

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

ROB BONTA
Attorney General of California
NICKLAS A. AKERS
Senior Assistant Attorney General
TINA CHAROENPONG
Supervising Deputy Attorney General
JASON H. TARRICONE (SBN 247506)
BREE B. BACCAGLINI (SBN 339408)
Deputy Attorneys General
455 Golden Gate Avenue, Suite 11000
San Francisco, CA 94102
Telephone: (415) 510-3760
Fax: (415) 703-5480
Email: Jason.Tarricone@doj.ca.gov

[EXEMPT FROM FILING FEES
UNDER GOV. CODE, § 6103]

Filed
June 15, 2023
Clerk of the Court
Superior Court of CA
County of Santa Clara
23CV417467
By: JMazon

Attorneys for the People of the State of California

SUPERIOR COURT OF THE STATE OF CALIFORNIA
COUNTY OF SANTA CLARA

THE PEOPLE OF THE STATE OF CALIFORNIA,

Plaintiff,

v.

GREEN VALLEY CORPORATION, d/b/a SWENSON BUILDERS,

Defendant.

Case No. 23CV417467

~~[PROPOSED]~~ FINAL JUDGMENT AND PERMANENT INJUNCTION

The People of the State of California (“People”), appearing through their attorney, Rob Bonta, Attorney General of the State of California, by Deputy Attorney General Jason H. Tarricone, and Green Valley Corporation (“GVC” or “Defendant”), appearing through its attorney, Scott M. Pearson of Manatt, Phelps & Phillips, LLP, having stipulated to the entry of this Judgment by the Court without the taking of proof and without trial or adjudication of any fact or law, without this Judgment constituting evidence of or an admission by Defendant regarding any issue of law or fact alleged in the Complaint, without Defendant admitting any liability regarding allegations of violations that occurred prior to entry of this Judgment, and with

1 all parties having waived their right to appeal from the Judgment, and the Court having
2 considered the matter and good cause appearing:

3 **IT IS HEREBY ORDERED, ADJUDGED AND DECREED THAT:**

4 1. This Court has jurisdiction over the allegations and subject matter of the People’s
5 Complaint filed in this action, and the parties to this action; venue is proper in this County; and
6 this Court has jurisdiction to enter this Judgment.

7 2. Defendant does not admit to any violations of law and does not admit any
8 wrongdoing that was or could have been alleged by the People before the date of the Judgment
9 under any law. No part of this Judgment, including its statements and commitments, shall
10 constitute evidence of any liability, fault, or wrongdoing by Defendant.

11 **DEFINITIONS**

12 3. The following definitions shall apply for purposes of this Judgment:

- 13 A. “AFFECTED TENANTS” shall mean the nineteen tenants who rented a
14 COVERED PROPERTY from and were employed by Defendant or
15 Defendant’s AFFILIATES and who, as described in the People’s
16 Complaint, were subjected to unlawful rent increases by Defendant in
17 excess of 10% in or around July 2021.
- 18 B. “AFFILIATES” shall mean entities in which Defendant owns an interest or
19 that share a common shareholder with Defendant.
- 20 C. “COVERED PROPERTY” shall mean a property or rental unit managed or
21 controlled by GVC, including buildings, properties, or rental units that
22 GVC controls through a third-party property management company, that
23 are subject to the requirements of the Tenant Protection Act, codified at
24 Civil Code sections 1946.2 and 1947.12. This expressly excludes any
25 property or rental unit that is exempt from the Tenant Protection Act,
26 codified at Civil Code sections 1946.2 and 1947.12. This further expressly
27 excludes a property or rental unit in which GVC owns a passive ownership
28 interest, so long as such building, property, or rental unit is not controlled

1 by GVC.

2 D. "LAWFUL RENTAL RATES" shall mean the rents AFFECTED
3 TENANTS were paying prior to July 1, 2021, plus the 9% increase allowed
4 for 2021 pursuant to Civil Code section 1947.12, and any lawful increases
5 that could have been noticed thereafter.

6 E. "WITHDRAWAL" shall mean the decision by a landlord to remove rental
7 units from the housing market through conversion to condominiums or
8 demolition, as used in the Ellis Act (Government Code section 7060.7),
9 and *Nash v. City of Santa Monica* (1984) 37 Cal.3d 97.

10 **INJUNCTION**

11 4. Nothing in this Judgment alters the requirements of federal or state law to the
12 extent they offer greater protection to consumers.

13 5. The injunctive provisions of this Judgment shall become effective immediately
14 upon entry of this Judgment and shall apply to Defendant as well as its successors and the assigns
15 of all or substantially all of the assets of its business, and their directors, officers, employees,
16 agents, independent contractors, and representatives.

