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[EXEMPT FROM FILING FEES
PURSUANT TO GOVERNMENT
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15 SUPERIOR COURT OF THE STATE OF CALIFORNIA
16 FOR THE COUNTY OF ORANGE

18 **THE PEOPLE OF THE STATE OF**
19 **CALIFORNIA,**
20 Plaintiff,
21 v.
22 **ARNEL MANAGEMENT COMPANY,**
23 Defendant.

Case No. 01CC12437

**STIPULATION FOR ENTRY OF
AMENDED FINAL JUDGMENT AND
PERMANENT INJUNCTION**

Department: C06
Judge: Hon. Maria D. Hernandez

Action Filed: September 28, 2001
Judgment Entered: September 28, 2001

1 The People of the State of California (“People” or “Plaintiff”), appearing through its
2 attorney, Rob Bonta, Attorney General of the State of California, by Deputy Attorneys General
3 Amos E. Hartston and Laurel M. Carnes, and Arnel Management Company (“Arnel” or
4 “Defendant”), appearing through its attorneys, Robert O. Owen and Richard K. Howell of Rutan
5 & Tucker, LLP, stipulate as follows:

6 1. On September 28, 2001, the People filed a law enforcement action against
7 Defendant Arnel Management Company in this matter alleging that Arnel had violated Business
8 and Professions Code section 17200 (Acts of Unfair Competition) by, among other things,
9 violating Civil Code section 1950.5 with respect to its handling of residential tenant security
10 deposits in apartment complexes managed by Arnel in Orange and Los Angeles Counties, and
11 had violated Business and Professions Code section 17500 (Untrue or Misleading Advertising)
12 by, among other things, making misrepresentations about its handling of residential tenant
13 security deposits.

14 2. On September 28, 2001, the Superior Court of the State of California, County of
15 Orange, entered the Stipulated Final Judgment in the matter The People of the State of California
16 v. Arnel Management Company, Case No. 01CC12437, attached hereto as Exhibit A (the “2001
17 Stipulated Final Judgment”). On May 17, 2002, the matter was ordered related to the class action
18 matter Guzman v. Arnel Management Company, Case No. 01CC15188. On March 10, 2006, the
19 Court entered an order regarding distribution of the remaining housing funds created by the 2001
20 Stipulated Final Judgment.

21 3. Following entry of the 2001 Stipulated Final Judgment, the California Attorney
22 General’s office opened an investigation into continuing concerns regarding Arnel’s handling of
23 security deposits and possible violations of the injunction. Arnel has denied wrongdoing, but has
24 cooperated in the investigation, including by providing documents and information and by
25 entering into tolling agreements. The parties have agreed to resolution of the Attorney General’s
26 investigation.

27 4. The parties jointly request modification of the 2001 Stipulated Final Judgment in
28 accordance with this stipulation, Code of Civil Procedure section 553 and Civil Code section

1 3424, and under the terms of Section “K” of the 2001 Stipulated Final Judgment.

2 5. By this stipulation, the parties jointly request and move that the 2001 Stipulated
3 Final Judgment be replaced by the [Proposed] Amended Final Judgment and Permanent
4 Injunction, a copy of which is filed concurrently with this stipulation. The parties submit that
5 modification of the prior judgment by replacing it with the [Proposed] Amended Final Judgment
6 and Permanent Injunction is necessary and appropriate, and the ends of justice will be served. The
7 financial terms of the Amended Final Judgment are in addition to the financial terms of the 2001
8 Stipulated Final Judgment. The injunctive terms of the Amended Final Judgment replace the
9 injunctive terms of the 2001 Stipulated Final Judgment.

10 6. Under Section “K” of the 2001 Stipulated Final Judgment, jurisdiction was
11 retained by the Orange County Superior Court for the purpose of enabling any party to apply to
12 the Court at any time for such further orders as may be necessary and appropriate for the
13 construction and carrying out of the 2001 Stipulated Final Judgment, for enforcement of
14 compliance, for the punishment of violations, and for modification of any of the provisions.

15 7. Code of Civil Procedure section 553 provides: “In any action, the court may on
16 notice modify or dissolve an injunction or temporary restraining order upon a showing that there
17 has been a material change in the facts upon which the injunction or temporary restraining order
18 was granted, that the law upon which the injunction or temporary restraining order was granted
19 has changed, or that the ends of justice would be served by the modification or dissolution of the
20 injunction or temporary restraining order.”

