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FILED
Superior Court of California
County of Los Angeles

APR 03 2025

David W. Slayton, Executive Officer/Clerk of Court
By: C. Grijalva, Deputy

NO FEE PURSUANT TO
GOVERNMENT CODE § 6103

(Additional counsel listed on the following page)

Attorneys for Plaintiff, the People of the State of California

SUPERIOR COURT OF THE STATE OF CALIFORNIA
COUNTY OF LOS ANGELES

25STCV09697

THE PEOPLE OF THE STATE OF CALIFORNIA,

Plaintiff,

v.

HOMEOPTIONS, INC., HOMEOPTIONS CALIFORNIA REAL ESTATE, INC., HOMEOPTIONS REAL ESTATE, LLC, AND KEVIN LI,

Defendants.

Case No.
COMPLAINT FOR PERMANENT INJUNCTION, CIVIL PENALTIES, AND OTHER EQUITABLE RELIEF

(BUS. & PROF. CODE, §§ 17200 *et seq.*, 17500 *et seq.*, and 17590 *et seq.*)

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1 Plaintiff, the People of the State of California (“Plaintiff” or the “People”), by and through
2 Rob Bonta, Attorney General of the State of California, and the District Attorneys of the Counties
3 of Santa Barbara and Napa, bring this action against HomeOptions, Inc; HomeOptions California
4 Real Estate, Inc.; HomeOptions Real Estate, LLC; and Kevin Li and allege the following:

5 **INTRODUCTION**

6 1. The People bring this civil enforcement action against HomeOptions, Inc.;
7 HomeOptions California Real Estate, Inc.; HomeOptions Real Estate, LLC; and Kevin Li
8 (collectively, “HomeOptions” or “Defendants”) for violations of the False Advertising Law, the
9 Unfair Competition Law, the California Real Estate Law, the California Do Not Call Law, the
10 Telephone Consumer Protection Act, the Telemarketing Sales Rule, the Truth in Lending Act,
11 and California Civil Code section 1671.

12 2. HomeOptions misled consumers into entering unlawful agreements: in exchange
13 for an upfront payment of a few hundred to a few thousand dollars, deceived consumers gave
14 HomeOptions the exclusive right to be their listing agent if the consumer sold their home within
15 20 years, unknowingly had liens recorded against their homes, and were forced to pay tens of
16 thousands of dollars to remove those liens so that they could transfer title or obtain home loans.
17 Among other unlawful conduct, HomeOptions: falsely and deceptively advertised the nature of
18 these agreements, including by misrepresenting that the memoranda of these agreements that
19 HomeOptions recorded were not liens; violated the Real Estate Law’s disclosure and solicitation
20 requirements; contacted consumers in violation of state and federal telemarketing laws; failed to
21 provide the disclosures and rescission forms required by federal lending laws; and included in the
22 agreement unlawful breach and early termination penalties.

23 **DEFENDANTS**

24 3. HomeOptions, Inc., is a privately held corporation organized under the laws of
25 Delaware with its headquarters and principal place of business in Oakland, California. It
26 maintains Real Estate Broker Corporation License No. 02141969.

27 4. HomeOptions California Real Estate, Inc., is a privately held corporation
28 organized under the laws of Delaware with its headquarters and principal place of business in

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1 Lafayette, California. It also has a mailing address in San Diego, California. It maintains Real
2 Estate Broker Corporation License No. 02208237.

3 5. On information and belief, HomeOptions Real Estate, LLC, is a limited liability
4 company organized under the laws of Delaware with its headquarters and principal place of
5 business in Oakland, California. It is not registered with the California Secretary of State and does
6 not maintain any license with the California Department of Real Estate.

7 6. Kevin Li is an individual who resides in Oakland, California. He is the Chief
8 Executive Officer, Secretary, and Chief Financial Officer of HomeOptions, Inc., HomeOptions
9 California Real Estate, Inc. On information and belief, he is a manager and member of
10 HomeOptions Real Estate, LLC.

11 **JURISDICTION AND VENUE**

12 7. This Court has jurisdiction over the allegations and subject matter of this
13 Complaint, brought under Business and Professions Code sections 17200 *et seq.*, 17500 *et seq.*,
14 and 17590 *et seq.*

15 8. Venue is proper in this Court because the violations of law alleged in this
16 Complaint occurred in this county and elsewhere throughout California.

17 **DEFENDANTS' BUSINESS PRACTICES**

18 9. Starting in or around 2021, Defendants began marketing and entering into an
19 "Exclusive Right to List and Sell Agreement" with financially vulnerable consumers in
20 California. HomeOptions entered into at least 574 agreements with consumers in California.

21 10. Defendants' agreement required consumers, for 20 years, to exclusively list and
22 sell their homes with an agent appointed by HomeOptions. In exchange, HomeOptions paid
23 consumers a few hundred to a few thousand dollars.

