Francisco  
10 Assessor/Recorder’s Office, stating that J. MWANGI was a 25% owner of Defendant RENKA.

11 70. Defendant KIHAGI sent threatening and harassing text messages to the tenants in Unit  
12 2, including text messages in December 2014 in which Defendant KIHAGI threatened to install video  
13 surveillance cameras in retaliation for the tenants filing a complaint with the City regarding the front  
14 door to the building at Eureka being unsecure and in need of repair.

15 71. On or about March 5, 2015, the City conducted a noticed code enforcement inspection  
16 of Eureka. Defendant KIHAGI refused city inspectors’ entry to Eureka, but several tenants gave their  
17 consent and requested the city inspectors enter their units. Defendant KIHAGI was present during the  
18 inspections, along with two physically imposing security guards, who took photographs and videos of  
19 the inspectors, and made their presence known to the inspectors as well as the cooperative tenants.

20 72. In retaliation against the tenants at Eureka who cooperated with City’s inspection,  
21 Defendant KIHAGI installed video surveillance cameras the very next day, on March 6, 2015,  
22 directly outside the tenants’ units in the interior hallways of the Eureka property. Defendant KIHAGI  
23 installed additional video surveillance cameras directly facing the front and back doors to the tenants’  
24 units on or about March 19, 2015.

25 73. In retaliation against the tenant in Unit 2 for cooperating with the City’s inspection and  
26 for organizing the tenants at Eureka and at Defendants’ other properties, Defendant KIHAGI has  
27 continued to send the tenant threatening and harassing text messages, has yelled and screamed at the  
28 tenant, and has intimidated, harassed, and violated the tenant’s right to quiet enjoyment and the

tenant's right to privacy by contacting the tenant's prior landlord seeking personal information about the tenant. As an example, Defendant KIHAGI sent the tenant in Unit 2 a text message stating "stop being so pathetic" and further warning her not to speak to Defendant KIHAGI's other tenants. In a subsequent encounter, Defendant KIHAGI told the tenant in Unit 2 that she was "watching [her] on the surveillance cameras."

74. In retaliation against the tenants at Eureka for cooperating with the City's inspection, Defendant KIHAGI caused the water service at Eureka to be shut-off in March 2015, shortly after the City's noticed inspection. The water service was disrupted for approximately two days.

75. Defendant KIHAGI has engaged in unlawful, unfair, fraudulent, and deceptive business practices by performing construction, including building, plumbing, and electrical construction at Eureka, including in Unit 4 and Unit 5, without and/or exceeding the scope of City permits. When Defendant KIHAGI is caught by City inspectors for illegal work without permits as a result of tenant complaints, Defendant KIHAGI then obtains a permit after the fact. Instead of conforming her work to the permit, Defendant KIHAGI then performs work exceeding the scope of the permit, engaging in a complete remodel of Units 4 and 5. As a result of additional tenant complaints and City inspections, Defendant KIHAGI has been cited by the City for performing construction work exceeding the scope of her permits. Despite receiving multiple citations, Defendant KIHAGI continues to perform illegal and unsafe electrical, plumbing, and construction work at Eureka.

76. On information and belief, Defendant KIHAGI operates and maintains an illegal dwelling unit in the garage at Eureka, which Defendant KIHAGI uses to house day laborers and other unlicensed construction workers who perform work at Defendant KIHAGI's properties without the proper licenses or City permits.

77. Defendants have also denied City inspectors access to the building to conduct lawful inspections.

#### **The Guerrero Property.**

78. 1135-1139 Guerrero Street, a tenant-occupied, six-unit, rent-controlled residential building in the Mission neighborhood of San Francisco, was purchased for approximately two million six hundred thousand dollars (\$2,600,000.00) on or about June 13, 2014, by Defendant KIHAGI

1 through Defendant RENKA. Guerrero Street, also known as Assessor's Block 3646, Lot 014 in the  
2 City and County of San Francisco, State of California, is more particularly described in Exhibit D,  
3 attached hereto and incorporated as part of this Complaint.

4 79. On information and belief, at the time Defendants purchased Guerrero, at least four of  
5 the six units were occupied by rent-controlled tenants.

6 80. Shortly after Defendants purchased Guerrero, in July 2014, Defendant KIHAGI issued  
7 new "House Rules" to all tenants which unilaterally purported to change the terms of the tenancies,  
8 reduce services and rights and privileges that the tenants had come to enjoy at Guerrero.

9 81. In initial contacts with the Guerrero tenants, Defendant KIHAGI falsely and  
10 misleadingly held herself out alternatively as a representative or inspector from Paragon Real Estate,  
11 and as the hired manager of the building, concealing her true status as the majority (75%) owner of  
12 Defendant RENKA and owner of the Guerrero property.

13 82. Defendant KIHAGI unilaterally reduced the longstanding services enjoyed by the  
14 tenants, by changing the locks to the common backyard to the building on or about August 12, 2014,  
15 thereby denying tenants access and use to the backyard and back porch. Tenants at Guerrero were also  
16 denied use of storage units at Guerrero as they had been accustomed. Defendant KIHAGI changed the  
17 locks to the storage area for the garbage bins, so that tenants could not provide the trash collectors with  
18 access to the bins for disposal. Defendant KIHAGI also began diminishing the quality of life at  
19 Guerrero by removing decorative finishes and making the place look shabby, run down and dirty.  
20 When a tenant complained to Defendant KIHAGI about the conditions of the building, she told them  
21 to "F\*\*k off...for the peanuts you pay me I'm not going to do anything."