21 8. Similarly, Civil Code section 3424 provides, upon proper notice, “the court may
22 modify or dissolve a final injunction upon a showing that there has been a material change in the
23 facts upon which the injunction was granted, that the law upon which the injunction was granted
24 has changed, or that the ends of justice would be served by the modification or dissolution of the
25 injunction.”

26 9. The parties stipulate that the [Proposed] Amended Final Judgment and Permanent
27 Injunction filed concurrently with this stipulation (hereinafter “Amended Final Judgment”) may
28 be entered in this matter. Any notice requirements are waived.

1 10. The parties are represented by counsel and have agreed on a basis for settlement of
2 the matters described below without the need for trial, without the need for further discovery in
3 this action, without the need for the filing of a new action, and without the need for further
4 adjudication of any issue of law or fact.

5 11. Defendant Arnel Management Company enters into this Stipulation voluntarily
6 and has agreed to resolve the allegations described herein by entering into the Amended Final
7 Judgment and Permanent Injunction.

8 12. In connection with entry of the Amended Final Judgment, Defendant Arnel
9 Management Company agrees to take affirmative steps to ensure the company meets reasonable
10 expectations of tenants and former tenants and acts lawfully and fairly with respect to security
11 deposits and specifically with respect to cleaning, repair, and other maintenance charges. The
12 following additional facts support entry of the Amended Final Judgment:

- 13 a. Arnel Management Company is a property management company which manages
14 5,155 residential apartment units in 19 apartment complexes in Orange and Los
15 Angeles Counties in the State of California.
- 16 b. The 2001 Stipulated Final Judgment in this matter resolved allegations that Arnel
17 Management Company improperly and illegally kept tenant security deposits on a
18 large scale over a number of years.
- 19 c. Following entry of the 2001 Stipulated Final Judgment, the California Attorney
20 General's Office opened an investigation into concerns regarding the handling of
21 security deposits and possible violations of the injunction.
- 22 d. Arnel Management Company has denied wrongdoing but has cooperated in the
23 investigation, including by providing documents and information and by entering
24 into tolling agreements, which have tolled applicable statute of limitations.
- 25 e. Based on its investigation, the California Attorney General's Office believes and
26 alleges Arnel has engaged in a continuing course of unlawful and unfair conduct in
27 violation of Business and Professions Code sections 17200, Civil Code section
28 1950.5, and the 2001 Stipulated Final Judgment, dating back at least to 2012,

1 including: (1) charging tenants for unnecessary cleaning and repairs, including
2 charges prohibited by the Stipulated Final Judgment and Civil Code section
3 1950.5; (2) using pre-set or pre-determined deductions, or treating part of security
4 deposits as non-refundable, without relation to the actual condition of the
5 premises; (3) charging tenants for painting premises vacated by a tenant after a
6 residency of three or more years; (4) failing to provide the notices and otherwise
7 comply with the requirements of Civil Code section 1950.5, subdivisions (f) & (g);
8 and (5) using unfair or unlawful practices in connection with collection of rental
9 debt. These alleged practices are of increased concern to the People because of the
10 estimated number of violations over an extended period of time and the existence
11 of the prior injunction.

12 f. Arnel disputes these allegations but agrees to the stipulated resolution of the
13 Attorney General's investigation, as the parties believe that there are certain
14 ambiguities in the 2001 Stipulated Final Judgment which can be resolved through
15 an Amended Final Judgment which clarifies existing language and adds additional
16 language.

17 13. This Court has jurisdiction over the parties to the 2001 Final Stipulated Judgment
18 and the subject matter stated herein; venue is proper in this County; and this Court has
19 jurisdiction to enter the Amended Final Judgment.

20 14. The parties further agree that this Court shall retain jurisdiction of this action and
21 jurisdiction over each party for the purpose of enforcing and modifying the Amended Final
22 Judgment and for the purpose of granting such additional relief as may be necessary and
23 appropriate.

