

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK

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THE CITY OF NEW YORK,

Index No. _____/2019

Plaintiff,

SUMMONS

-against-

219 AVE A NYC LLC, 324 EAST 14TH STREET LLC,
158 FIRST AVE NYC LLC, 75 SECOND AVENUE LLC,
LINA TORRES a.k.a. LINA TRUJILLO, SOHO LOFTS
NYC LLC, THE LAND AND BUILDING KNOWN AS
219 AVENUE A, BLOCK 441, LOT 32, COUNTY, CITY
AND STATE OF NEW YORK, THE LAND AND
BUILDING KNOWN AS 324 EAST 14TH STREET,
BLOCK 455, LOT 19, COUNTY, CITY AND STATE OF
NEW YORK, THE LAND AND BUILDING KNOWN AS
158 1ST AVENUE, BLOCK 437, LOT 6, COUNTY, CITY
AND STATE OF NEW YORK, THE LAND AND
BUILDING KNOWN AS 75 2ND AVENUE, BLOCK 460,
LOT 39, COUNTY, CITY AND STATE OF NEW YORK
and "JOHN DOE" and "JANE DOE," numbers 1 through
10, fictitiously named parties, true names unknown, the
parties intended being the managers or operators of the
business being carried on by defendants, and any person
claiming any right, title or interest in the real property which
is the subject of this action,

Defendants.
-----X

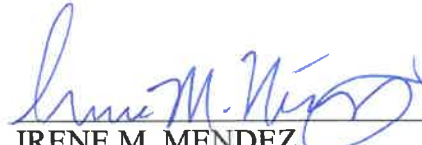
TO THE ABOVE-NAMED DEFENDANTS:

YOU ARE HEREBY SUMMONED TO ANSWER the Verified Complaint in this action
and to serve a copy of your answer on the Plaintiff CITY OF NEW YORK within twenty (20) days
after the service of this Summons, exclusive of the day of service, or within thirty (30) days after
service is complete if this Summons is not personally delivered to you within the State of New
York. In case of your failure to appear or answer, judgment will be taken against you by default for
the relief demanded in the Complaint.

The basis of the venue designated is the residence of the Plaintiff and the county in which the properties affected by this action are located. Plaintiff designates New York County as the place of trial.

Dated: New York, New York
December 13, 2019

By:


IRENE M. MENDEZ
Special Assistant Corporation Counsel
Mayor's Office of Special Enforcement
22 Reade Street, 4th Floor
New York, NY 10007
Tel.: (646) 576-3474
Email: imendez@ose.nyc.gov

TO:

219 AVE A NYC LLC
1 SINCLAIR DRIVE
GREAT NECK, NEW YORK 11024

324 EAST 14TH STREET LLC
C/O NEJATOLLAH SASSOUNI
17 MARTIN COURT
KINGSPPOINT, NEW YORK 11024

158 FIRST AVE NYC LLC
C/O SASSAN SASSOUNI
1 SINCLAIR DRIVE
GREAT NECK, NEW YORK 11024

75 SECOND AVENUE LLC
C/O NEJATOLLAH SASSOUNI
17 MARTIN COURT
KINGSPPOINT, NEW YORK 11024

LINA TORRES a.k.a. LINA TRUJILLO
4441 PURVES ST APT 704
LONG ISLAND CITY, NY 11101-2981
QUEENS COUNTY

SOHO LOFTS NYC LLC
THE LIMITED LIABILITY COMPANY
40 EXCHANGE PLACE
SUITE 1602
NEW YORK, NY 10005

THE LAND AND BUILDING KNOWN AS 219 AVENUE A, BLOCK 441, LOT 32,
COUNTY, CITY, AND STATE OF NEW YORK;

THE LAND AND BUILDING KNOWN AS 324 EAST 14TH STREET, BLOCK 455, LOT 19,
COUNTY, CITY AND STATE OF NEW YORK;

THE LAND AND BUILDING KNOWN AS 158 1ST AVENUE, BLOCK 437, LOT 6,
COUNTY, CITY AND STATE OF NEW YORK;

THE LAND AND BUILDING KNOWN AS 75 2ND AVENUE, BLOCK 460, LOT 39,
COUNTY, CITY AND STATE OF NEW YORK;

“JOHN DOE” and “JANE DOE,” numbers 1 through 10.