22 83. Defendants have also caused the utilities to be shut-off at Guerrero due to failure to pay  
23 the utility bills. Defendants' failure to pay the water bill resulted in water to the building being  
24 temporarily shut-off on or about August 6, 2014. Defendants' failure to pay the power bill resulted in  
25 dangerous and unsafe conditions at Guerrero for two to three weeks in September 2014 due to a lack  
26 of lighting and power in the common areas of the building, lack of front outdoor lighting, and  
27 inoperable fire alarm and front door bells. Tenants and their visitors had to use their cell phones to  
28 provide light in order to safely navigate the stairways, and several individuals "missed a step" and hurt

1 themselves, although not seriously, in the darkness. During that period of time, at least one tenant  
2 could not invite a wheelchair-using friend to her apartment because of the extra difficulty in using the  
3 stairs in the extreme darkness.

4 84. Defendants deprived tenants' access to the mail for approximately two months in  
5 December 2014 and January 2015, by failing to replace a "missing" master key used by the postal  
6 carrier to gain access to the tenants' mailboxes. As a result, the postal carrier could not deliver the  
7 mail to tenants at Guerrero. During this time, all of the tenants were forced to travel to the post office  
8 to retrieve their mail, including those tenants who receive their needed prescription medications by  
9 mail, such as the 71-year-old disabled tenant who has lived in Unit 1139 for 41 years, and the elderly  
10 and disabled couple who have lived in Unit 1139A for 21 years.

11 85. As is her business practice, Defendant KIHAGI has also terminated, threatened, or  
12 attempted to terminate the tenancies of several rent-controlled tenants at Guerrero.

13 86. On or about November 20, 2014, Defendant KIHAGI slipped under the door to Unit  
14 1137A a "second" warning notice for allegedly harboring an unapproved occupant and for breaking  
15 the lock on the back door to the property. This notice was in fact the first such communication to the  
16 tenants in Unit 1137A, and was back-dated to approximately November 11, 2014.

17 87. In December 2014, Defendant KIHAGI accused the tenants of deliberately withholding  
18 the full amount of their rent, which had recently increased. Defendant KIHAGI refused to accept any  
19 checks for the alleged shortfall, and returned the checks to the tenants.

20 88. On or about December 20, 2014, Defendant KIHAGI falsely accused the disabled and  
21 elderly tenant in Unit 1139 of trumped-up violations of the terms of her lease and the July 2014 House  
22 Rules. On information and belief, Defendant KIHAGI made the baseless accusations in retaliation  
23 against the tenant for rejecting her \$20,000 offer to vacate the unit. After the tenant rejected the offer,  
24 Defendant KIHAGI stated: "I'm going to kick you out of the house." This tenant had lived in the  
25 rent-controlled unit for forty-one years, since approximately 1974, and was paying below-market rent  
26 of \$1004.54 per month for a two bedroom apartment. This tenant lives in Unit 1139 with her grandson  
27 and godson.  
28



89. Among other things, Defendant KIHAGI has falsely accused this elderly and disabled grandmother, who is a retired school crossing guard of a local elementary school, of the following: housing unauthorized subtenants, using her unit as an unauthorized business and failing to declare that income to the tax authorities, smoking, selling, and distributing marijuana on the premises, harassing the owner's contractors and refusing them access to her unit to make repairs, "deliberately and regularly damaging the Premises and sabotaging the Premises in order to lodge complaints with government agencies as if the conditions were caused by the landlord's neglect, for the purposes of harassing the landlord, and to get financial and undue benefits by making such complaints," "acting in bad faith by complaining about the condition of the Premises to the Owner in order to get upgrades after renting and accepting the Premises with the older conditions complained of," and "showing no respect for the Owner or the applicable laws, statutes, and reasonable rules of conduct and procedures that are known to you, and have always been known to you during your tenancy." Defendant KIHAGI refused to cash the tenant's December 2014 and January 2015 rent checks.

90. Defendant KIHAGI has harassed tenants, abused the landlord's right to access tenants' units, and violated the tenants' right to quiet enjoyment and to privacy at Guerrero, by entering or having her contractors or hired laborers enter or attempt to enter tenants' units without 24-hours' advanced notice as required by law. Specifically, Defendant KIHAGI twice entered the unit of the tenants in Unit 1139A between June 2014 and December 2014, and on at least one occasion entered the unit of the elderly and disabled tenant in Unit 1139, without the proper 24-hours' notice. Defendant KIHAGI also demands excessive access to tenants' units to complete minor repairs, by putting tenants on notice that she intends to access their units for entire days, for several days in a row or longer, for simple repairs. As a result, tenants have been forced to miss work or school, to be present when Defendant KIHAGI or her workers enter their units.

91. On March 4, 2015, the City conducted a noticed code enforcement inspection of Guerrero. Defendant KIHAGI defiantly refused city inspectors' entry to Guerrero, but several tenants gave consent and invited City inspectors into their units. Defendant KIHAGI was present with three physically imposing bodyguards, who loudly disrupted the inspection, verbally accosted the city inspectors and accused them of trespassing, and made their menacing presence felt and known to the

city inspectors and the cooperating tenants during the inspections by lurking in the hallways directly outside the tenants' units.

