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[EXEMPT FROM FILING FEES
UNDER GOVERNMENT CODE
SECTION 6103]

ENDORSED
FILED
ALAMEDA COUNTY

DEC - 8 2021

CLERK OF THE SUPERIOR COURT
By K. Ghce 01307

9
10 SUPERIOR COURT OF THE STATE OF CALIFORNIA

11 COUNTY OF ALAMEDA

12 THE PEOPLE OF THE STATE OF
13 CALIFORNIA,

14 Plaintiff,

15 v.

16
17 WEDGEWOOD, LLC, a Delaware limited
18 liability company,

19 Defendant.

Case No.

003694
21CV

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

(Bus. & Prof. Code, § 17200 et seq.)

[VERIFIED ANSWER REQUIRED
PURSUANT TO CODE OF CIVIL
PROCEDURE SECTION 446]

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21 Plaintiff, the People of the State of California (“the People” or “Plaintiff”), by and through
22 Rob Bonta, Attorney General of the State of California, alleges the following on information and
23 belief:

24 **INTRODUCTION**

25 1. The People bring this civil enforcement action against Wedgewood, LLC, a
26 Delaware limited liability company (“Wedgewood”), for violations of the Unfair Competition
27 Law (“UCL”).

28 2. Wedgewood is a privately-held real estate company engaged in the business of

1 buying and flipping residential properties throughout California. Many of the properties
2 Wedgewood purchases are foreclosed residential properties occupied by tenants, and Wedgewood
3 takes ownership subject to any pre-existing lease or monthly tenancy.

4 3. Federal, state and local laws specifically provide protections to tenants residing in
5 foreclosed properties and limit the ability of property owners who acquired property in
6 foreclosure to evict tenants residing on the property. For example, tenants with long-term leases
7 may have the right to stay through the term of their lease; tenants with month-to-month leases
8 have the right to a 90-day notice to vacate; and tenants in some cities with “just-cause”
9 ordinances may have further protections.

10 4. The People allege that Wedgewood has engaged in a variety of deceptive and
11 unlawful business practices that have deprived California tenants of their rights as tenants under
12 federal, state, and local law. These practices have harmed hundreds if not thousands of California
13 tenants and their families—mainly in low income and minority communities.

14 DEFENDANT AND VENUE

15 5. Defendant Wedgewood is a Delaware limited liability company, headquartered in
16 Redondo Beach, California. At all relevant times, acting alone or in concert with others,
17 Wedgewood has transacted business throughout California, including in the County of Alameda.
18 The violations of law alleged in this Complaint occurred in Alameda County and elsewhere in the
19 State of California.

20 DEFENDANT’S UNLAWFUL BUSINESS ACTS AND PRACTICES

21 6. Wedgewood buys residential properties at foreclosure sales, renovates them, and
22 returns them to market, selling at a profit. When these foreclosed properties are occupied,
23 Wedgewood takes ownership subject to any pre-existing tenancies – it essentially steps into the
24 shoes of the former landlord.

25 7. California law requires that a successor owner of rental property shall make certain
26 disclosures to tenants, including the name and contact information of the person or entity to
27 whom rent payments shall be made. (Civ. Code § 1962.) Soon after acquiring a foreclosed
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1 residential property, Wedgewood posts a “Change of Ownership” notice indicating that
2 Wedgewood has “purchased the property you currently occupy,” and asks the recipient to call a
3 listed phone number. The notice makes no mention of any landlord-tenant relationship or the
4 possibility of paying rent, and refers only to Wedgewood’s desire to transition the occupant: “We
5 would like to work with you to make this an amicable transition.”

6 8. Wedgewood does not conduct a thorough or adequate inquiry to determine
7 whether any occupants living on its properties are lawful tenants. When tenants call the number
8 listed on the Change of Ownership notice, they are routinely told by Wedgewood employees that
9 Wedgewood does not rent and they must make arrangements to move out.

10 9. After taking ownership of a residential property, Wedgewood has also failed to
11 ensure the continuity of service of basic utilities, such as running water, electricity, and garbage
12 collection. In some instances, Wedgewood employees have used the deprivation of utility service
13 as a means of persuading tenants to move.

14 10. Soon after posting its Change of Ownership notice, Wedgewood sends an
15 employee or agent to the property with an eviction notice (“Notice to Quit”). The Notice to Quit
16 typically names only the absent former homeowner, even when Wedgewood knows that tenants
17 are present, has their names, and is actively negotiating with them over a move-out date.

18 11. Wedgewood’s Notice to Quit has also demanded overdue rent and expressed an
19 intent to collect attorney’s fees when it has no knowledge of, nor made any inquiry into, any
20 occupant’s status on the property.

21 12. In most instances, Wedgewood files an unlawful detainer action to evict occupants
22 on the property shortly after issuing its Notice to Quit. It does so even when it lacks necessary
23 information to determine whether those occupants are lawful tenants who are entitled to stay 90
24 days or longer before they can be lawfully removed.

25 13. Wedgewood’s unlawful detainer complaints also typically name only the absent
26 former homeowner as defendant—not the actual tenants residing on the property. In instances
27 where Wedgewood’s agent or process server indicated on the proof of service that the documents
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1 were substitute-served on the “tenant,” Wedgewood failed to amend its complaints to include the
2 names of these tenants despite receiving information that there were identifiable tenants residing
3 on the residential property.