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK

-----X
THE CITY OF NEW YORK,

Index No. ____/2018

Plaintiff,

VERIFIED COMPLAINT

-against-

219 AVE A NYC LLC, 324 EAST 14TH STREET LLC,
158 FIRST AVE NYC LLC, 75 SECOND AVENUE LLC,
LINA TORRES a.k.a. LINA TRUJILLO, SOHO LOFTS
NYC LLC, THE LAND AND BUILDING KNOWN AS
219 AVENUE A, BLOCK 441, LOT 32, COUNTY, CITY
AND STATE OF NEW YORK, THE LAND AND
BUILDING KNOWN AS 324 EAST 14TH STREET,
BLOCK 455, LOT 19, COUNTY, CITY AND STATE OF
NEW YORK, THE LAND AND BUILDING KNOWN AS
158 1ST AVENUE, BLOCK 437, LOT 6, COUNTY, CITY
AND STATE OF NEW YORK, THE LAND AND
BUILDING KNOWN AS 75 2ND AVENUE, BLOCK 460,
LOT 39, COUNTY, CITY AND STATE OF NEW YORK,
and "JOHN DOE" and "JANE DOE," numbers 1 through
10, fictitiously named parties, true names unknown, the
parties intended being the managers or operators of the
business being carried on by defendants, and any person
claiming any right, title or interest in the real property which
is the subject of this action,

Defendants.
-----X

Plaintiff, the City of New York, by its attorney, James E. Johnson, Corporation Counsel
of the City of New York, for its verified complaint against defendants, alleges as follows:

1. Plaintiff the City of New York (the "City") brings this action to shut down illegal
transient (less than 30-day) rentals in four walk-up buildings in the East Village, three of which
are rent-stabilized. Defendants have proven themselves unwilling to prevent and stop these
illegal rentals despite multiple chances to do so over the past three years. The City also brings
this action to hold Defendants responsible for their years of willful neglect by failing to comply

with their duty to keep their buildings in a safe and code-compliant manner, and for their persistent participation in and acquiescence to harassing conduct against permanent residents.

2. Defendants have created, maintained, and/or permitted public nuisances in the form of illegal transient rentals in the following four buildings they own, manage or control (collectively, the “Subject Buildings”), all walk-up class “A” multiple dwellings that can only legally be used as permanent residences:

- a. 219 AVENUE A, BLOCK 441, LOT 32, County, City and State of New York (“219 Avenue A”), a five-story Class “A” multiple dwelling with 11 permanent residential dwelling units;
- b. 324 EAST 14TH STREET, BLOCK 455, LOT 19, County, City and State of New York (“324 East 14th Street”), a five-story Class “A” multiple dwelling with 15 permanent residential dwelling units;
- c. 158 1ST AVENUE, BLOCK 437, LOT 6, County, City and State of New York (“158 1st Avenue”), a six-story Class “A” multiple dwelling with 11 permanent residential dwelling units; and
- d. 75 2ND AVENUE, BLOCK 460, LOT 39, County, City and State of New York (“75 2nd Avenue”), a four-story Class “A” multiple dwelling with four permanent residential dwelling units.

3. To date, the City has identified and attempted to abate these public nuisances through extensive pre-litigation administrative enforcement efforts, conducting no fewer than 15 administrative code inspections since 2017, resulting in the New York City Department of Buildings (“DOB”) issuing about 99 illegal transient occupancy and illegal conversion-related violations, with about \$198,260 in penalties imposed thus far.

4. Nevertheless, through the aforesaid inspections, the City has found illegal, deceptive, and hazardous transient occupancies and unlawful and dangerous conversion in at least 15 out of the 41 apartments (37%) in the Subject Buildings during Defendants’ ownership, management, and control, with these hazards continuing despite the City’s extensive administrative efforts to terminate such unlawful activities and their resulting adverse conditions.

5. All but one of the Subject Buildings – 75 2nd Avenue – are rent-stabilized. However, both records from New York State Department of Housing and Community Renewal (“DHCR”) and mortgage documents suggest that, since at least 2015, Defendants 219 AVE A NYC LLC, 324 EAST 14TH STREET LLC, 158 FIRST AVE NYC LLC, 75 SECOND AVENUE LLC (hereinafter collectively referred to along with the four *in rem* defendant Subject Buildings as “Owner Defendants”) have been systematically emptying the four Subject Buildings of long-term tenants, warehousing rent-stabilized apartments to possibly remove them from relevant rent-regulations, and loading the four Subject Buildings with significant debt.

6. Specifically, between 2015 and 2019, three Subject Buildings (219 Avenue A, 324 East 14th Street, and 158 1st Avenue) lost a total of 13 out of 32 rent-stabilized apartments between them – a whopping drop of over 40% in four years.

7. This erosion of crucial affordable housing is part of a widespread pattern in East Village, a neighborhood that has long been the site of tenant lockouts, protests, and activism combating real estate speculation in an effort to preserve the affordability of tenement buildings, many rent-stabilized.¹

8. Between 2015 and 2019, Owner Defendants reported to DHCR an increasing number of “vacant” apartments in the three rent-stabilized Subject Buildings, while the rental vacancy rate for East Village immediately surrounding the Subject Buildings was extremely low.