17 6. Defendant shall be and hereby is enjoined and restrained, under Business and
18 Professions Code section 17203, from directly or indirectly engaging in any of the following acts
19 or practices with respect to any residential unit:

20 A. Issuing rent increase notices, enforcing rent increase notices, or attempting
21 to impose rent increases that exceed the limits imposed by applicable laws,
22 including but not limited to Civil Code section 1947.12, which applies a
23 rent increase cap to COVERED PROPERTIES;

24 B. Issuing eviction notices, enforcing eviction notices, or attempting to evict
25 tenants in violation of any applicable laws, including but not limited to
26 Civil Code section 1946.2, which requires just cause to evict eligible
27 tenants at COVERED PROPERTIES;

28

- 1 C. Failing to provide notice for rent increases as required by applicable law,
2 including but not limited to Civil Code section 827, which requires written
3 notice of rent increases and 90 days of notice for increases greater than
4 10%;
- 5 D. Retaliating or taking adverse action against tenants in any manner in
6 violation of Civil Code section 1942.5; and
- 7 E. Failing to properly account for or refund tenant security deposits in
8 violation of Civil Code section 1950.5.

9 7. Defendant shall not serve a notice to terminate tenancy in COVERED
10 PROPERTIES on the basis of WITHDRAWAL pursuant to Civil Code section 1946.2 subd.
11 (b)(2)(B) if the only reason for the purported WITHDRAWAL is to sell the unit to a new owner.
12 This provision shall have no bearing on the eligibility of a new owner to terminate a tenancy on
13 the basis of owner move-in pursuant to Civil Code section 1946.2 subd. (b)(2)(A).

14 8. To the extent not already done, Defendant shall restore LAWFUL RENTAL
15 RATES for all AFFECTED TENANTS (i) who were previously subjected to unlawful rent
16 increases; (ii) who remain in possession of their units; and (iii) whose units continue to be owned
17 or controlled by Defendant.

18 9. Defendant shall provide all of its employees who rent a residential unit from
19 Defendant with all the rights and protections afforded to residential tenants, with the exception of
20 live-in managers who (i) are required by law or agreement to live at an apartment building owned
21 by Defendant in order to perform their job functions and (ii) did not reside as a tenant in such a
22 building prior to assuming the duties of live-in manager.

23 10. Defendant shall not take any adverse employment actions against any AFFECTED
24 TENANTS in retaliation for any actions they took related to the subject matter of the Attorney
25 General's investigation or to the investigation itself, or for any restitution or benefits they
26 received or will receive as a result of this Judgment.

27 11. For five years following entry of this Judgment, Defendant shall, at least ten days
28 prior to serving an eviction notice on any of the three AFFECTED TENANTS who remain in

1 units owned or controlled by Defendant, deliver the eviction notice to the Attorney General along
2 with all documents necessary to substantiate the allegations contained in the notice. Where there
3 is an imminent threat to the health or safety of others, illegal activity, or nuisance, an eviction
4 notice may be delivered contemporaneously on the tenant and the Attorney General.

5 12. For five years following entry of this Judgment, Defendant shall facilitate trainings
6 at least once a year for all employees with authority or responsibility for issuing or enforcing
7 residential rent increases or evictions regarding their obligations under all applicable California
8 landlord-tenant laws and all applicable state and federal fair housing laws.

9 13. For five years following entry of this Judgment, Defendant shall provide annual
10 reports to the Attorney General detailing each of the following:

- 11 A. Certification that Defendant has provided required trainings to its
12 employees as described herein;
- 13 B. The amount, percentage, date of notice, and effective date of all rent
14 increases for a residential unit issued to any employee of Defendant in the
15 past year; and
- 16 C. Copies of eviction notices, other than for nonpayment of rent, for a
17 residential unit served on any employee of Defendant in the past year.

18 **MONETARY PROVISIONS**

19 14. Defendants shall pay, in the aggregate, \$391,130.28, as further described in
20 Paragraphs 15-16 of this Judgment. Payment shall be made within 45 calendar days of the date of
21 entry of this Judgment, pursuant to instructions provided by the Attorney General.

22 15. Of the aggregate sum, Defendant shall pay a total of \$60,000 in civil penalties
23 under Business and Professions Code section 17206.