24 15. The parties waive their rights to move to set aside the Amended Final Judgment
25 through any collateral attack, and further waive their rights to appeal from the Amended Final
26 Judgment. Nothing herein shall waive any right to appeal from any decision in connection with a
27 future effort to enforce the Amended Final Judgment.

28 16. Effective upon entry of the Amended Final Judgment and Arnel's payment to

1 Plaintiff of the monies specified by said Judgment, Plaintiff hereby releases Arnel and its officers,
2 owners, and employees from any liability or prosecution for any acts alleged to have been
3 committed in violation of the September 28, 2001 Stipulated Final Judgment.


4 17. The individuals signing below represent that they have been authorized by the
5 parties they represent to sign this stipulation.

6 18. This stipulation may be executed in counterparts, and the parties agree that an
7 electronic or scanned PDF signature shall have the same force and effect as an original signature.

8
9 **IT IS SO STIPULATED.**

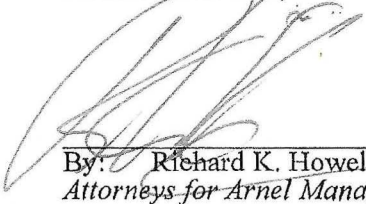
10 Dated: 3/25/2024

11 ROB BONTA, Attorney General of the State
12 of California

13 
14 By: Amos E. Hartston
15 Deputy Attorney General
16 Attorneys for The People of the State of
17 California

18 Dated: 3-25-24

19 RUTAN & TUCKER, LLP

20 
21 By: Richard K. Howell
22 Attorneys for Arnel Management Company

23 Dated: 3/22/24

24 ARNEL MANAGEMENT COMPANY

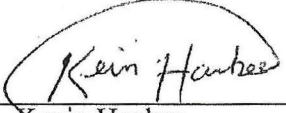
25 
26 By: Kevin Hauber
27 Title: Chief Executive Officer
28

Exhibit A

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FILED
SUPERIOR COURT OF CALIFORNIA
COUNTY OF ORANGE
CENTRAL JUSTICE CENTER

SEP 28 2001

ALAN SLATER, Clerk of the Court

~~MARY LOU CORREA~~ DEPUTY

SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF ORANGE

THE PEOPLE OF THE STATE OF CALIFORNIA,

Plaintiff,

v.

ARNEL MANAGEMENT COMPANY,

Defendant.

Case No. **01CC12437**

STIPULATED FINAL JUDGMENT

JUDGE G. ROBERT JAMESON
DEPT. C1

Plaintiff, the People of the State of California ("People" or "Plaintiff"), through its attorney, Bill Lockyer, Attorney General, by Albert Norman Shelden, Supervising Deputy Attorney General, and Defendant, Arnel Management Company, through its attorneys Rutan & Tucker LLP, by Leonard A. Hampel, and Manatt, Phelps & Phillips LLP, by James Schwartz, having stipulated that this Final Judgment (hereafter "Judgment") may be entered by a judge of the Orange County Superior Court without the taking of evidence, without trial or adjudication of any issue of fact or law, without this Judgment constituting an admission by any party concerning any issue of law or fact, and without this Judgment constituting an admission of liability or wrongdoing by Arnel Management Company, and good cause appearing,

THEREFORE, IT IS HEREBY ORDERED, ADJUDGED AND DECREED AS FOLLOWS:

1 A. This Court has jurisdiction of the parties to this Judgment and the subject
2 matter stated herein.

3 B. For purposes of this Judgment, the following definitions shall
4 apply:

5 1. "Arnel" means (a) Arnel Management Company, and each of its
6 successor corporations or entities, and (b) the directors and officers of Arnel
7 Management Company, at the time of the entry of this Judgment, and each of
8 their representatives, agents and successors acting on behalf of Arnel.

9 2. "Defendants" or "Defendant" means Arnel.

10 3. "Premises" means a residential apartment together with the
11 standard appurtenances and furnishings.

12 4. "Resident" or "tenant" means an individual to whom Arnel has or
13 shall have leased premises in any properties it owns or manages in California.

14 5. "Tenant file" means the file Arnel maintains on individuals to
15 whom it has leased premises in any of the properties it manages in California.