¹ See excerpt from Mele, Christopher, *Selling the Lower East Side: Culture, Real Estate, and Resistance in New York City*, Minneapolis, University of Minnesota Press, 2000, p. 224.
<https://books.google.com/books?id=sewf0r5An-wC&pg=PA224&lpg=PA224&dq=east+village+speculation&source=bl&ots=HkeVYKfoQR&sig=ACfU3U123fsmbnJ58swWQ1PG1suwLqpAg&hl=en&sa=X&ved=2ahUKEwjandC4odblAhUwuVkkHeODCPkQ6AEwAnoECAgQAQ#v=onepage&q=east%20village%20speculation&f=false>

9. For example, in 2016 the vacancy rate in East Village was as low as 3%,² which was also confirmed by Owner Defendants' real estate pro-formas (also known as cash flow projections) submitted in defending a foreclosure action concerning Subject Buildings 219 Avenue A and 158 1st Avenue. Nevertheless, Owner Defendants duplicitously reported to DHCR the following high vacancy rates in the three rent-stabilized Subject Buildings: six vacant apartments in 158 1st Avenue (60%); four vacant apartments in 219 Avenue A (36%); and four vacant apartments in 324 East 14th Street (27%).

10. In the last two years, Owner Defendants have leveraged multiple rounds of financing to obtain millions from private equity entities such as Madison Realty Capital.³ However, Owner Defendants have failed to use the money to remediate over 230 open violations from the New York City Department of Housing Preservation & Development ("HPD"), which plague the Subject Buildings. Of these open violations, 65 are for Owner Defendants' blatant failure to "keep the premises in good repair."⁴ The total open HPD violations also include vermin, mold, leaks, lead paint, defective windows, and broken doors, among other hazards.

11. In the past three years, Owner Defendants could have not only remediated these widespread violations, but also properly monitored and prevented the nearly non-stop unlawful short-term rentals and illegal conversion occurring in the Subject Buildings, but they have refused to do either.

² See New York University ("NYU") Furman Center's State of the City 2017 report https://furmancenter.org/files/sotc/SOC_2017_PART2_City_Borough_CD_Data.pdf

³ The same private equity fund has allegedly financed a landlord to purchase "16 buildings in East Village" where the landlord then "endeavored to clear out the rent-regulated tenants." <https://gothamist.com/news/could-nys-pension-funds-use-their-real-estate-holdings-to-protect-tenants>

⁴ Pursuant to New York City Administrative Code ("Admin. Code") § 27-2005, "[t]he owner of a multiple dwelling shall keep the premises in good repair."

12. Owner Defendants have been fully aware of the deleterious conditions existing in the Subject Buildings because those conditions have been well-documented in tenants' complaints, and in the City's enforcement actions. Yet Owner Defendants willfully continue to turn a blind eye to their responsibility to keep the Subject Buildings in a safe and code-compliant manner.

13. Furthermore, the East Village, where the Subject Buildings are located, has been identified as one of the "macro-neighborhoods," where a majority of all listings for online platform www.Airbnb.com ("Airbnb") in New York City are located and are contributing to increased housing prices and reduction in the City's housing supply.⁵

14. A January 2018 report by Professor Wachsmuth of McGill University entitled "The High Cost of Short-Term Rentals in New York City" likewise found "East Village," where the Subject Buildings are located, to be among "10 New York City neighborhoods with the highest total Airbnb host revenue."⁶

15. The illegal short-term rentals in the Subject Buildings have been advertised and operated through Airbnb, with enticing names such as "Clean & Cozy East Village Pad," intended to lure tourists to book illegal nightly rentals at Subject Building 219 Avenue A; or "Chic East Village Loft Steps to Union Square," likewise used to promote illegal transient occupancy at Subject Building 324 East 14th Street.

16. Specifically, all four Subject Buildings have been the site of rampant illegal short-term rental activity over the past three years, with over 2,700 separate reservations completed for

⁵ A June 2016 report from MFY Legal Services titled "Short Changing New York City – The Impact of Airbnb on New York City's Housing Market" specified the East Village as one of the "macro-neighborhoods" where "53 percent of all Airbnb listings are located."

⁶ <https://mcgill.ca/newsroom/files/newsroom/channels/attach/airbnb-report.pdf>

these buildings through Airbnb alone, covering 7,600 guests for a total of over 10,000 nights from January 2016 through September 2019. In total, Airbnb paid out over \$2.2 million for these illegal short-term rentals in the Subject Buildings in just three years.

17. Owner Defendants have simultaneously leased 26 out of 41 apartments (63%) in the Subject Buildings to individual short-term rental operators and to real estate entities engaging in illegal practices, including several real estate agents such as Defendant Lina Torres a.k.a. Lina Trujillo (“Operator Defendant Torres”).

18. Operator Defendant Torres, a Senior Associate at the real estate brokerage firm Citihabitat, has advertised and operated illegal short-term rentals in the Subject Buildings through at least three different Airbnb host accounts – “Lina T,” “Clara,” and “Angela” – that are all directly connected to her personally by payout information, phone numbers, or both.

19. In addition to concurrently advertising and conducting illegal short-term rentals through these three Airbnb host accounts, in clear violation of Airbnb’s “One Host, One Home” policy for New York City,⁷ Operator Defendant Torres is also indirectly associated with at least four other Airbnb host accounts used to advertise and operate illegal short-term rentals in the Subject Buildings.