92. As a result of the City's inspection on March 4, 2015, Defendants received multiple Notices of Violation for habitability and plumbing issues throughout the building.

93. In retaliation against the tenants at Guerrero who cooperated with City's inspection, and in retaliation against the tenant in Unit 1139 who was fighting the unlawful detainer action brought against her, Defendant KIHAGI installed video surveillance cameras on or about March 23, 2015, directly facing the front doors to Units 1139 and 1139A, units occupied by elderly and disabled long-term tenants.

94. Defendant KIHAGI has engaged in unlawful, unfair, fraudulent, and deceptive business practices by maintaining an unsafe building in violation of the health and safety codes.

95. Defendants have also denied City inspectors access to the building to conduct lawful inspections, including inspections of Unit 1137.

#### **The Hill Property.**

96. 69-75 Hill Street, a tenant-occupied, five-unit, rent-controlled residential building in the Castro neighborhood of San Francisco, was purchased for approximately two million five hundred thousand dollars (\$2,500,000.00) on or about July 22, 2014, by Defendant ZORIAL. Hill, also known as Assessor's Block 3617, Lot 036 in the City and County of San Francisco, State of California, is more particularly described in Exhibit E, attached hereto and incorporated as part of this Complaint.

97. On information and belief, at the time Defendants purchased Hill, all five units were occupied by rent-controlled tenants.

98. Shortly after Defendants purchased Hill, Defendant KIHAGI began slipping back-dated correspondence under the doors to the tenants' units. On or about August 1, 2014, "Anna Swain" aka Defendant KIHAGI, issued a Notice of Change of Ownership and Management under the door to tenants' units, which was back dated to approximately June 26, 2014. On or about August 10, 2014, Defendant KIHAGI issued a 30-day notice of Change in Terms of Tenancy under the door to tenants' units, also back-dated to June 26, 2014. On or about August 15, 2014, Defendant KIHAGI issued new

1 "House Rules" under the door to the tenants' units, which unilaterally purported to change the terms of  
2 the tenancies, and reduce services and rights and privileges that the tenants had come to enjoy at Hill.  
3 The House Rules were also back-dated to June 26, 2014.

4 99. Defendant KIHAGI unilaterally reduced the longstanding services enjoyed by the  
5 tenants, by demanding tenants remove items from storage in the garage in November 2014, and by  
6 terminating and/or attempting to terminate the use of the parking garage for the tenants in Units 73 and  
7 73a in December 2014 and January 2015. The leases for Units 73 and 73a provided tenants the use of  
8 the parking garage.

9 100. Defendant KIHAGI also began diminishing the quality of life at Hill by reducing the  
10 number of trash and recycling bins to one each, for nine tenants, on or about August 2, 2014, resulting  
11 in an overflow of recyclable materials in the garage. When asked in August 2014 by the tenant in Unit  
12 71 about necessary sidewalk repair, Defendant KIHAGI responded that she was "not putting any  
13 money into that building."

14 101. Defendants failed to timely perform needed repairs at Hill, specifically by failing to fix  
15 a leaking water heater in a timely manner in September 2015.

16 102. Defendants caused the power to the common areas at Hill to be shut-off for  
17 approximately five days in November 2014 and again in approximately February 2015, resulting in  
18 dangerous and unsafe conditions due to a lack of lighting in the exterior common areas of the building,  
19 in the passageway leading to the garbage facilities, in the stairway, and garage. The lack of power also  
20 disrupted the tenants' use of the shared, third-party provided laundry facilities located the garage.

21 103. Defendants disrupted the tenants' access to and security in their mail for approximately  
22 one month, by installing a 6-unit mailbox for the 5-unit building on or about November 17, 2015, and  
23 failing to provide tenants with keys to their individual boxes.

24 104. On March 4, 2015, the City conducted a noticed building inspection of Hill. Defendant  
25 KIHAGI and her three security guards refused City inspectors' entry to the property, and physically  
26 blocked the front gate to the building. The tenant in Unit 71 ultimately provided access to the building  
27 by coming out of his unit, walking past Defendant KIHAGI, and opening the gate to grant City  
28 inspectors access. All of the tenants gave their consent and requested the City inspectors enter their

1 units. Defendant KIHAGI along with her three security guards, remained on premises for the duration  
2 of the inspections, took photographs and videos of the inspectors, and made their presence known to  
3 the inspectors as well as the cooperative tenants.

4 105. Defendant KIHAGI swiftly began retaliating against the tenants who cooperated with  
5 the City inspectors. During the inspection, Defendant KIHAGI pointed to Unit 73, one of the  
6 cooperating tenants' units, and said in earshot of the tenant, "I'm going to move my sister in there."

7 106. As another example of Defendant KIHAGI's intimidation tactics, during the inspection,  
8 the tenant in Unit 71 wanted to show the inspectors the garage commonly used by the tenants for  
9 laundry and storage. When the tenant attempted to access the garage via the back stairway from his  
10 unit, he was met by Defendant KIHAGI's security guards who refused him access to the garage.

11 107. In retaliation for the tenants' cooperating with the City, within hours after the  
12 inspection, Defendant KIHAGI's workers showed up with large quantities of construction materials  
13 and, under the direction of Defendant KIHAGI, physically boarded up access to the laundry room and  
14 garage from the rear stairs and changed the locks to the main garage door, thereby preventing tenants  
15 from accessing the garage, laundry, and their personal property such as bicycles and the vehicle  
16 belonging to the tenant in Unit 73A. Defendant KIHAGI told the cooperative tenants, "the laundry is  
17 done," and, within earshot of tenants, placed a telephone call to have video surveillance cameras  
18 installed at Hill.