24 16. Of the aggregate sum, Defendant shall pay a total of \$322,153.28 in restitution
25 under Business and Professions Code section 17203 after being credited for the \$8,977 that
26 Defendant already paid or credited to three AFFECTED TENANTS as a result of the People's
27 investigation. Such restitution shall be offered to the AFFECTED TENANTS, with each
28 AFFECTED TENANT's restitution payment determined as follows:

1 A. The seven AFFECTED TENANTS who received an unlawful rent increase
2 and paid rent at the unlawful rate shall receive restitution in the amount of
3 the rent differential between the LAWFUL RENTAL RATE and the
4 unlawful amount collected for each month that they paid unlawful rent
5 through November 2022, when Defendant restored lawful rents, for a total
6 of 15 months, or through the date the tenant vacated the property for
7 reasons other than the rent increase, whichever is earlier. In addition, for
8 AFFECTED TENANTS who resided as of November 2022 in units no
9 longer owned by Defendant, Defendant shall pay one additional month of
10 rent differential, for a total of 16 months. After the credit of \$8,977, the net
11 restitution figure reflected herein is thus \$51,673.28.

12 B. The ten AFFECTED TENANTS who moved within one year of receiving
13 either an unlawful rent increase or an unlawful eviction notice shall
14 receive, in addition to any relocation costs and security deposits already
15 paid or refunded by Defendant, restitution for their lost property interest in
16 the amount of the difference in rent between (1) rental rates of \$3,400 for a
17 three bedroom unit, \$2,900 for a two bedroom unit, and \$2,400 for a one
18 bedroom unit or smaller; and (2) each tenant's LAWFUL RENTAL
19 RATE, for a period of 15 months, with a cap of \$30,000 in restitution for
20 each tenant. The net restitution figure reflected herein is thus \$270,480.00.

21 17. Within 45 days of the date of entry of this Judgment, Defendant shall make the
22 restitution payments and shall provide to the Attorney General proof of each payment, indicating
23 the payment's recipient, date, amount, and method of transmission. Defendants shall not treat the
24 restitution as wages or employment income.

25 18. Within 90 days after entry of this Judgment, Defendant shall report to the Attorney
26 General on the status of all restitution payments, including an accounting of any payments that
27 have not been cashed or deposited. Any restitution funds unclaimed after six (6) months from the
28 date of the corresponding payment shall be remitted to the Attorney General for the benefit of any

1 AFFECTED TENANTS who did not claim their restitution payment or, in the alternative and at
2 the discretion of the Attorney General, to defray costs of the investigation leading to this
3 Judgment and for the Attorney General's enforcement of consumer protection laws.

4 **ADDITIONAL PROVISIONS**

5 19. Jurisdiction is retained by the Court for the purpose of enabling either party to the
6 Judgment to apply to the Court at any time for such further orders and directions as may be
7 necessary or appropriate for the construction or the carrying out of this Judgment, for the
8 modification of any of the injunctive provisions hereof, for enforcement of compliance herewith,
9 and for the punishment of violations hereof, if any.

10 20. This Judgment shall apply to residential properties managed or controlled by
11 Defendant, including buildings that Defendant controls through a third-party property
12 management company. It shall not apply to properties in which Defendant owns a passive
13 ownership interest but does not control.

14 21. In the event the Tenant Protection Act of 2019 is repealed or modified in a manner
15 rendering terms of the Judgment inapplicable, either party may, after meeting and conferring,
16 request that the Court revise the terms of this Judgment as necessary.

17 22. Any notices required to be sent to the People or to Defendant under this Judgment
18 shall be sent by email and certified mail to the following. Any party may update its designee or
19 address by sending written notice to the other party informing them of the change.

20 a. For the People of the State of California:

21 Deputy Attorney General Jason H. Tarricone
22 Consumer Protection Section
23 Office of the Attorney General
24 455 Golden Gate Ave, Suite 11000
25 San Francisco, CA 94102
26 Jason.Tarricone@doj.ca.gov
27 Bree.Baccaglioni@doj.ca.gov
28 Tina.Charoenpong@doj.ca.gov

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

b. For Defendant:

Green Valley Corporation
777 N. First Street, 5th floor
San Jose, California 95112
Attn: Legal Notices
Notices@swenson.com

With a copy to:

Scott M. Pearson
C. Ryan Fisher
Manatt, Phelps & Phillips, LLP
2049 Century Park East
Suite 1700
Los Angeles, CA 90067
SPearson@manatt.com
cfisher@manatt.com

23. The clerk is ordered to enter this Judgment forthwith.

ORDERED AND ADJUDGED at San Jose, California.

6/14/2023 3:48:25 PM

DATED: June 14, 2023



JUDGE OF THE SUPERIOR COURT

Hon. Frederick S. Chung