16 6. "Reasonable efforts" means that the resident shall conduct a
17 thorough cleaning of the premises (including without limitation, vacuuming,
18 shampooing when necessary, and removing stains from carpet and all flooring
19 surfaces, cleaning dirty drapes, blinds or applicable window coverings, removing
20 or painting over spots on walls, cleaning the stove and oven, defrosting and
21 cleaning the refrigerator, kitchen cabinets, sink, plumbing fixtures, and
22 countertops, removing hair, debris, mildew and soap scum in the bathroom and
23 removing trash and personal property from the premises) without having to clean,
24 restore or repair any item to remedy ordinary wear and tear.

25 7. "Ordinary wear and tear" means the deterioration of any item on
26 the premises resulting from its ordinary use by adult persons who exercise
27 reasonable care in maintaining the premises in good and clean condition,
28 including without limitation, (a) the fading, flaking or chipping of walls caused by

1 the passage of time; (b) the fading, rusting, oxidation, blistering, and any other
2 condition that occurs simply through the passage of time with respect to painted
3 surfaces and any painting of a premises vacated by a tenant after a residency of
4 three (3) or more years; (c) fading, wear or discoloration, resulting from sunlight
5 or walking upon carpet with clean shoes, that cannot be removed from carpets
6 after reasonable cleaning and shampooing; (d) small chips, cuts and abrasions on
7 kitchen countertops that could not have been avoided by the reasonable use of a
8 cutting board; (e) fading, wearing or discoloration of any surface not caused by
9 the tenant that cannot be removed or restored by reasonable efforts; (f) the need
10 for minor touch-ups, plaster repairs and/or the filling-in of slight chipping and
11 small puncture holes required as the result of reasonable use of the premises,
12 including those caused by the proper hanging of pictures or other wall coverings.

13 8. "Reasonably clean" means that the condition of the premises
14 demonstrates that the resident has used reasonable efforts to clean the premises.

15 C. Pursuant to Business and Professions Code sections 17203 and 17535,
16 Arnel is hereby permanently enjoined and restrained from directly or indirectly engaging
17 in any of the following acts or practices in connection with Arnel's offer to lease or the
18 lease of premises managed or owned by Arnel in the State of California:

19 1. Using or applying the resident's security deposit or any portion
20 thereof for the repair of damages to the premises or for cleaning of the premises
21 upon termination of the tenancy unless the resident fails to repair all damage to
22 the premises caused by the resident or a guest or licensee of the resident, ordinary
23 wear and tear excepted, or leaves the premises in a condition not reasonably clean,
24 ordinary wear and tear excepted.

25 2. Requiring a resident, as part of a lease or otherwise, to leave the
26 premises in anything other than a reasonably clean condition upon termination of
27 the tenancy, or to repair any damages to the premises or defective conditions that
28 preexisted the tenancy or that resulted from ordinary wear and tear.

1 3. No later than thirty (30) days following entry of this Judgment,
2 unless the parties agree in writing to a different time schedule, failing to provide
3 conspicuously in bold face print and in a font no smaller than 12 point Times New
4 Roman a written notice to existing tenants, including those individuals who enter
5 into rental agreements after entry of this Judgment but before development of the
6 "Addendum" section of the rental agreement as required below, which includes
7 the following:

8 a. A statement which sets forth the cleaning and painting
9 standards and guidelines (which standards and guidelines shall be
10 consistent with paragraphs C.1. and 2., above) that will be applied at the
11 end of the tenancy, and includes the definition of "ordinary wear and tear"
12 set forth in paragraph B.7. of this Judgment;

13 b. A statement to the effect that if the resident (i) returns the
14 premises in reasonably clean condition demonstrating that the resident has
15 used reasonable efforts to clean the premises, (ii) repairs all damages or
16 defective conditions caused by the resident or his guest or licensee,
17 excepting ordinary wear and tear, and (iii) otherwise has complied with the
18 provisions of his lease, then he/she will be entitled to the full return of
19 his/her security deposit;

20 c. A statement to the effect that Defendant will make all
21 reasonable attempts in advance of the move-out date to schedule the
22 move-out inspection at a time that is convenient to the work and personal
23 schedule of the tenant in advance of the move-out date as required in
24 paragraph C.7.; and

25 d. A statement setting forth (i) that tenants are not responsible
26 for cleaning, beyond reasonable efforts, or repairs caused by ordinary wear
27 and tear and (ii) what the maximum charges the resident may incur, except
28 in extraordinary circumstances, for cleaning, painting, and carpet cleaning

1 and shampooing, should the resident not exercise reasonable efforts upon
2 vacating the premises and these tasks need to be performed by Arnel to
3 make the premises marketable to new tenants.