⁷ On November 1, 2016, Airbnb launched a “one host, one home” policy for New York City, and states in an update on that policy that it is “concerned about hosts who may offer space that could otherwise have been on the long-term rental housing market in New York City.”

<https://www.airbnbcitizen.com/wp-content/uploads/2016/07/OneHostOneHomeNewYorkCity-1.pdf>

Admitting that many New York City hosts use fraudulent strategies to bypass the policy, Airbnb provided in a letter dated March 29, 2019 to the United States District Court, Southern District of New York, that “following the adaptation of Airbnb’s One Host, One Home policy in November 2016, various entities operating illegal hotels in New York City devised and successfully implemented strategies intended to evade Airbnb’s One Host, One Home enforcement efforts.”

20. As a recent November 2019 news article on Vice describes,⁸ complicated webs of interconnected Airbnb host accounts, such as the ones directly and indirectly connected to Operator Defendant Torres, create confusion and a lack of accountability for guests. The same news article has not only triggered additional inquiry by the Federal Bureau of Investigation,⁹ but has also resulted in Airbnb pledging to undertake a year-long project to “verify” listings, although to date Airbnb has provided little detail about this effort.¹⁰

21. Indeed, guest reviews on Airbnb often express dismay with Operator Defendant Torres’ misleading business practices, the physical conditions of the apartments themselves, and the difficulty of reaching Operator Defendant Torres when something goes wrong. For example, guests complained about bedrooms with no windows (a sign of illegal construction); about having valuables such as an iPad stolen; and about a lack of response to inquiries, including requests for refunds.

22. In one review, the guest cautioned that “[u]nfortunately, the information contained in the online description is inconsistent with its current state.” In another review, the guest provided that “[t]he positive reviews on this location must be from friends or family and should be taken with a grain of salt,” and that they had “considered switching to a hotel almost immediately, but at the risk of potentially not receiving our money back from Airbnb, we stayed.”

23. Pursuant to Owner Defendants’ reports to DHCR in 2015 and 2017, Operator Defendant Torres periodically appears as the simultaneous tenant of record for rent-stabilized

⁸ https://www.vice.com/en_us/article/43k7z3/nationwide-fake-host-scam-on-airbnb

⁹ <https://yourmileagemayvary.net/2019/11/04/considering-airbnb-think-twice-their-problems-are-so-bad-that-the-fbi-is-getting-involved/>

¹⁰ https://www.vice.com/en_us/article/vb58jd/airbnb-promises-to-verify-all-7-million-listings-after-vice-report-exposes-scam

apartments 3FN and 4FN in Subject Building 219 Avenue A. However, in 2016, 2018, and 2019, Owner Defendant reported to DHCR that these same apartments were vacant.

24. In effort to avoid having long-term rent stabilized tenants in the Subject Buildings, Owner Defendants not only permit rampant illegal short-term rentals across the Subject Buildings, but also leased 11 apartments to Defendant Soho Lofts NYC LLC (“Operator Defendant Soho Lofts”), which then unlawfully converted these apartments to single-room-occupancy (“SRO”) room-by-room rentals.¹¹

25. For example, in 2016, shortly after leasing several apartments in Subject Building 324 East 14th Street to Operator Defendant Soho Loft for a term specifically intended to last five years, Owner Defendants falsely reported to DHCR that these same apartments were “vacant.” In fact, Owner Defendants’ rent roll later showed that Operator Defendants Soho Lofts were paying monthly rent between \$2,400 and \$3,300 for each of these alleged “vacant” apartments. This same pattern was repeated for Operator Defendant Soho Lofts’ apartments in Subject Building 158 1st Avenue.

26. Operator Defendant Soho Lofts’ illegal conversions in the Subject Buildings have created conditions that are so “imminently perilous to life, public safety, and the safety of occupants or to property,” that DOB had to issue vacate orders. For example, DOB issued a vacate order on in August 2019 for illegal conversion at Subject Building 158 1st Avenue, and issued another vacate order in October 2019 for illegal conversion at Subject Building 75 2nd Avenue.

¹¹ New York City Housing Maintenance Code (“Housing Maintenance Code”) § 27-2004(a)(4)(c) defines a family to include “Not more than three unrelated persons occupying a dwelling unit and maintaining a common household.” Specifically, the Housing Maintenance Code makes clear that “[a] common household is deemed to exist if every member of the family has access to all parts of the dwelling unit. Lack of access to all parts of the dwelling unit establishes a rebuttable presumption that no common household exists.” Thus, room-by-room rentals of the kind Operator Defendant Soho Lofts illegally created in the Subject Buildings are generally illegal unless building records specifically permit them – which building records for the Subject Buildings do not.

27. The illegal short-term rental operation and unlawful conversion rampantly perpetrated by Operator Defendants Torres and Soho Lofts, among other individuals and entities, and continuously condoned by Owner Defendants in the Subject Buildings, has taken place non-stop for nearly three years, notwithstanding the City's pre-litigation administrative enforcement efforts to enjoin such unlawful activities.

