

1 ROB BONTA
2 Attorney General of California
3 NICKLAS AKERS (SBN 211222)
4 Senior Assistant Attorney General
5 TINA CHAROENPONG (SBN 242024)
6 Supervising Deputy Attorney General
7 HUNTER LANDERHOLM (SBN 294698)
8 JOSH OLSZEWSKI-JUBELIRER (SBN 336428)
9 MARISSA ROY (SBN 318773)
10 Deputy Attorneys General
11 1515 Clay Street
12 Oakland, CA 94612
13 Telephone: (510) 879-0751
14 E-mail: Hunter.Landerholm@doj.ca.gov
15 *Attorneys for the People of the State of California*

*Exempt from fees pursuant to Govt.
Code § 6103*

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BY: J. BRIGMON, DEPUTY CLERK

9 STEPHANIE A. BRIDGETT
10 Shasta County District Attorney
11 ANAND JESRANI (SBN 238252)
12 Senior Deputy District Attorney
13 1355 West Street
14 Redding, CA 96001
15 Telephone: (530) 245-6300
16 E-mail: ljesrani@shastacounty.gov
17 *Attorneys for the People of the State of California*

15 SUPERIOR COURT OF THE STATE OF CALIFORNIA
16 COUNTY OF SHASTA

18 THE PEOPLE OF THE STATE OF
19 CALIFORNIA,
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21 Plaintiff,
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23 v.
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25 PROPERTY UPSURGE, INC., a California
26 Corporation; PROPERTY UPSURGE 101,
27 LLC, a California limited liability company;
28 PROPERTY UPSURGE 102, LLC, a
California limited liability company;
PROPERTY UPSURGE 103, LLC, a
California limited liability company,
Defendants.

Civil Case No. **210005**

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

(BUS. & PROF. CODE, § 17200 et seq.)

1 The People of the State of California (“People”), by Rob Bonta, Attorney General of the
2 State of California, and Stephanie A. Bridgett, District Attorney of Shasta County, bring this
3 action against Property Upsurge, Inc.; Property Upsurge 101, LLC; Property Upsurge 102, LLC;
4 Property Upsurge 103, LLC; (collectively “Property Upsurge” or “Defendants”) for violating the
5 Unfair Competition Law (Bus. & Prof., § 17200 et seq.), and allege the following on information
6 and belief:

7 INTRODUCTION

8 1. The People bring this civil enforcement action against Property Upsurge, a
9 property management company with a portfolio of approximately 1,300 residential rental units,
10 for unlawful business practices in violation of the Unfair Competition Law (“UCL”). These
11 practices include pretextual evictions in violation of the Tenant Protection Act (“TPA”) (Civ.
12 Code, § 1946.2), unlawful rent increases in violation of the TPA (Civ. Code § 1947.12), failure to
13 maintain some units in habitable condition (Civ. Code, § 1941 et seq.), discrimination against
14 tenants with subsidized housing vouchers in violation of the Fair Employment and Housing Act
15 (Gov. Code, § 12955, subd. (a); Cal. Code Regs., tit. 2, §§ 12005, 12141), and improperly
16 assessing late fees and notice-to-quit posting fees without engaging in the required analysis (Civ.
17 Code, § 1671, subd. (d)).

18 DEFENDANTS

19 2. Property Upsurge, Inc. is a privately held property management firm. It is a
20 California corporation with its headquarters in Redding, California.

21 3. Property Upsurge 101, LLC; Property Upsurge 102, LLC; and Property Upsurge
22 103, LLC are associated holding companies. They are California limited liability companies, all
23 with their headquarters in Redding, California.

24 JURISDICTION AND VENUE

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

27 5. Venue is proper here because Defendants’ headquarters is in Shasta County,
28 Defendants’ portfolio of properties is located in large part in Shasta County, Defendants’ acts or

1 omissions giving rise to the claims alleged in this Complaint occurred in large part in Shasta
2 County, and Defendants’ acts or omission have harmed a large number of Californians who reside
3 in Shasta County.

4 CALIFORNIA TENANT PROTECTIONS

5 6. In 2019, California enacted the Tenant Protection Act in the midst of a statewide
6 housing crisis in which over half of California’s 17 million renters were rent-burdened (in other
7 words, paying more than 30 percent of their income towards rent), and fewer than one-fifth of
8 renters were protected by rent-control laws. (Sen. Com. on Judiciary, Analysis of Assem. Bill No.
9 1482 (2019-2020 Reg. Sess.) July 8, 2019, pp. 12–13.) The TPA created significant rent-increase
10 and eviction protections for tenants, including the following provisions (language as of the time
11 of relevant conduct alleged in this complaint):