4 Defendant shall provide existing tenants with two copies of the notice required by
5 this paragraph and use its best efforts to obtain the resident's initials on the copy
6 of the notice it asks the tenant to return. The above information required to be
7 disclosed in the notice shall also appear in a separately set forth section of any
8 lease agreement (which shall be titled "Addendum") Arnel enters into after
9 development of the notice pursuant to this paragraph and after the date of entry of
10 this Judgment. Arnel shall provide a copy of the written notice to the Attorney
11 General at least fourteen (14) days before it begins to distribute it to current
12 tenants. Unless, within seven (7) days of receipt of a copy of the notice, the
13 Attorney General informs Arnel that he does not believe that the notice complies
14 with the requirements of this paragraph, Arnel may begin to use the notice. If at
15 any time the Attorney General informs Arnel that he does not believe that the
16 notice complies with the requirements of this paragraph, Arnel shall stop using
17 the notice and the parties shall develop a mutually agreed upon notice.

18 4. Charging the tenant, including but not limited to deducting from
19 the security deposit, for necessary cleaning, painting, and/or repairing damages in
20 an amount that is in excess of prevailing marketplace prices as determined below.
21 The charges which may be imposed include only those expenses incurred by
22 Arnel to accomplish the cleaning, painting, and repair of a tenant's apartment unit
23 when such cleaning, painting, and repairs are necessary. The charges may include
24 prevailing market place, or lower, prices pre-negotiated by Arnel with vendors for
25 specific work (provided such work is necessary as allowed by this Judgment) and
26 may additionally include the average administrative, managerial and in-house
27 maintenance expenses (including supplies) which are directly attributable to
28 Arnel's procuring and delivering services to the premises for which the tenant

1 paid a security deposit. Setting forth the maximum charges a tenant may incur, as
2 required to be set forth by paragraph C.3.d. of this Judgment, does not violate this
3 paragraph C.9. of this Judgment.

4 In order to determine the prevailing marketplace price, Arnel shall, no less
5 than once every 12 months, and commencing no later than 12 months following
6 the date of entry of this Judgment, conduct a market survey of no less than five (5)
7 representative vendors, if available, in the community for each of the most
8 common refurbishment services – painting, carpet cleaning and shampoo, drape
9 and blind cleaning, and general cleaning – who provide these services on a
10 volume basis to apartment building owners and managers. Within 15 days
11 following completion of these surveys, for the first two years following the date
12 of entry of this Judgment, Arnel shall provide to plaintiff the following
13 information:

- 14 a. The names, addresses, and telephone numbers of the vendors
15 surveyed;
- 16 b. The charges each vendor would make to Arnel;
- 17 c. The vendor or vendors selected by Arnel to perform cleaning and
18 painting services and repairs of minor and common damages as of the date the
19 information is provided;
- 20 d. The amount of any charge for administrative, managerial or in-
21 house maintenance services (including Arnel provided supplies) to be expended
22 by Arnel in connection with each service;
- 23 e. An itemization of each such service referred to in subparagraph (d).
24 Such itemization shall include the following: A description of each specific
25 service, the reason for such service, and the dollar cost for each such service.
26 Thereafter, Arnel shall provide this information to plaintiff upon request.

27 If Arnel finds that five (5) representative vendors are not available, Arnel
28 shall inform the Attorney General of this fact and provide the Attorney General

1 with the names, addresses and phone numbers of all vendors which it contacted in
2 attempting to complete the survey required by this paragraph, and a summary of
3 what each such vendor indicated it would do or would not do and the price it
4 would charge for the services it would provide.

5 5. Increasing charges or deductions from the security deposit for
6 cleaning, painting, and/or repairing any damages above those charges or
7 deductions set forth in any written statement previously given by Arnel to the
8 resident without providing the resident with written notice at least thirty (30) days
9 prior to the expiration of the lease or monthly rental period.

