



State of California
Office of the Attorney General

XAVIER BECERRA
ATTORNEY GENERAL

October 16, 2017

Via E-Mail & Overnight Delivery
California Apartment Association
c/o Joseph A. Lawton, Jr., CPM, President
980 Ninth Street, Suite 1430
Sacramento, CA 95814
jlawton@castlecompanies.com

RE: California's Anti-Price Gouging Statute, Penal Code Section 396

Dear California Apartment Association:

The wildfires in California, one of the worst disasters in our state's recent memory, have left thousands of displaced residents needing shelter. I appreciate that you have called on the members of your association to refrain from raising rent and to make accommodations to help fire victims. In addition to those efforts, I urge you to educate your members about their legal obligations under our state's anti-price gouging statute, Penal Code Section 396.

The President and the Governor have declared states of emergency in California, as have some local officials. These declarations triggered the protections of Section 396, which, with limited exceptions, prohibits raising the price of many consumer goods and services—including rental housing with an initial lease term of no longer than one year—by more than 10 percent after an emergency has been declared.

Section 396 does not restrict its protection to a city or county where the emergency or disaster is located. It is intended to prevent price gouging anywhere in the state where there is increased consumer demand as a result of the declared emergency.

Violators of Section 396 are subject to criminal prosecution that can result in a one-year imprisonment in county jail and/or a fine of up to \$10,000. Violators are also subject to civil enforcement actions including civil penalties of up to \$5,000 per violation, injunctive relief and mandatory restitution.

California Apartment Association

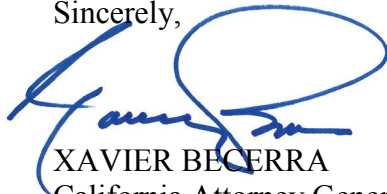
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My office and those of District Attorneys across the state are authorized to enforce Section 396. We are encouraging consumers to report price gouging, and we will treat such allegations with the utmost seriousness.

If you or your members have any questions, please contact Deputy Attorney General Vivian Wang at vivian.wang@doj.ca.gov or (415) 703-5530. Thank you for your anticipated assistance to our state during this tragedy.

Sincerely,

A handwritten signature in blue ink, appearing to read "Xavier Becerra", with a large, stylized loop at the end.

XAVIER BECERRA
California Attorney General