28. The City brings this action first to abate the public nuisance and second to terminate the tenant harassment being conducted, maintained, and permitted by Defendants – Owner Defendants as well as Operator Defendants Torres and Soho Lofts – at the Subject Buildings, including: (1) the illegal and hazardous rental of permanent residential dwelling units to numerous transient occupants, without having the more stringent fire and safety features required in buildings legally designed to serve transient occupants; (2) the creation of significant risks in Subject Buildings not staffed to handle the security issues associated with transient occupancy, and a degradation in the quiet enjoyment, safety, and comfort of permanent residents in the Subject Buildings and in neighboring buildings caused by noise, filth, and the excessive traffic of unknown and constantly changing individuals entering their places of abode; (3) engaging in acts and/or omissions that are intended to cause permanent residents to vacate the Subject Buildings or to surrender their rights as rent-stabilized tenants to occupy without disturbance in the Subject Buildings; and (4) the unlawful reduction of the permanent housing stock available to the residents of New York City at a time when there is a legislatively declared housing emergency. The conditions created by Defendants' illegal conduct in the Subject Buildings negatively affect the health, safety, security, and general welfare of the residents of and visitors to the City of New York.

29. The City brings this action pursuant to and by authority of section 20 of the New York General City Law, section 394 of the New York City Charter, and Section 20-703 of the Administrative Code of the City of New York (the “Admin. Code”), in order to enforce Section 306 of the New York Multiple Dwelling Law (“MDL”); Sections 7-704, 7-706, 20-700, et seq., 27-2110, 27-2115, 27-2120, and 28-205.1 of the Admin. Code; and pursuant to the common law doctrine of public nuisance.

30. By this action, the City seeks preliminary and permanent injunctive relief and the imposition of civil statutory penalties and compensatory and punitive damages against the owners, managers, lessees, licensees, operators and agents of the Subject Buildings, and against the Subject Buildings themselves, for violations under the MDL, the New York City Building Code (“Building Code”), the New York City Housing Maintenance Code (“Housing Maintenance Code”), the New York City Consumer Protection Law (“Consumer Protection Law”), for creating nuisances as defined in Section 7-701 et seq., of the Admin. Code (the “Nuisance Abatement Law”), and for creating common law public nuisances and tenant harassment.

BACKGROUND

31. The Mayor’s Office of Special Enforcement (“OSE”) is a governmental entity established by Mayoral Executive Order No. 96 of 2006 to address quality of life issues citywide, including illegal hotels, lawless clubs and adult establishments, and trademark counterfeiting bazaars. To accomplish its duties, OSE oversees and conducts joint investigations and inspections with various CITY agencies to bring unsafe conditions into compliance with the law. When property owners fail to remedy violating conditions for an extended period of time through administrative enforcement mechanisms, the CITY seeks remedies in courts pursuant to

the Nuisance Abatement Law and other statutes to compel compliance and halt flagrant violations. Through Mayoral Executive Order No. 22 of 2016, OSE is also tasked with enforcing unlawful advertising of illegal occupancy in multiple dwellings.

32. Tourists and other visitors to New York City have been enticed by misleading advertisements on numerous internet websites for short-term apartment accommodations located within buildings designed and constructed only for permanent residency. Many of these visitors are unwittingly led to book accommodations which are not only illegal, but also pose a heightened risk to their health and safety, as well as to the health and safety of the lawful tenants of those buildings. A business that misleads consumers by purveying illegal and unsafe consumer goods or services without any indication that they are not legal or safe commits a deceptive trade practice prohibited by federal, state, and local consumer protection laws. *See* Admin. Code §§ 20-700 to 20-706.

33. Moreover, advertising, booking, and permitting transient accommodations in buildings where such accommodations are illegal create a public nuisance under both the Nuisance Abatement Law and the common law. The law has long recognized that the conditions and practices complained of herein, which endanger or injure the property, health, safety or comfort of a considerable number of persons, constitute a public nuisance adversely affecting both tourists and visitors to New York City, those who may lawfully reside in residential units in the Subject Buildings and in neighboring buildings, as well as emergency personnel who would respond to any situation at the Subject Buildings.

34. The CITY continually receives complaints about unlawful short-term transient occupancies from many sources – calls to “311,” letters and emails from the public, communications from elected officials and community groups – regarding excessive noise from

tourists, overflowing trash, vomit in hallways, fires, loud fighting, drugs, prostitution, and the like.

35. Despite occupancy and safety rules prohibiting such use, dwelling units in permanent residential apartment buildings in New York City are increasingly being utilized as transient, short-term occupancy units for tourists and other visitors rather than tenants who intend to establish a permanent residence. This practice has been abetted by the phenomenal growth of the internet travel industry, and comes at a time when affordable housing accommodations for the residents of New York City remain at historically low levels.