10 6. Except in the situation of an individual who represents that he must
11 move into a property immediately, and who actually does, failing to provide the
12 resident with a copy of the lease or rental agreement at least two days prior to the
13 resident's move-in. For purposes of this paragraph, "provide" means either actual
14 delivery or, if the lease agreement is to be mailed to the resident, mailing in
15 sufficient time to allow receipt of the lease prior to move-in. Where, because of
16 circumstances, Arnel cannot provide an individual with a copy of the rental
17 agreement at least two (2) days prior to the individual's move-in, Arnel shall
18 provide the prospective resident with a copy of the rental agreement prior to the
19 time the individual takes possession of the premises, specifically pointing out to
20 the individual the information set forth in the section of the rental agreement (the
21 "Addendum") required by paragraph C.3. of this Judgment and obtain a signed
22 statement from the individual that s/he has read the Addendum.

23 7. Conducting a move-out inspection by a management representative
24 without using reasonable efforts to have the vacating resident present to
25 accompany the management representative during the inspection. For purposes of
26 this paragraph, "reasonable efforts" means that when Arnel receives the resident's
27 notice to vacate the premises, Arnel shall provide the tenant with a notice
28 requesting the resident's available date and time for the move-out inspection

1 ("Move-out Inspection Notice") no later than 3 business days following receipt of
2 the resident's notice to vacate. Move-out inspections shall take place six (6) days
3 a week, Monday through Saturday from 9:00 a.m. to 5:00 p.m., or at a time
4 mutually agreed upon with the resident. In the event the resident is unable to
5 attend the move-out inspection during these time periods, Arnel shall make
6 reasonable efforts to conduct the move-out inspection at a time that is mutually
7 acceptable to both the resident and Arnel. The resident shall specifically
8 designate the preferred date and time for the move-out inspection on the Move-out
9 Inspection Notice and the resident shall be asked to return the form to Arnel.

10 8. Failing to inform a resident who is present at the move-out
11 inspection what cleaning and painting Arnel believes is still necessary because
12 what needs to be cleaned and painted is beyond ordinary wear and tear, and failing
13 to provide the resident a good faith written estimate of the maximum amount, if
14 any, the resident will be charged against the security deposit for such cleaning and
15 painting.

16 9. Charging, or providing residents with a rental agreement which
17 contains provision(s) characterizing any portion of the security deposit as pre-set,
18 pre-determined and/or non-refundable. For purposes of this paragraph, the terms
19 "pre-set" and "pre-determined" shall mean any amount that is to actually be
20 charged a resident which amount is determined without relation to the actual
21 condition of the premises; provided, however, setting forth the maximum charges
22 a tenant may incur, as required to be set forth by paragraph C.3.d. of this
23 Judgment, does not violate this paragraph 9.

24 10. Failing to furnish residents, within three (3) weeks after they have
25 vacated their premises, at the forwarding address provided in the Move-out
26 Inspection Notice or at the most current address known to Arnel, a check for the
27 amount of the security deposit, if any, being returned to the resident by Arnel and
28

1 a copy of the itemized statement indicating the basis for, and the amount of, any
2 portion of the security deposit withheld by Arnel.

3 11. Failing to use best efforts to respond in writing to each resident
4 who complains in writing about deposit retentions, within seven (7) days of
5 Arnel's receipt of the written complaint, to the most current address known to
6 Arnel.

7 12. Administering or awarding any form of bonus or additional
8 compensation to Arnel's employees based on revenue generated from retention of
9 security deposits from residents.

10 D. Arnel, pursuant to California Business and Professions Code sections 17206 and
11 17536, shall pay to Plaintiff, within five (5) days of entry of Judgment, as and for civil
12 penalties, the sum of two hundred thousand dollars (\$200,000.00). Said sum shall be
13 paid by check made payable to the California Attorney General's Office, and delivered to
14 Plaintiff at the following address: California Attorney General's Office, 110 West A
15 Street, Suite 1100, San Diego, CA 92101, Attn: Supervising Deputy Attorney General
16 Albert Norman Shelden.