4 14. Wedgewood’s unlawful detainer complaints and related filings suffer from other
5 defects as well. For example, the complaints have included a sworn declaration that the true
6 names of the DOES are unknown and that no landlord-tenant relationship exists, even when
7 Wedgewood had knowledge that tenants were residing on its properties. Additionally,
8 Wedgewood has asserted in court filings that no tenant defendant is in military service, when it
9 had no knowledge of, nor made any inquiry into, any occupant’s military status.

10 15. Wedgewood’s eviction filings and correspondence have also lacked the specific
11 notices and justifications required in many local jurisdictions that prohibit a landlord from
12 evicting a tenant in the absence of “just cause.” Such ordinances are in effect in numerous
13 California cities where Wedgewood operates, including Berkeley, East Palo Alto, Glendale,
14 Hayward, Los Angeles, Oakland, San Diego, San Francisco, and West Hollywood.

15 16. In part because Wedgewood names only former homeowners as defendants—
16 individuals who typically did not reside at the rental property and were unaware of the eviction
17 proceedings—Wedgewood is able to quickly obtain a default judgment against the former owner
18 and all “unknown occupants.” Company employees have then used that judgment as leverage to
19 either pressure or remove tenants who were lawfully residing on the property.

20 17. Many tenants, believing that they were entitled to 90 days or more to vacate after
21 Wedgewood took ownership of their residence, felt blindsided when the company moved forward
22 so quickly with an eviction and felt extreme pressure to move out. Tenants frequently lost
23 personal property after being evicted and locked out by the local sheriff’s department.

24 18. Concurrent with the eviction process, Wedgewood’s employees also negotiate
25 with tenants to buy out their protected tenancies, a practice known as “cash-for-keys.” Company
26 employees have used misleading and coercive tactics such as threatening tenants with lockout and
27 arrest, to encourage occupants to surrender possession without appropriate compensation.
28

1 FIRST CAUSE OF ACTION AGAINST DEFENDANT

2 **VIOLATIONS OF BUSINESS AND PROFESSIONS CODE SECTION 17200**

3 (Unfair Competition Law)

4 19. Plaintiff realleges paragraphs 1 through 18 and incorporates these paragraphs by
5 reference as if fully set forth in this cause of action.

6 20. Defendant has engaged in, and continues to engage in, acts and practices that
7 constitute unfair competition as defined in California Business and Professions Code section
8 17200. These acts or practices include, but are not limited to, the following:

9 a. Failing to notify tenants, after taking ownership of the property, of the
10 name, telephone number, and address of the person or entity to whom rent payments shall be
11 made, and the form in which rent payments are to be made, in violation of California Civil Code
12 section 1962;

13 b. Serving a notice to quit for non-payment of rent during a period of non-
14 compliance with Civil Code section 1962;

15 c. Using threats, misrepresentations, and concealment to pressure tenants into
16 disadvantageous cash-for-keys agreements;

17 d. Depriving tenants of 90 days' notice and refusing to honor tenants' fixed
18 term leases in violation of the Protecting Tenants at Foreclosure Act of 2009 (PTFA) (P.L. 111-
19 22, §§ 701-704 (May 20, 2009) 12 U.S.C.A. § 5220) and the California Homeowner Bill of
20 Rights (Code of Civ. Pro. § 1161b (HBOR));

21 e. Attempting to evict tenants who reside in residential property subject to a
22 just cause ordinance without establishing just cause or by refusing to comply with local just cause
23 ordinances;

24 f. Failing to comply with statutorily mandated debt collection practices in
25 violation of the Rosenthal Fair Debt Collection Practices Act (Civ. Code § 1788 et seq.);

26 g. Failing to comply with the statutorily mandated requirements of the federal
27 Servicemembers Civil Relief Act (SCRA) (50 USC §§ 3931 and 3951) and the California
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1 Military and Veteran's Code (CMVC) (Mil. & Vet. Code § 394, subd. (a), and 406, subd. (a));
2 and

3 h. Depriving its tenants of habitable living conditions and utility services
4 including water, power, and heat, and using said deprivation as a means to pressure tenants to
5 abandon their tenancy, in violation of Civil Code sections 789.3 and 1941.

6 **PRAYER FOR RELIEF**

7 WHEREFORE, Plaintiff prays for judgment as follows:

8 1. That Defendant, its successors, agents, representatives, employees, and all persons
9 who act in concert be permanently enjoined from engaging in unfair competition as defined in
10 Business and Professions Code section 17200 et seq., including, but not limited to, the acts and
11 practices alleged in this Complaint, under the authority of Business and Professions Code section
12 17203;

13 2. That the Court make such orders or judgments as may be necessary to prevent the
14 use or employment by Defendant of any practice that constitutes unfair competition or as may be
15 necessary to restore to any person in interest any money or property that may have been acquired
16 by means of such unfair competition, under the authority of Business and Professions Code
17 section 17203;

18 3. That the Court assess a civil penalty of \$2,500 against Defendant for each
19 violation of Business and Professions Code section 17200 in an amount according to proof, under
20 the authority of Business and Professions Code section 17206;

21 4. That in addition to any penalty assessed under Business and Professions Code
22 section 17206, that the Court assess a civil penalty of \$2,500 against Defendant for each violation
23 of Business and Professions Code section 17200 perpetrated against a senior citizen or disabled
24 person, in an amount according to proof, under the authority of Business and Professions Code
25 section 17206.1;

26 5. That Plaintiff be awarded its costs of suit; and,

27 6. For such other and further relief that the Court deems just and proper.

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Dated: December 7, 2021

Respectfully Submitted,

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