36. The spread of illegal transient occupancies, which some observers in New York City have termed an “epidemic,”¹² creates a number of serious problems for the CITY:

- (1) an illegal siphoning off of a significant portion of the CITY’s housing stock, occurring most acutely in the affordable housing sector;¹³
- (2) harassment of permanent tenants by owners who seek to push out those tenants illegally in order to pursue a more lucrative (albeit unlawful) transient market;
- (3) serious safety hazards, in particular with regard to fire protection, as code requirements for permanent residency buildings are not nearly as stringent as those for units and buildings geared to transient occupancy, and also with regard to severe overcrowding;
- (4) a growing number of complaints from tourists who book accommodations over the internet, in most cases responding to

¹² “Hey, Wanna Rent My Couch; Short-term rentals have officially become illegal – and sneaking around the law has officially become epidemic,” by S. Jhoanna Robeldo, *New York*, November 27, 2011.

¹³ The CITY’s “acute shortage of dwellings” has created an affordable housing crisis that is a “serious public emergency.” See Emergency Housing Rent Control Law § 1, codified as N.Y. Unconsol. Law Ch. 249, § 1 (Lexis 2016) (making these legislative findings in establishing rent control system). See also Local Emergency Housing Rent Control Act § 1(2), codified as N.Y. Unconsol. Law Ch. 249-A, § 1(2) (Lexis 2016), Emergency Tenant Protection Act of Nineteen Seventy-Four § 2, codified as N.Y. Unconsol. Law Ch. 249-B, § 2 (Lexis 2016) (making identical legislative findings in establishing successor rent stabilization systems); and *Bucho Holding Co. v. Temporary State Housing Rent Comm.*, 11 N.Y.2d 469, 473 (1962) (“The existence of an emergency justifying continued control of rents in the areas here involved *may not [be]*, and indeed is not, denied.”).

advertisements unaware that rooms are being offered in violation of the law; and

- (5) a burgeoning number of transient occupants, inter-mixed with permanent residents and neighbors, whose presence poses significant risks in buildings not equipped to handle the security problems associated with transient occupancy, as well as a degradation of quality of life for residents and neighbors.

37. Due to these deleterious effects on the housing market and the safety concerns for residents, tourists, the general public and emergency response personnel, illegal hotel operations are a point of particular concern to the City and State governments in protecting New Yorkers' quality of life.

38. To begin to address the illegal transient occupancy situation, the Legislature enacted Chapter 225 of the Laws of New York State of 2010 ("Chapter 225"). Chapter 225, which went into effect on May 1, 2011, clarified the historic prohibition on renting units in Class "A" multiple dwellings, as defined under the MDL¹⁴ and the New York City Housing Maintenance Code ("HMC"), for less than 30 consecutive days.

39. The Legislature enacted Chapter 225 in response to the First Department's 2009 *City of New York v. 330 Continental LLC* decision (60 A.D.3d 226), amending the MDL and other related laws to make clear, among other things, that the rental of any unit in a Class "A" building for less than 30 days is prohibited. The legislative justification for Chapter 225 was explained by the law's sponsor in this manner:

The Multiple Dwelling Law and local Building, Fire and Housing Maintenance Codes establish stricter fire safety standards for

¹⁴ In 1929, the Legislature enacted MDL to "ensure the establishment and maintenance of proper housing standards requiring sufficient light, air, sanitation and protection from fire hazards." See MDL § 2. The 1929 MDL created two distinct and mutually exclusive classifications of buildings that continue in the law today: "Class A" buildings used for permanent residence use, and "Class B" housing intended for short-term transient use. The MDL defines buildings used for permanent residence purposes, such as "tenements, flat houses, maisonette apartments, [and] apartment houses," as Class A. See MDL § 4(4) (now, § 4(8)(a)). Similarly, the MDL defines buildings typically used for transient purposes, such as "hotels, lodging houses, rooming houses, [and] boarding houses," as Class B. See MDL § 4(4) (now, § 4(9)(a)).

dwellings such as hotels that rent rooms on a day to day (transient) basis than the standards for dwellings intended for month to month (permanent) residence. There are substantial penalties for owners who use dwellings constructed for permanent occupancy (Class A) as illegal hotels. However, the economic incentive for this unlawful and dangerous practice has increased, while it is easier than ever to advertise illegal hotel rooms for rent to tourists over the internet. This is especially so in New York City, which is attracting visitors and tourists from around the world in record numbers. In most cases tourists responding to such advertisements are unaware that the rooms are being offered in violation of the law. Not only does this practice offer unfair competition to legitimate hotels that have made substantial investments to comply with the law but it is unfair to the legitimate “permanent” occupants of such dwellings who must endure the inconvenience of hotel occupancy in their buildings and it decreases the supply of affordable permanent housing. It endangers both the legal and illegal occupants of the building because it does not comply with fire and safety codes for transient use. Recently, law enforcement actions against illegal hotels have been hindered by challenges to the interpretation of “permanent residence” that enforcing agencies have relied on for decades.

New York State Assembly Memorandum in Support of Legislation (S. 6873-B, 233rd Leg. (N.Y. 2010 (Sponsor’s Memo)) Bill No. A10008).