17 E. Arnel shall also, within five (5) days of entry of Judgment, pay the sum of one
18 hundred fifty thousand dollars (\$150,000.00), as costs of the investigation and
19 prosecution of this matter which shall be distributed as follows:

20 1. One hundred thousand dollars (\$100,000.00) shall be made
21 payable to the Attorney General's Office;

22 2. Fifty thousand dollars (\$ 50,000.00) shall be made payable to the
23 Orange County District Attorney's Office

24 Said sum shall be paid by two separate checks, one made payable to the California
25 Attorney General's Office in the amount of one hundred thousand dollars (\$100,000.00)
26 and one made payable to the Orange County District Attorney's Office in the amount of
27 fifty thousand dollars (\$ 50,000.00), both delivered to Plaintiff at the following address:
28

1 California Attorney General's Office, 110 West A Street, Suite 1100, San Diego, CA
2 92101, Attn: Supervising Deputy Attorney General Albert Norman Shelden.

3 F. Pursuant to Business and Professions Code sections 17203 and 17535, Arnel shall
4 within five (5) days of entry of this Judgment, pay to the California Attorney General's
5 Office, or cause to be transferred into an account controlled by the State as specified by
6 the Attorney General, the sum of one million seventy two thousand three hundred sixty
7 three dollars (\$1,072,363.00) , for tenant restitution, and for other uses (the "Restitution
8 Fund"), as set forth below.

9 G. The monies in the Restitution Fund shall be used to pay claims by former Arnel
10 tenants who ended their tenancy by moving from the premises they leased from Arnel on
11 or after March 1, 1997, to the date of entry of this Judgment ("former tenant"). The
12 restitution program will be administered by a Claims Administrator chosen by the
13 Attorney General. In choosing a Claims Administrator the Attorney General shall
14 consider candidates suggested by Arnel and candidates located in Orange County, but the
15 final selection of the Claims Administrator is totally at the Attorney General's discretion.
16 The first one hundred thousand dollars (\$100,000.00) of the fees and costs of
17 administering the claims process shall be borne by Arnel. The fees and costs of
18 administering the claims process above one hundred thousand dollars (\$100,000.00) that
19 amount shall be paid from the Restitution Fund. Arnel shall pay one hundred thousand
20 dollars (\$100,000.00) to the Claims Administrator in advance, within three (3) days after
21 the Administrator's appointment by the Attorney General; any amount of the advance
22 payment not used for claims administration fees and costs will be refunded by the Claims
23 Administrator to Arnel.

24 H. The claims procedure shall be designed by the Claims Administrator in
25 consultation with and under the direction of the Attorney General, and shall provide for
26 the payment of restitution to those specific tenants who make a claim against the
27 Restitution Fund in an amount determined by the Claims Administrator and the Attorney
28 General, after consultation with Arnel, and after a file review of the amounts previously

1 charged each specific tenant who makes a claim against the Restitution Fund.. Arnel
2 shall cooperate fully in making available whatever records are required by the Attorney
3 General and the Claims Administrator to make the determination as to whether a former
4 tenant is eligible for restitution and, if so, in what amount. The business records provided
5 to the Administrator shall be held in confidence by the Administrator and the Attorney
6 General. The claims procedure shall have as its goals the following criteria:

7 1. To make contact with each former tenant in order to notify every
8 such tenant of the existence of the Restitution Fund and the method for applying
9 for restitution from that Fund;

10 2. To provide all such notices in the languages likely to be understood
11 by such former tenants, including English, Spanish and Vietnamese;

12 3. To provide sufficient time (at least one hundred fifty (150) days
13 from the date of the initial attempted contact with a former tenant) to maximize
14 the ability of a former tenant to apply to the Restitution Fund so as to fully utilize
15 the Fund and satisfy claims of former tenants;

16 4. To create a simple claim form which a former tenant will use to
17 file his or her claim. Claims shall be deemed eligible if the claimant ended his or
18 her tenancy within the above-stated period, has not previously settled with Arnel a
19 claim or complaint about charges from his or her security deposit and the prior
20 tenant did not vacate the premises owing Arnel more in back rent or for unpaid
21 utilities or other similar charges, than Arnel kept from his or her security deposit.

22 5. The Claims Administrator shall review each former tenant's claim
23 to determine the amount of the restitution to which s/he is entitled. In reaching
24 such determination, the Claims Administrator may use any formula or criteria
25 agreed upon between the Claims Administrator and the Attorney General.