19 108. In retaliation against the tenants for cooperating with the City's inspection, Defendant  
20 KIHAGI installed the video surveillance cameras at Hill.

21 109. On March 13, 2015, multiple tenants at Hill sent letters to Defendant KIHAGI and  
22 Defendant ZORIALI outlining the harassment, retaliation, and violations of the right to quiet  
23 enjoyment they had experienced, and demanding that it stop.

24 110. On March 19, 2015, Defendant ZORIALI transferred 27 percent of the Hill Property to  
25 Defendant C. MWANGI. Defendants paid no tax on the property transfer by claiming the ownership  
26 interest before and after the transfer remained the same, and by submitting documents to the San  
27 Francisco Tax Assessor's Office stating that C. MWANGI was a 27% owner of Defendant ZORIALI.  
28

1           111. In retaliation against the tenants for cooperating with the City's inspection and for  
2 demanding that the harassment against them stop, on March 20, 2015, Defendant KIHAGI brought a  
3 tow truck to Hill and had the vehicle belonging to the tenant in Unit 73A towed from the garage and  
4 into the street. The tenant in Unit 71 called the Police. When the tenant in Unit 69 began taking  
5 photographs of the towing incident from the front steps of Hill, Defendant KIHAGI warned him that  
6 loitering in the public space and common areas was prohibited, forcing the tenant to relocate to the  
7 street to avoid additional confrontation. At the same time, a pickup truck with two of Defendant  
8 KIHAGI's workers arrived at Hill, removed the shared third-party-provided laundry machines from  
9 the garage, and boarded-up access to the garage from the outside and installed a "private property"  
10 sign warning "all unauthorized vehicles will be impounded at owner's expense."

11           112. During the March 20, 2015 incident, Defendant KIHAGI continued with her  
12 harassment and intimidation of tenants by taking multiple photographs of the tenants in Units 69 and  
13 71, by demanding that the vehicle belonging to the tenant in Unit 73A be removed from the garage  
14 within twenty-four hours, and by warning the tenants that she was looking forward to getting to know  
15 them "far better than originally intended."

16           113. In the evenings of March 25, 2015, and April 2, 2015, Defendant KIHAGI posted a  
17 notice of intent to enter multiple units at Hill the following morning for the purpose of making repairs  
18 related to violations found by City inspectors during the March 4, 2015 inspection. Defendant  
19 KIHAGI back-dated each notice by one day and failed to provide 24-hours' notice as required by law.

20           114. Defendant KIHAGI violated the Hill tenants' right to quiet enjoyment by repeatedly  
21 posting notices of intent to enter multiple units at Hill in early April, and failing to appear or have her  
22 workers appear to perform repairs on the dates stated in the notices. As a result, multiple tenants  
23 needlessly missed work in their attempts to ensure they would be home when Defendant KIHAGI or  
24 her workers entered their units to perform repairs.

25           115. The tenant in Unit 73, tired of living with the harassment by Defendant KIHAGI and  
26 fearful that an owner move-in eviction was imminent after hearing Defendant KIHAGI threaten to  
27 move-in her sister to his unit, surrendered the unit on April 15, 2015.

1           116. On April 17, 2015, Defendant C. MWANGI served the tenant of 71 Hill Street with a  
2 60-day Notice of Termination of Tenancy for an Owner Move-In eviction. The tenant had lived in  
3 Unit 71 since 1993 and was paying below-market rent of \$1,261.35. In a declaration submitted under  
4 penalty of perjury in support of the 60-day Notice of Termination of Tenancy, Defendant  
5 C. MWANGI stated that she lived at 18th Street Unit 6, that she owned 27% of Hill, that Defendant  
6 ZORIALI owned 73% of Hill, and that she intended to move-in to Unit 71 within three months and  
7 make it her permanent residence for at least thirty-six continuous months. Defendant C. MWANGI  
8 also stated that Unit 73 (which had been surrendered by the previous tenant only two days earlier due  
9 to Defendants' hostile and bullying tactics) was not comparable, that she did not want to move into it  
10 or designate it as the owner's unit for the future, and that it would not be available to offer to the  
11 tenants in Unit 71 for four to five months as the owners intended to renovate the unit. Defendant  
12 C. MWANGI offered Unit 73 to the tenants in Unit 71, once it was renovated in four to five months,  
13 for a monthly rent of \$4,250.00. Defendant C. MWANGI also stated that she owned a single-family  
14 house in Fremont, California, where her mother resides, and that she was a less than five percent  
15 owner of Katoka 5, LLC, which owned 26th Street. Defendant C. MWANGI further stated under  
16 penalty of perjury that she did not own, or co-own, any vacant, available, comparable or incomparable  
17 units anywhere else.

18           117. As a result of the City's inspection on March 4, 2015, Defendants received multiple  
19 Notices of Violation for habitability, electrical, and plumbing issues throughout the building.

20           118. Defendant KIHAGI has engaged in unlawful, unfair, fraudulent, and deceptive business  
21 practices by performing construction at Hill without obtaining the necessary City permits.  
22 Specifically, Defendant KIHAGI has begun construction on an illegal dwelling unit in the basement  
23 and garage space.

