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

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County of Yuba
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by C Rodriguez

8 SUPERIOR COURT OF THE STATE OF CALIFORNIA
9 COUNTY OF YUBA

11 **THE PEOPLE OF THE STATE OF**
12 **CALIFORNIA,**
13 Plaintiff,
14 v.
15 **RICHARD J. GHERMAN,**
16 Defendant
17

Case No. CVCV24-00734

**COMPLAINT FOR PERMANENT
INJUNCTION, CIVIL PENALTIES,
RESTITUTION, AND OTHER
EQUITABLE RELIEF**

(BUS. & PROF. CODE, § 17200 et seq.)

18 The People of the State of California (“People”), by Rob Bonta, Attorney General of the
19 State of California, bring this action against Richard J. Gherman (“Defendant”) for violating the
20 Unfair Competition Law (Bus. & Prof. Code, § 17200 et seq.), and allege the following:

21 **INTRODUCTION**

22 1. The People bring this civil enforcement action against Defendant for violations of
23 the Unfair Competition Law (“UCL”). These violations are predicated on the Tenant Protection
24 Act of 2019 (“TPA”).

25 2. Defendant violated the TPA by serving notices to terminate tenancy, and otherwise
26 facilitating the eviction of tenants, without just cause.
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28

1 **DEFENDANT**

2 3. Defendant Richard J. Gherman is the owner of the Garden Vista Apartments, a 32-
3 unit apartment complex located on Swezy Street in Marysville, California, which includes 1611
4 Swezy Street #11 and 1627 Swezy Street #28.

5 **JURISDICTION AND VENUE**

6 4. This Court has jurisdiction over the allegations and subject matter of the People’s
7 Complaint filed in this action, brought under Business and Professions Code section 17200 et seq.

8 5. Venue is proper here because all violations of law alleged in this Complaint
9 occurred in this county.

10 **THE TENANT PROTECTION ACT**

11 6. In 2019, California enacted the TPA, which created significant new rent-increase
12 and eviction protections for most residential tenants.

13 7. When it enacted the TPA, the Legislature recognized the need to protect California
14 tenants from the financial destabilization frequently caused by large, unexpected rent increases. It
15 also recognized that placing limits on rent increases necessitated a corresponding prohibition on
16 evictions without justification, commonly referred to as a “just cause.” (Sen. Com. On Judiciary,
17 Analysis of Assem. Bill No 1482 (2019-2020 Reg. Sess.) July 8, 2019, p. 1.) Requiring a just-
18 cause basis for eviction prevents landlords from easily evicting tenants in order to reset unit rents
19 at higher rates than the rent-increase cap allows. It also recognizes the harm that unwarranted
20 displacement may cause tenants, including struggles to find new affordable housing, moving
21 expenses, longer commute times, school and work disruption, and so forth. As such, the TPA
22 permits terminating tenancies for covered tenants only where there is a statutorily enumerated
23 cause. (Civ. Code, § 1946.2, subd. (b).)

24 8. Under the TPA, a landlord may evict a tenant in order to demolish or substantially
25 remodel the property. (Civ. Code, § 1946.2 subd. (b)(2)(D).) To comply with the TPA, a
26 landlord’s substantial remodel work must meet certain requirements, even if the landlord is
27 performing work in good faith and not as a deliberate pretext to evict a tenant. “Substantial
28 remodel,” as defined by statute, requires certain work—specifically, the replacement or

1 substantial modification of an entire structural, electrical, plumbing, or mechanical system that
2 requires government permits, or the abatement of hazardous materials. (*Ibid.*) Discrete plumbing
3 or electrical work, for example, is insufficient. To qualify as a substantial remodel, the work
4 cannot reasonably be accomplished safely with the tenant in place and instead must require the
5 tenant to vacate the unit for 30 or more days. (*Ibid.*) Work does not constitute a substantial
6 remodel under the TPA if the tenant could safely live in the unit without violating health, safety,
7 or habitability laws for one or more of those 30 or more days. Substantial remodel does not
8 include cosmetic work or work that can be performed safely without requiring a tenant to vacate
9 their unit for at least 30 days. (*Ibid.*)

10 9. Landlords invoking the substantial-remodel just cause should be able to show that
11 they obtained estimates from licensed contractors about the scope and duration of work, sought
12 and received permits for the work, and actually completed work that met the statutory definition,
13 including showing that the work reasonably could not have been done with the tenant in place or
14 by relocating the tenant for a period of less than 30 days. Work that can be diligently performed
15 with a tenant absent from the unit for less than 30 days cannot form the basis of an eviction, even
16 if a landlord, property manager, or contractor chooses to perform the work at a slower pace.