40. The plain language of the law, supported by its legislative history, makes clear that the Legislature intended to eliminate all transient use in “all Class ‘A’ buildings in existence” as of the bill’s enactment and all those constructed thereafter. *See* Ch. 225 of the Laws of 2010, at § 8; Governor’s Bill Jacket, Ch. 225 of the Laws of 2010, at 6 -17. No Class “A” building was exempted from its coverage.

41. Following the Legislature’s clear intent in Chapter 225, the First Department unequivocally held that the Chapter 225 provisions applied to all buildings in existence on the date of its enactment, and no dwelling unit in a Class “A” multiple dwelling can be used transiently. *Matter of Grand Imperial, LLC v. New York City Bd. of Stds. & Appeals*, 137 A.D.3d 579 (1st Dep’t), *lv. denied*, 28 N.Y.3d 907 (2016) (“[I]n enacting the amendments, the

legislature's intent that a 30-day minimum occupancy requirement would apply to all, with only narrow, specified exceptions, was sufficiently clear that petitioner's saving clause right to continue renting for the shorter period was extinguished.") (internal citation omitted); *Matter of Terrilee 97th Street LLC v. N.Y.C. Envtl. Control Bd.*, 146 A.D.3d 716 (1st Dep't 2017), *lv. to reargue or appeal denied*, 2017 N.Y. Slip. Op. 86314(U) (Sept. 19, 2017) ("Under the Multiple Dwelling Law, as amended effective May 1, 2011, none of the units in petitioner's Class A multiple dwelling may be used for occupancy periods shorter than 30 days.") (citations omitted).

42. The advertising, maintenance and operation of permanent residential properties for transient occupancy where such use is prohibited and unsafe deceives consumers and creates a public nuisance endangering or injuring the property, health, safety and comfort of residents in those buildings, residents in surrounding areas, and tourists and visitors to New York City.

43. Most recently, in 2016, as a further step to address this issue, the Legislature amended the MDL and Administrative Code to expressly prohibit *advertising* the use or occupancy of dwelling units in Class "A" multiple dwellings for other than permanent residence purposes (i.e., short-term rental for more than 30 days). The law's sponsor explained the justification for adding a new Section 121 to the MDL and a new Article 18 to subchapter three of chapter one of title 27 of the Admin. Code (i.e., Admin. Code § 27-287.1) as follows:

In 2010, in the face of an explosion of illegal hotel operators in single room occupancy buildings in New York City, New York State clarified and strengthened the laws regarding transient occupancy in class A multiple dwellings. Now, with the proliferation of online home sharing platforms that allow users to advertise their apartments for use that directly violates New York State's "illegal hotels" law, the purpose of the "illegal hotels" law is at risk of being undone.

While it is already illegal to occupy a class A multiple dwelling for less than 30 days, this legislation would clarify that it also illegal to advertise units for occupancy that would violate New York law. However, online home sharing platforms still contain

advertisements for use of units that would violate New York law. It rests with the city and state to protect communities and existing affordable housing stock by prohibiting advertisements that violate the law, creating a civil penalty structure for those who violate the prohibition, and clarifying activities that constitute advertising.

New York State Senate Memorandum in Support of Legislation (A. 8704 C, 239th Leg. (N.Y. 2016 (Sponsor's Memo)) Bill No. S6340A) (emphasis added).

PARTIES

44. Plaintiff the CITY is a municipal corporation incorporated under the laws of the State of New York.

A. 219 Avenue A

45. Defendant 219 AVE. A NYC LLC, is a domestic business corporation, organized under the laws of the State of New York, with the following address for process service: 1 Sinclair Drive, Great Neck, NY 11024.

46. Upon information and belief, Defendant 219 AVE. A NYC LLC is and at all times relevant has been the owner of record of Subject Building 219 Avenue A.

47. According to the building registration reports submitted to HPD for Subject Building 219 Avenue A, Sassan Sassouni ("S. Sassouni") is the building's "managing agent," with the same Great Neck address as that for process service for Defendant 219 AVE. A NYC LLC.

48. S. Sassouni is registered with the DHCR as a co-owner and co-manager of Subject Building 219 Avenue A, with the email address of sassansassouni@gmail.com.

49. Defendant 219 AVENUE A, BLOCK 441, LOT 32, COUNTY, CITY AND STATE OF NEW YORK, is the real property where the activities complained of have taken place and continue to take place.

B. 324 East 14th Street

50. Defendant 324 EAST 14TH STREET LLC, is a domestic business corporation, organized under the laws of the State of New York, with the following address for process service: C/O Nejatollah Sassouni (“N. Sassouni”), 17 Martin Court, Kingspoint, NY 11024.

51. Upon information and belief, N. Sassouni is the father of S. Sassouni.

52. Upon information and belief, Defendant 324 EAST 14TH STREET LLC is and at all times relevant has been the owner of record of Subject Building 324 East 14th Street.

53. According to the building registration reports submitted to HPD for Subject Building 324 East 14th Street, S. Sassouni is the building “managing agent.”