24           119. Defendants have also denied City inspectors access to the building to conduct lawful  
25 inspections, including inspections of the basement and garage spaces.

#### 26           **The Church Property**

27           120. 650 Church Street, a tenant-occupied, twelve-unit, rent-controlled residential building  
28 in the Castro/Mission/Dolores neighborhood of San Francisco, was purchased for approximately six

1 million six hundred thousand dollars (\$6,600,000.00) on or about January 21, 2015, by Defendant  
2 KIHAGI through Defendant NOZARI. Church Street, also known as Assessor's Block 3585, Lot 007  
3 in the City and County of San Francisco, State of California, is more particularly described in Exhibit  
4 F, attached hereto and incorporated as part of this Complaint.

5 121. On information and belief, at the time Defendants purchased the Church property most  
6 units were occupied by rent-controlled tenants.

7 122. Shortly after purchasing the Church property, in February 2015, Defendant KIHAGI  
8 issued new "House Rules," which unilaterally purported to change the terms of the tenancies, and  
9 reduce services and rights and privileges that the tenants had come to enjoy at Church.

10 123. Shortly after purchasing the Church property, in February 2015, Defendant KIHAGI  
11 began eviction proceedings against a tenant who is a US Army veteran and is currently being treated  
12 for advanced stage prostate cancer.

13 124. Defendants also began their typical campaign of harassment against at least some  
14 tenants. For example, the veteran tenant's February 2015 rent check was uncashed for the entire  
15 month. He sent her several more checks which she refused to cash. In another example, the same  
16 tenant received a letter from Defendant KIHAGI falsely accusing him of having an "illegal sublet." A  
17 neighboring tenant received the same false accusation.

18 125. The veteran tenant also received a harassing letter from Defendants' attorney, Karen  
19 Uchiyama, accusing him of "defaming" Defendant KIHAGI when he spoke to local newspaper, "the  
20 Castro Courier."

21 126. Defendants installed video surveillance equipment with cameras pointing at tenants'  
22 front doors. The veteran tenant described the surveillance camera's presence as "intrusive" and  
23 "disturbing."

24 127. Defendants' actions described above in relation to specific properties are merely  
25 examples. At the time of trial, Plaintiffs will move the Court to amend this Complaint to include any  
26 conditions or acts discovered after the filing of this Complaint.

27 ///

28 ///

**FIRST CAUSE OF ACTION**

**VIOLATION OF SAN FRANCISCO ADMINISTRATIVE CODE BY PLAINTIFF  
CITY AND COUNTY OF SAN FRANCISCO AGAINST ALL DEFENDANTS  
(San Francisco Administrative Code Sections 37.10B *et seq.*)**

128. SAN FRANCISCO hereby incorporates by reference all preceding paragraphs of this Complaint and make them a part of this First Cause of Action, as though fully set forth herein.

129. SAN FRANCISCO brings this action pursuant to San Francisco Administrative Code Section 37.10B(c)(3)-(5).

130. Defendants are now, and for a considerable period of time have been, unlawfully harassing their tenants in violation of Administrative Code Section 37.10B(a).

131. Defendants unlawfully committed numerous acts prohibited by Administrative Code Section 37.10B, including, but not limited to the following: interrupted, terminated or failed to provide housing services as required by state and local health and safety laws, failed to perform repairs and maintenance required by state and local health and safety laws, failed to exercise due diligence in performing repairs and maintenance, abused the landlord's right to access into rental housing units, influenced or attempted to influence a tenant to vacate a rental housing unit through fraud, intimidation or coercion, attempted to coerce tenants to vacate with offers of payments to vacate accompanied by threats or intimidation,

132. SAN FRANCISCO has no adequate remedy at law in that damages are insufficient to protect the public from the harm caused by the conduct described herein.

133. Unless said conduct is ordered abated, other tenants and occupants, and other residents of SAN FRANCISCO will suffer irreparable injury and damage, in that said conduct will continue to be injurious to the continuous enjoyment of life and the free use of property of said residents.

134. By their conduct, Defendants have repeatedly violated, disobeyed, omitted, neglected, and refused to comply with the San Francisco Administrative Code, and should be enjoined as contemplated by San Francisco Administrative Code Section 37.10B(c)(4), and ordered to pay statutory damages of \$1,000 per offense, as set forth in San Francisco Administrative Code Section 37.10B(c)(5).



135. Because Defendants' conduct was despicable and carried out with a willful and conscious disregard for the rights of the tenants and their safety, and was committed with malice, oppression and fraud within the meaning of California Civil Code Section 3294(c), Defendants should also be ordered to pay punitive damages as provided by San Francisco Administrative Code Section 37.10B(c)(5).

**SECOND CAUSE OF ACTION**  
**VIOLATIONS OF THE STATE HOUSING LAW BROUGHT BY PLAINTIFF**  
**CITY AND COUNTY OF SAN FRANCISCO AGAINST ALL DEFENDANTS**  
**(California Health & Safety Code Sections 17920-17980.9)**

136. SAN FRANCISCO hereby incorporates by reference all preceding paragraphs of this Complaint and make them a part of this Second Cause of Action, as though fully set forth herein.

137. Defendants now are, and for a considerable period of time heretofore and at all times herein mentioned have been, maintaining and operating properties in the City and County of San Francisco as substandard buildings within the meaning of Health and Safety Code Section 17920.3.