26 I. Former tenants of Arnel who receive any amount from the Restitution Fund created by
27 this Judgment shall have the amount they receive from the Fund deducted from any other
28 award they may receive in any other action brought by them, or on their behalf, against

1 Arnel, which other action alleges, and the other award is based upon a claim that the
2 former tenant did not receive from Arnel the complete refund of security deposit to which
3 s/he was entitled upon vacating the premises.

4 J. If after all eligible tenant claims have been processed and paid, there is an amount
5 remaining in the Restitution Fund, it shall be released by the Attorney General to a
6 charity (or charities) or organization(s) whose purpose includes, but is not necessarily
7 limited to, assisting homeless Orange County residents find and obtain housing, or
8 assisting low-income Orange County residents to stay in their homes or working to
9 alleviate housing shortages and other housing problems faced by low-income Orange
10 County residents. At a time prior to the release of the amount remaining in the
11 Restitution Fund, if any, the Attorney General shall schedule a public hearing before this
12 Court for approval of the plan of distribution of such funds, if any, as proposed by the
13 Attorney General. Notice of such public hearing shall be deemed sufficient if such notice
14 is sent to Arnel and is posted on the California Attorney General's Internet web site
15 (<http://caag.state.ca.us>) at least fifteen (15) days prior to such hearing and such notice
16 includes information regarding the date, time, location and purpose of such hearing.

17 K. Jurisdiction is retained for the purpose of enabling any party to the Judgment to
18 apply to the court at any time for such further orders and directions as may be necessary
19 and appropriate for the construction or carrying out of the Judgment, for the enforcement
20 of compliance herewith, for the punishment of violations hereof or for the modification of
21 any of the provisions hereof. However, no modification may be sought with respect to
22 any payment required to be paid by defendant and at no time prior to three years
23 following the entry of the Judgment may defendant move the court for an order to
24 dissolve any of the injunctive provisions hereof. Any such application to the court for
25 orders, punishment, directions, modification, or dissolution of any such injunctive
26 provision(s), if such dissolution would serve the ends of justice, must be on proper notice
27 to the other party herein.

28 L. This Judgment shall take effect immediately upon the entry thereof.

1 M. This Judgment shall have a *res judicata* effect barring Plaintiff from bringing any
2 civil action against Arnel Management Company, its directors and officers and each of
3 their representatives, agents and successors acting on behalf of Arnel, based upon the
4 following conduct which occurred prior to entry of this Judgment:

5 1. Any act in violation of California Business and Professions Code
6 section 17200 as alleged in the First Cause of Action of the Complaint on file
7 herein;

8 2. Any untrue or misleading representation or act in violation of
9 California Business and Professions Code section 17500 as alleged in the Second
10 Cause of Action of the Complaint on file herein;

11 3. Any violation of Civil Code Section 1950.5; or

12 4. Any other alleged act or practice of Defendant arising in the
13 landlord/tenant or property management relationship that is modified, controlled,
14 or prohibited by this Final Judgment.

15 N. The Clerk shall enter this Judgment forthwith.

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17 Dated: SEP 28 2001

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C. ROBERT JAMESON

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JUDGE OF THE SUPERIOR COURT

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DECLARATION OF SERVICE BY E-MAIL

Case Name: **PEOPLE v. ARNEL MANAGEMENT**

No.: **01CC12437**

I declare:

I am employed in the Office of the Attorney General, which is the office of a member of the California State Bar, at which member's direction this service is made. I am 18 years of age or older and not a party to this matter.

On March 29, 2024, I served the attached **STIPULATION FOR ENTRY OF AMENDED FINAL JUDGMENT AND PERMANENT INJUNCTION** by transmitting a true copy via electronic mail addressed as follows:

Robert O. Owen
Richard K. Howell
RUTAN & TUCKER, LLP
18575 Jamboree Road, 9th Floor
Irvine, CA 92612
E-mail address: BOwen@rutan.com

Attorneys for Arnel Management Company

I declare under penalty of perjury under the laws of the State of California and the United States of America the foregoing is true and correct and that this declaration was executed on March 29, 2024, at Los Angeles, California.

Carol Chow
Declarant

/s/ Carol Chow
Signature