24 11. Defendants' agreement imposed onerous breach terms. The agreement called for a
25 breach fee of six percent of the value of the property. To cancel the agreement, a consumer
26 needed to pay an "early termination" fee of three percent of the value of the property. The breach
27 and early termination fees are far greater than Defendants' actual damages, which they knew or
28 could easily determine.

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1 12. After the consumer signed the HomeOptions agreement, Defendants recorded a
2 “Memorandum” of the agreement on the consumer’s title at the local county recorder’s office.
3 Defendants knew the Memorandum was a lien and intended it to operate as a lien, but
4 misrepresented to consumers that it was not a lien and would not act as a lien.

5 13. The Memorandum was fundamental to Defendants’ business model. Because the
6 Memorandum clouded title, consumers could not sell their homes or obtain home loans without
7 Defendants’ permission. To remove the Memorandum, Defendants required consumers to pay the
8 early termination or breach fees: 3% or 6% of their home’s value.

9 14. Defendants misrepresented that the agreement would not interfere with consumers’
10 ability to obtain home loans. However, Defendants refused to subordinate their lien for some
11 loans, and would not terminate their lien unless the consumer paid thousands or tens of thousands
12 of dollars. Even when Defendants agreed to subordinate, some lenders still could not lend unless
13 Defendants permanently terminated their lien, which Defendants typically refused to do without
14 receiving their payment.

15 15. Defendants made other misrepresentations as well. Defendants misrepresented
16 HomeOptions’ upfront payment as “free money” that consumers would keep no matter what, but
17 in fact, Defendants knew and intended that most consumers would be forced to repay the upfront
18 payment plus thousands of dollars more. Defendants misrepresented that consumers were free to
19 choose their own real estate agent, but in fact, consumers could only do so if their preferred agent
20 joined HomeOptions’ network, at a potentially substantial cost to the agent. Defendants
21 misrepresented their breach and early termination fee provisions, telling consumers that these
22 provisions did not apply to most situations and that the fees were only equal to what HomeOptions
23 paid the consumer plus what it would have earned selling the property. In fact, Defendants’ breach
24 and early termination provisions were extremely broad, and provided Defendants with a far
25 greater payment than HomeOptions would have earned selling the consumer’s home.

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1 16. Defendants unlawfully telemarketed HomeOptions' services by using an
2 autodialer to call and text consumers without their consent. Defendants also unlawfully called and
3 texted consumers on the National Do Not Call Registry without consent.

4 17. Defendants violated the California Real Estate Law by failing to disclose required
5 information in HomeOptions' marketing materials, including HomeOptions' license number.
6 Defendants also violated the Real Estate Law by failing to include the required disclosure that the
7 amount of real estate commissions are not fixed by law, and by unlawfully preprinting
8 HomeOptions' commission percentage.

9 18. HomeOptions is a creditor under the Truth and Lending Act that extended credit to
10 consumers through its upfront payments secured by liens, and Defendants failed to provide the
11 disclosures and rescission forms required by the Truth in Lending Act.

12 **FIRST CAUSE OF ACTION**
13 **Violations of the False Advertising Law,**
14 **Business and Professions Code Section 17500 *et seq.***
15 **(Against All Defendants)**

16 19. The People reallege and incorporate by reference each of the paragraphs above as
17 though fully set forth herein.

18 20. Defendants, with the intent to induce California consumers to sign the Exclusive
19 Right to List and Sell Agreement, made or caused to be made numerous untrue and misleading
20 statements that they knew or by the exercise of reasonable care should have known were untrue
21 or misleading at the time they made them, including but not limited to misrepresentations
22 regarding HomeOptions' services and the nature, terms, obligations, requirements, effect, and
23 purpose of the Exclusive Right to List and Sell Agreement, the Memorandum, and related
24 documents. These misrepresentations constitute untrue and misleading advertising under section
25 17500.

SECOND CAUSE OF ACTION
Violations of the Unfair Competition Law,
Business and Professions Code Section 17200 *et seq.*
(Against All Defendants)

21. The People reallege and incorporate by reference each of the paragraphs above as though fully set forth herein.

22. Defendants have engaged in business acts or practices that constitute unfair competition as defined in the Unfair Competition Law, Business and Professions Code section 17200 *et seq.* These acts or practices include, but are not limited to, the following:

- a. Multiple violations of Business and Professions Code section 17500, as alleged in the First Cause of Action.
- b. Multiple violations of Business and Professions Code section 17590, as alleged in the Third Cause of Action.
- c. Multiple violations of California's Real Estate Law and Regulations, including:
 - i. Failing to disclose in the Exclusive Right to List and Sell Agreement that the amount of commission is not fixed by law, in violation of Business and Professions Code section 10147.5;
 - ii. Preprinting the amount of commission in Exclusive Right to List and Sell Agreement, in violation of Business and Professions Code section 10147.5; and
 - iii. Failing to provide all required disclosures on solicitation materials in violation of Business and Professions Code section 10140.6 and California Code of Regulations, title 10, section 2773.
- d. Multiple violations of the Truth in Lending Act, 15 U.S.C. § 1601 *et seq.*, and 12 C.F.R. § 1026 *et seq.*, including:
 - i. Failing to provide disclosures to California consumers in violation of 15 U.S.C. § 1638 and 12 C.F.R. § 1026.18; and