138. Defendants are now, and for a considerable period of time and at all times herein mentioned have been maintaining the 18th Street, Eureka, Guerrero, Filbert and Hill properties in violation of San Francisco Building Code Sections 102A and 103A and/or San Francisco Housing Code Sections 204(c) and 1001. Defendants have repeatedly failed to file and secure requisite permits before commencing construction at the above properties and/or performed work exceeding the scope of issued permits, in violation of the aforementioned sections of the San Francisco Building Code. Defendants also perform work exceeding the scope of any issued permits. Defendants also fail to properly maintain the Properties and/or fail to timely cure cited conditions, in violation of the aforementioned section of the San Francisco Housing Code.

139. The conditions creating said substandard buildings are Defendants' repeated refusal to obtain the proper building, plumbing and electrical permits prior to performing the construction work. The unpermitted work, performed by unlicensed workers, is a violation of the San Francisco Building Code, Sections 102A and 103A.

1           140. Performing electrical, plumbing or other work without permits or in excess of permits,  
2 creates unsafe and substandard buildings, public nuisances, and conditions which substantially  
3 endanger the health and safety of occupants and neighbors and the general public.

4           141. When Defendants are caught by the City, and Notices of Violation are issued, they  
5 obtain some permits, but then will perform work in excess of the permits, have unlicensed workers  
6 perform work, refuse to provide access to the subject properties for inspection by City inspectors, and  
7 fail to timely abate cited violations.

8           142. At all times herein mentioned Defendants had notice and knowledge that 18th Street,  
9 Eureka, Guerrero, Filbert and Hill properties constituted public nuisances because they were served  
10 with the administrative notices issued by DBI, but failed to take reasonable steps to timely abate the  
11 nuisances.

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

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

18           145. Unless Defendants are enjoined from continuing their practices of performing  
19 construction without required and proper permits, they will continue to endanger the health and safety  
20 of the occupants of the properties and the occupants of the adjacent properties and the general public.

21           146. Defendants should be ordered to pay all SAN FRANCISCO's reasonable and actual  
22 costs, including, but not limited to, inspection costs, investigation costs, enforcement costs, attorney  
23 fees or costs, and all costs of prosecution as provided by California Health and Safety Code Section  
24 17980.7(d).

25           147. Defendants should also be ordered not to claim any deduction with respect to state  
26 taxes for interest, taxes, expenses, depreciation, or amortization paid or incurred with respect to the  
27 properties mentioned herein for the taxable years of Defendants' violations of the State Housing Law  
28 as provided by California Health and Safety Code Section 17980.7(b)(1).

**THIRD CAUSE OF ACTION**

**FOR GENERAL PUBLIC NUISANCE BY PLAINTIFF PEOPLE OF  
THE STATE OF CALIFORNIA AGAINST ALL DEFENDANTS  
(Civil Code Sections 3479, 3480; Code of Civil Procedure Section 731)**

148. Plaintiff hereby incorporates by reference all preceding paragraphs of this Complaint and make them a part of this Third Cause of Action, as though fully set forth herein.

149. Plaintiff brings this cause of action pursuant to Civil Code Sections 3479 and 3480.

150. As described above, Defendants are now, and for a considerable period of time, and all times herein mentioned have been, maintaining the aforementioned properties in a manner as to constitute a continuing public nuisance within the meaning of Civil Code Sections 3479 and 3480. The conditions giving rise to said public nuisances are the violations of the municipal codes at the properties. The practices described above are injurious to the health and safety of the residents and the community, are offenses to the senses, and interfere with the comfortable enjoyment of life and properties. The practices described above also affect a considerable number of persons and an entire community or neighborhood.

151. At all times herein mentioned, Defendants knew or should have known that the aforementioned properties were being maintained as public nuisances, but failed to take reasonable steps to timely abate the nuisance.

152. Unless enjoined, Defendants will continue to operate the properties in the above-described public nuisance conditions.

153. Plaintiffs have no adequate remedy at law in that damages are insufficient to protect the public from the harm caused by the conditions described above. Unless injunctive relief is granted to enjoin Defendants, the public will suffer irreparable injury and damage.

154. Unless this nuisance is abated, the community, neighborhood, 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 enjoyment and the free use of the life and property of said residents and citizens of the City and County of San Francisco and the People of the State of California.

**FOURTH CAUSE OF ACTION**

**FOR UNFAIR AND UNLAWFUL BUSINESS PRACTICES BROUGHT BY PLAINTIFF  
PEOPLE OF THE STATE OF CALIFORNIA AGAINST ALL DEFENDANTS  
(California Business and Professions Code §§ 17200-17210)**

155. The PEOPLE hereby incorporate by reference all preceding paragraphs of this Complaint and make them part of this Fourth Cause of Action, as though fully set forth herein.

156. City Attorney Dennis J. Herrera, 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, pursuant to Business and Professions Code §§ 17200-17209.

157. The violations of law described herein, including the illegal harassment of rent-controlled tenants, the illegal evictions of rent-controlled tenants, and the illegal remodeling of units without first obtaining required permits. By not following the rules under the Rent Ordinance, Defendants have unlawfully and unfairly circumvented the protections of the Rent Ordinance, deprived SAN FRANCISCO of affordable housing units, and have had a detrimental effect on the City's dwindling inventory of affordable housing stock.

158. 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.