- 12 a. Requiring specified causes for eviction, including where the landlord intends to
13 “substantially remodel” the premises, which is defined as either “[t]he
14 replacement or substantial modification of any structural, electrical, plumbing
15 or mechanical system that requires a permit from a government agency” or
16 “the abatement of hazardous materials,” which in either scenario “ cannot be
17 reasonably accomplished in a safe manner with the tenant in place and that
18 requires the tenant to vacate . . . for at least 30 days,” and which excludes
19 “[c]osmetic improvements alone, including painting decorating, and minor
20 repairs, or other work that can be performed safely without having the
21 residential real property vacated,” (Civ. Code, § 1946.2, subd. (b)(2)(D)(ii));
22 and
- 23 b. Prohibiting landlords from, over the course of a 12-month period, “increas[ing]
24 the gross rental rate for a dwelling or a unit more than 5 percent plus the
25 percentage change in the cost of living, or 10 percent, whichever is lower.”
26 (Civ. Code, § 1947.12, subd. (a)(1).)

27 7. California law requires landlords to provide livable conditions for tenants.
28 Landlords must maintain rental units in a “condition fit for . . . occupation” and repair any

1 “dilapidations” that would render the unit untenable. (Civ. Code, § 1941.) For example, the
2 landlord must maintain “[e]ffective waterproofing and weather protection of [the] roof and
3 exterior walls, including unbroken windows and doors” and plumbing “in good working order,”
4 among other conditions. (Civ. Code, § 1941.1, subd. (a)(1), (2).)

5 8. California’s Fair Housing and Employment Act prohibits landlords from
6 “discriminat[ing] against or harass[ing] any person because of the race, color, religion, sex,
7 gender, gender identity, gender expression, sexual orientation, marital status, national origin,
8 ancestry, familial status, source of income, disability, veteran or military status, or genetic
9 information of that person.” (Gov. Code, § 12955, subd. (a).) Landlords cannot take any adverse
10 actions, such as “increasing the rent” or “imposing less favorable rental terms,” for tenants who
11 receive rental subsidies, rental assistance, or housing vouchers. (Cal. Code Regs., tit. 2, §§ 12005,
12 12141.)

13 9. California law presumes that liquidated damages provisions in residential leases
14 are void except “when, from the nature of the case, it would be impracticable or extremely
15 difficult to fix the actual damage.” (Civ. Code, § 1671, subd. (d).) Such a provision must be
16 justified by a “reasonable endeavor . . . to estimate a fair average compensation for any loss that
17 may be sustained.” (*Garrett v. S. Fed. Savings & Loan Assn.* (1973) 9 Cal.3d 731, 739.)

18 **DEFENDANTS’ BUSINESS PRACTICES**

19 10. In early 2022, Property Upsurge issued eviction notices to dozens of tenants under
20 the premise that it would be engaging in substantial remodels. Many of the tenants who received
21 these notices had back-rent balances but could not be evicted for non-payment of rent because a
22 COVID-19 eviction moratorium was in place. Property Upsurge generally did not undertake
23 substantial work requiring a permit or hazardous abatement for these units, and did not obtain
24 permits, instead performing only cosmetic updates, many of which were completed in less than
25 30 days. These actions caused tenants to vacate in spite of their right to remain as tenants, and
26 constituted unlawful, pretextual evictions without just cause, in violation of the TPA.

27 11. Property Upsurge increased the rent for some tenants in excess of rates allowable
28 under the TPA.

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- c. Maintaining some units in uninhabitable conditions, in violation of Civil Code section 1941 et seq.;
- d. Offering or charging rent at higher rates for some tenants receiving housing assistance, in violation of Government Code section 12955; and
- e. Fixing and imposing liquidated damages where no prior assessment had been conducted to justify these provisions, in violation of Civil Code section 1671.

PRAYER FOR RELIEF

WHEREFORE, the People pray for judgment as follows:

- 1. That the Court make such orders or judgments as may be necessary to prevent the use or employment by Defendants, their successors, agents, representatives, employees, and all persons who act in concert with them of any practice that constitutes unfair competition, under the authority of Business and Professions Code section 17203;
- 2. That the Court make such orders or judgments as may be necessary to restore to any person in interest any money or property that Defendants may have acquired by violations of section 17200 in an amount according to proof, under the authority of Business and Professions Code section 17203;
- 3. That the Court asses a civil penalty of up to \$2,500 against each 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 Court award disgorgement in an amount according to proof, under the authority of Government Code section 12527.6;
- 5. That the People recover its costs of suit, including costs of its investigation;
- 6. That the People receive all other relief to which they are legally entitled; and
- 7. For such other and further relief that the Court deems just and proper.

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Dated: February 25, 2026

Respectfully submitted,
ROB BONTA
Attorney General of California



Hunter Landerholm
Deputy Attorney General