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- ii. Failing to provide notice of property owners' right to rescind under the Truth in Lending Act and failing to deliver appropriate rescission forms, in violation of 15 U.S.C. § 1635 and 12 C.F.R. § 1026.23.
- e. Unlawful breach and early termination provisions that violate Civil Code section 1671 because HomeOptions' damages upon alleged breach are not impracticable or extremely difficult to calculate, and because the provisions were unreasonable under the circumstances existing at the time the contracts were made.
- f. Multiple violations of the Telephone Consumer Protection Act, 47 U.S.C. 227(c) *et seq.*, and 47 C.F.R. 64.1200(c)(2) *et seq.*, including:
 - i. Engaging in a pattern or practice of initiating telephone calls and text messages to consumers' cell phones using an automatic telephone dialing system; and
 - ii. Engaging in a pattern or practice of initiating telephone solicitations to consumers on the National Do Not Call Registry.
- g. Multiple violations of the Telemarketing Sales Rule, 47 U.S.C. 227 *et seq.*, and 16 C.F.R. § 310 *et seq.*, including initiating telemarketing calls to consumers on the National Do Not Call Registry.
- h. Fraudulent acts including, but not limited to, numerous untrue or misleading statements regarding HomeOptions' services and the Exclusive Right to List and Sell Agreement and Memorandum.
- i. Unfair acts including, but not limited to, HomeOptions' marketing and services, and the nature, terms, obligations, effect, and purpose of the Exclusive Right to List and Sell Agreement and Memorandum.

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THIRD CAUSE OF ACTION
Violations of the California Do Not Call Law,
Business and Professions Code Section 17590 *et seq.*
(Against All Defendants)

23. The People reallege and incorporate by reference each of the paragraphs above as though fully set forth herein.

24. Business and Professions Code section 17592(a)(1) defines a “telephone solicitor” as including any person or entity who, on his or her own behalf or through salespersons or agents, announcing devices, or otherwise, makes or causes a telephone call to be made to a California telephone number and seeks to rent, sell, exchange, promote, gift, or lease goods or services during those calls.

25. Business and Professions Code section 17592(c) prohibits telephone solicitors from making or causing to be made telephone calls to California telephone numbers listed on the National Do Not Call Registry and seeking to rent, sell, exchange, promote, gift, or lease goods or services during those calls.

26. Defendants, either directly or indirectly as a result of a third party acting on their behalf, are a telephone solicitor pursuant to Business and Professions Code section 17592, subdivision (a)(1), do not qualify for any exceptions in Section 17592, subdivision (e), and have violated Section 17592, subdivision (c)(1), by making or causing to be made telephone calls to California telephone numbers listed on the National Do Not Call Registry and seeking to rent, sell, exchange, promote, gift, or lease goods or services during those calls.

FRAYER FOR RELIEF

WHEREFORE, the People pray for judgment as follows:

1. Pursuant to Business and Professions Code section 17535, that Defendants, and their agents or representatives, be permanently enjoined from making any false or misleading statements in violation of California Business and Professions Code section 17500;

2. Pursuant to Business and Professions Code section 17203, that Defendants, and their agents or representatives, be permanently enjoined from committing any unlawful, unfair, or fraudulent acts of unfair competition in violation of California Business and Professions Code

1 section 17200;

2 3. Pursuant to Business and Professions Code section 17203, that the Court enter all
3 orders or judgments as may be necessary to prevent the use or employment by Defendants of any
4 practice that constitutes unfair competition or as may be necessary to restore to any person in
5 interest any money or other property that Defendants may have acquired by violations of
6 Business and Professions Code section 17200;

7 4. Pursuant to Business and Professions Code section 17536, that the Court assess a
8 civil penalty of \$2,500 against Defendants for each violation of Business and Professions Code
9 section 17500, as proved at trial;

10 5. Pursuant to Business and Professions Code section 17206, that the Court assess a
11 civil penalty of \$2,500 against Defendants for each violation of California Business and
12 Professions Code section 17200, as proved at trial;

13 6. Pursuant to Business and Professions Code section 17593, that the Court assess a
14 civil penalty of \$53,088 against Defendants for each violation of Business and Professions Code
15 section 17592, as proved at trial;

16 7. Pursuant to California Government Code section 12527.6, that the Court award
17 disgorgement in an amount according to proof;


18 8. That the People recover their costs of suit, including costs of investigation; and

19 9. For such other and further relief as the Court deems just and proper.

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21 Dated: April 3, 2025

Respectfully Submitted,

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26 
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