159. The actions of Defendants are in violation of the laws and public policies of SAN FRANCISCO and the State of California, and are inimical to the rights and interest of the general public. Unless enjoined and restrained by an order of this Court, Defendants will continue to engage in the unlawful and unfair acts and courses of conduct described herein.

160. Through the conduct described above, Defendants have engaged, or aided and abetted in unlawful, unfair, and/or fraudulent business practices prohibited by California Business and Professions Code §§ 17200-17209 including but not limited to the following:

- Harassing and intimidating lawful tenants in violation of San Francisco Administrative Code Section 37.10B;
- Retaliating against tenants in violation of San Francisco Administrative Code Section 37.9 and Civil Code Section 1942.5;
- Abusing the lawful right of entry in violation of Civil Code Section 1954;

- Remodeling and doing construction work without first obtaining the requisite building, plumbing and electrical permits;
- Remodeling and doing construction work in excess of permits obtained;
- Refusing to comply with numerous Notices and Orders issued by the San Francisco Department of Building Inspection;
- Refusing to allow City inspections on complaints of work without permit;
- Refusing to allow City inspections to provide oversight to work allegedly being performed under issued permits;
- Providing false information to the San Francisco Rent Board under penalty of perjury in an attempt to unlawfully take possession of a rent-controlled unit;
- Providing false information to the San Francisco Assessor/Recorder's Office under penalty of perjury;
- Providing false information to the Superior Court under penalty of perjury in order to unlawfully take possession of a rent-controlled unit;
- Impeding, interrupting, and attempting to disrupt lawful and noticed health and safety inspections; and
- Refusing and failing to register their businesses with the City and County of San Francisco as required by Business and Tax Regulation Code Section 853.

161. The PEOPLE are informed and believe, and based upon such information and belief, allege that as a direct result of these acts and omissions, 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 §§ 17200 *et seq.* described in this Complaint.

162. The PEOPLE have no adequate remedy at law in that damages are insufficient to protect the public from the present danger and harm caused by the conditions described in this Complaint.

163. The PEOPLE are informed and believe, and based on such information and belief, allege that unless enjoined and restrained Defendants will continue to engage in unfair and unlawful business practices.

164. Unless injunctive relief is granted to enjoin Defendants' unfair and unlawful business practices, the PEOPLE will suffer irreparable injury and damage.

165. Defendants are subject to civil penalties of up to \$2,500 per violation of the Business and Professions Code for each act of unfair or unlawful competition, pursuant to Business and Professions Code § 17206, and an additional \$2,500 per violation of the Business and Professions Code for each act of unfair or unlawful competition directed at an elderly or disabled person.

## PRAAYER

WHEREFORE, Plaintiffs pray that:

1. Defendants be declared to have violated the San Francisco Administrative Code, Health & Safety Code, Civil Code, and Business and Professions Code §§ 17200-17209;

2. Pursuant to Civil Code Sections 526 and 731, the Court issue a permanent injunction, ordering Defendants to permanently cease the unlawful harassment of their tenants, cease the unlawful evictions of rent-controlled tenants, cease making baseless accusations against tenants, obtain all required permits to remove all illegally performed construction, obtain all required permits to legalize work illegally performed, abate all health and safety code violations, immediately register the businesses with the City and County of San Francisco, and cease all unlawful or unfair business practices in San Francisco, California;

3. Defendants, and each of them, their agents, officers, managers, representatives, employees, and anyone acting on their behalf, and their heirs and assignees, be preliminarily and permanently enjoined from maintaining, operating, conducting, using, occupying, or in any way permitting the use of any of their Properties in San Francisco, California, until the Property conforms to law;

4. Defendants, and each of them, their agents, officers, managers, representatives, employees, and anyone acting on their behalf, and their heirs and assignees, be preliminarily and permanently enjoined from maintaining, operating, conducting, using, occupying, or in any way permitting the use of any of their Properties in San Francisco, California, as an unfair and/or unlawful business practice in violation of California Business and Professions Code §§ 17200-17209.

1           5.       Defendants, and each of them, their agents, officers, managers, representatives,  
2 employees, and anyone acting on their behalf, and their heirs and assignees, be ordered to cause all of  
3 the Properties and all parts thereof, to conform to law, and to maintain each in such conformity at all  
4 times;

5           6.       Pursuant to San Francisco Administrative Code Section 37.10B, Defendants, and each  
6 of them, be ordered to pay statutory damages of \$1,000 for each and every violation of Administrative  
7 Code Section 37.10B;

8           7.       Pursuant to San Francisco Administrative Code Section 37.10B, Defendants, and each  
9 of them, be ordered to pay punitive damages;

10          8.       Pursuant to Business and Professions Code § 17206, Defendants, and each of them, be  
11 ordered to pay a civil penalty of \$2,500 for each unfair and/or unlawful business act alleged in this  
12 Complaint;

13          9.       Pursuant to Business and Professions Code § 17206.1, Defendants, and each of them,  
14 be ordered to pay an additional civil penalty of \$2,500 for each unfair and/or unlawful business act  
15 alleged in this Complaint, which was directed at an elderly or disabled person;

16          10.      Pursuant to Business and Professions Code § 17203, Defendants, and each of them, be  
17 ordered to make restitution of any money or property, real or personal, obtained through their unfair  
18 and/or unlawful business acts and practices;

19          11.      Defendants, and each of them, be preliminarily and permanently enjoined from  
20 spending, transferring, encumbering, or removing from California any real or personal property or  
21 money received from the Property or in payment for the unfair and unlawful acts alleged in this  
22 Complaint;