17 **DEFENDANT’S BUSINESS PRACTICES**

18 10. In 2022, Defendant directed his property management company, Heritage Property
19 Management, to serve notices to terminate the tenancies of long-term, below-market-rate tenants
20 living in apartments he owned at 1611 Swezy Street #11 and 1627 Swezy Street #28, in
21 Marysville, California. Each of these notices cited substantial remodel as the just cause for
22 eviction.

23 11. The substantial remodel notices were unlawful and fraudulent.

24 12. First, the work did not rise to the level required by the TPA to justify an eviction.
25 Although work was performed on the units, the work did not replace or substantially modify a
26 structural, electrical, plumbing, or mechanical system. No mechanical or structural work was
27 completed at all. The electrical work performed was limited to minor tasks like replacing outlets.
28 The plumbing work performed related to the connection of new bathroom fixtures to existing

1 plumbing, but did not replace or modify the overall plumbing system. The remaining work was
2 cosmetic — new flooring, fresh paint, new blinds, and so on. The work performed was in the
3 nature of a typical turnaround job for an aging unit, not a substantial remodel required by the
4 TPA.

5 13. Second, no permits were obtained for the work in either unit prior to the eviction
6 notices being served or prior to the work commencing.

7 14. And third, the work performed did not require the tenants to vacate the units for
8 more than 30 days. In fact, the total work lasted either less than, or only slightly more than 30
9 days, and in both cases took longer than reasonably necessary because it was substantially
10 performed by a single person, at times assisted by another individual, and on an intermittent basis
11 due to multiple other jobs he was performing at other Heritage properties simultaneously. Further,
12 as described above, a significant portion of the work did not require the tenants to vacate their
13 units.

14 15. The tenants who received these unlawful notices vacated their units, creating
15 hardship as they looked for new housing in California’s difficult housing market. After the work
16 was completed, Defendant re-rented both units at higher rates with the assistance of Heritage,
17 increasing the value of the Garden Vista Apartments he owned. In doing so, Defendant
18 unlawfully took valuable property belonging to his tenants—their below-market, TPA-protected
19 tenancies.

20 **FIRST CAUSE OF ACTION**

21 **VIOLATION OF BUSINESS AND PROFESSIONS CODE SECTION 17200**

22 (Unfair Competition)

23 16. Plaintiff realleges paragraphs 1 through 15 and incorporates these paragraphs by
24 reference as if fully set forth in this cause of action.

25 17. Defendant has engaged in business acts or practices that constitute unfair
26 competition as defined in the Unfair Competition Law, Business and Professions Code section
27 17200 et seq. These acts or practices include, but are not limited to, unlawfully and fraudulently
28 seeking to evict tenants without a just-cause basis in violation of the Tenant Protection Act, Civil

1 Code section 1946.2.

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PRAYER FOR RELIEF

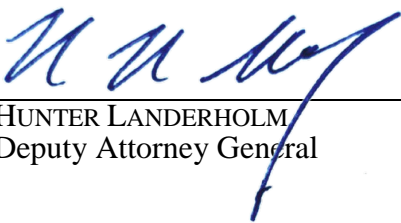
WHEREFORE, the People pray for judgment as follows:

1. Under Business and Professions Code section 17203, that Defendant, and his agents or representatives, be permanently enjoined from committing any unlawful, unfair, or fraudulent acts of unfair competition in violation of Business and Professions Code section 17200 as alleged in this Complaint;
2. That the Court make such orders or judgments as may be necessary to prevent the use or employment by Defendant of any practice that constitutes unfair competition or as may be necessary to restore to any person in interest any money or property that may have been acquired by means of such unfair competition, under the authority of Business and Professions Code section 17203;
3. That the Court assess a civil penalty of \$2,500 against Defendant for each violation of Business and Professions Code section 17200 in an amount according to proof, under the authority of Business and Professions Code section 17206;
4. That the People recover their costs of suit, including costs of its investigation; and
5. For such other and further relief that the Court deems just and proper.

Dated: June 10, 2024

Respectfully Submitted,

ROB BONTA
Attorney General of California



HUNTER LANDERHOLM
Deputy Attorney General