23          12.      Plaintiffs be authorized to have a lien upon the Property in the amount expended  
24 pursuant to said authority and to have judgment in said amount against said Defendants, and their  
25 successors and assigns;

26          13.      Plaintiffs be authorized to record an Abstract of Judgment that constitutes a prior lien  
27 over any lien that any Defendants in this case may hold on the Property;  
28

1 14. Defendants, and each of them, be ordered to pay Plaintiffs' costs of enforcement  
2 pursuant to California Health & Safety Code Section 17980.7(d) and San Francisco Administrative  
3 Code Section 37.10B(c)(5);

4 15. Defendants, and each of them, be ordered to pay Plaintiffs' reasonable attorney's fees  
5 and costs incurred in bringing this civil action, pursuant to California Health & Safety Code Section  
6 17980.7(d) and San Francisco Administrative Code Section 37.10B(c)(5); and

7 16. Other and further relief be ordered as this Court should find just and proper.

8 Dated: 6-4-15

9 DENNIS J. HERRERA  
10 City Attorney  
11 YVONNE R. MERE  
12 Chief Attorney  
13 MICHAEL S. WEISS  
14 VICTORIA L. WEATHERFORD  
15 Deputy City Attorneys

16 By: 

17 MICHAEL S. WEISS  
18 Attorneys for Plaintiffs  
19 CITY AND COUNTY OF SAN FRANCISCO and  
20 PEOPLE OF THE STATE OF CALIFORNIA  
21  
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**INDEX TO EXHIBITS**

<b><u>Exhibit</u></b>	<b><u>Description</u></b>
A	Property Description of 3947 18th Street
B	Property Description of 1000-1022 Filbert Street
C	Property Description of 195 Eureka Street
D	Property Description of 1135-1139 Guerrero Street
E	Property Description of 69-75 Hill Street
F	Property Description of 650 Church Street

# Exhibit A

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

Beginning at a point on the Southerly line of 18th Street, distant thereon 280 feet Easterly from the Easterly line of Noe Street; running thence Easterly along the said Southerly line of 18th Street 25 feet; thence at a right angle Southerly 114 feet; thence at a right angle Westerly 25 feet; and thence at a right angle Northerly 114 feet to the Southerly line of 18th Street and the point of beginning.

Being a portion of Mission Block No. 106.

Assessor's Lot 086; Block 3584

# Exhibit B

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF SAN FRANCISCO, COUNTY OF SAN FRANCISCO, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

BEGINNING at a point of intersection of the Northerly line of Filbert Street and the Westerly line of Jones Street; running thence Westerly along said line of Filbert Street 106 feet and 3 inches; thence at a right angle Northerly 52 feet; thence at a right angle Easterly 36 feet and 3 inches; thence at a right angle Southerly 25 feet; thence at a right angle Easterly 70 feet to the Westerly line of Jones Street; thence at a right single Southerly along said line of Jones Street 27 feet to the point of beginning.

BEING part of 50 Vara Block No. 237.

APN: Lot 10, Block 93

# Exhibit C

1

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

An undivided 25% interest, fractional interest in Lot 021 and Block 2693, commencing at the point of intersection of the northerly line of 19<sup>th</sup> Street and the easterly line of Eureka Street; running thence easterly and along the said line of 19<sup>th</sup> Street 25 Feet; Thence at a right angle northerly 75 Feet; thence at a right angle westerly 25 feet to the easterly line of Eureka Street; thence at a right angle southerly along said line of Eureka Street 75 Feet to the point of commencement.

Being part of Horner's Addition, Block No. 207.

# Exhibit D



## Legal Description

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

Commencing at a point on the Easterly line of Guerrero Street distant thereon 42 feet 9 inches Northerly from the Northerly line of Elizabeth Street; running thence Northerly and along said Easterly line of Guerrero Street 30 feet; thence at a right angle Easterly 100 feet; thence at a right angle Southerly 30 feet; thence at a right angle Westerly 100 feet to the Easterly line Guerrero Street and the point of commencement.

Being part of Horner's Addition Block No. 11

Assessor's Lot 14; Block 3646

# Exhibit E

**DESCRIPTION OF THE LAND**

THE LAND REFERRED TO HEREIN IS SITUATED IN SAN FRANCISCO COUNTY, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

Beginning at a point on the Southerly line of Hill Street, distant thereon 130 feet Easterly from the Easterly line of Guerrero Street; running thence Easterly along said line of Hill Street, 40 feet; thence at a right angle Southerly 114 feet; thence at a right angle Westerly 40 feet; thence at a right angle Northerly 114 feet to the point of beginning.

Being a portion of Mission Block No. 74.

APN: Lot 036; Block 3617

PROPERTY ADDRESS: 69-75 HILL STREET, SAN FRANCISCO, CALIFORNIA 94110

# Exhibit F

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

Commencing at the point of intersection of the Southerly line of Hancock Street with the Westerly line of Church Street; running thence Southerly along said line of Church Street 28 feet 4 inches; thence at a right angle Westerly 100 feet; thence at a right angle Northerly 26 feet 4 inches to the Southerly line of Hancock Street; and thence Easterly along said line of Hancock Street 100 feet to the Westerly line of Church Street and the point of Commencement.

Being a portion of Mission Block No. 93.

Assessor's Lot 007; Block 3585