54. Susan Sassouni is registered with DHCR as both building owner and building manager for Subject Building 324 East 14th Street, with the email address of sassansassouni@gmail.com, which is the same email address as S. Sassouni’s for Subject Building 219 Avenue A.

55. Upon information and belief, Susan Sassouni is the mother of S. Sassouni.

56. Defendant THE LAND AND BUILDING KNOWN AS 324 EAST 14TH STREET, BLOCK 455, LOT 19, COUNTY, CITY AND STATE OF NEW YORK, is the real property where the activities complained of have taken place and continue to take place.

C. 158 1st Avenue

57. Defendant 158 FIRST AVE NYC LLC, is a domestic business corporation, organized under the laws of the State of New York, with the following address for process service: C/O S. Sassouni, 1 Sinclair Drive, Great Neck, NY 11024.

58. Upon information and belief, Defendant 158 FIRST AVE NYC LLC is and at all times relevant has been the owner of record of Subject Building 158 1st Avenue.

59. According to the building registration reports submitted to HPD for Subject Building 158 1st Avenue, S. Sassouni is the building “managing agent,” with the same Great Neck address as the process service address for Defendant 158 FIRST AVE NYC LLC.

60. N. Sassouni is registered with DHCR as both building owner and building manager for Subject Building 158 1st Avenue, with the email address of sassansassouni@gmail.com, which is the same email address as S. Sassouni’s for Subject Building 219 Avenue A.

61. Defendant THE LAND AND BUILDING KNOWN AS 158 1ST AVENUE, BLOCK 437, LOT 6, COUNTY, CITY AND STATE OF NEW YORK, is the real property where the activities complained of have taken place and continue to take place.

D. 75 2nd Avenue

62. Defendant 75 SECOND AVENUE LLC, is a domestic business corporation, organized under the laws of the State of New York, with the following address for process service: C/O N. Sassouni, 17 Martin Court, Kingspoint, NY 11024.

63. Upon information and belief, Defendant 75 SECOND AVENUE LLC is and at all times relevant has been the owner of record of Subject Building 75 2nd Avenue.

64. According to the building registration reports submitted to HPD for Subject Building 75 2nd Avenue, S. Sassouni is the building’s “managing agent.”

65. Defendant THE LAND AND BUILDING KNOWN AS 75 2ND AVENUE, BLOCK 460, LOT 39, COUNTY, CITY AND STATE OF NEW YORK, is the real property where the activities complained of have taken place and continue to take place.

E. Operator Defendant Torres

66. Defendant Lina Torres a/ka/ Lina Trujillo (“Operator Defendant Torres”), a natural person, upon information and belief, is and at all times relevant has been a resident of City and State of New York.

67. Upon information and belief, Operator Defendant Torres is and at all times relevant has been, a licensed real estate sales person (license #40TO1177976) with the State of New York, working as a Senior Associate at the brokerage firm CitiHabitats.¹⁵

68. Pursuant to Owner Defendants’ reports to DHCR in 2015 and 2017, Operator Defendant Torres appears as the simultaneous tenant of record for apartments 3FN and 4FN in Subject Building 219 Avenue A.

69. Operator Defendant Torres is also the ConEd utility account holder for both apartments 3FN and 4FN, under a phone number ending 5859.

70. Upon information and belief, Operator Defendant Torres used at least seven Airbnb host accounts to directly and indirectly advertise, operate, and profit from illegal short-term rentals at the Subject Buildings.

a. Three Airbnb Host Accounts Directly Connected To Operator Defendant Torres’ Illegal Short-Term Rentals at the Subject Buildings

71. Through the three Airbnb host accounts directly connected to Operator Defendant Torres, about 1,222 illegal short-term rental bookings took place in at least seven apartments in three Subject Buildings (219 Avenue A, 324 East 14th Street, and 158 1st Avenue), generating more than \$800,000 in revenue in three years.

72. Between January 2016 and September 2019, Airbnb disbursed almost half a million dollars for nearly 900 illegal short-term rental reservations for Apartments 3FN, 3FS, and

¹⁵ <https://www.linkedin.com/in/lina-torres-30101815/>
<https://www.linecity.com/agent/156827/Lina-Torres>
https://streeteasy.com/profile/846302-lina-torres#tab_profile_detail=2

4FN at Subject Building 219 Avenue A to Operator Defendant Torres, through an Airbnb host account currently in her own name, "Lina T.," (Airbnb Host ID. No. 16155254), with her phone number ending 5859.

73. Ninety percent of the aforesaid half million dollars of revenue from illegal short-term rentals received through Airbnb was directly deposited to two bank accounts in Operator Defendant Torres' name.

74. Operator Defendant Torres used three Airbnb listings (Airbnb Listings Nos. 5562710, 5300082, and 7269771, all under the host account "Lina T.," created using Operator Defendant Torres' phone number ending in 5859) to advertise and operate the aforesaid illegal short-term rentals in Apartments 3FN, 3FS, and 4FN of Subject Building 219 Avenue A, and these Airbnb listings contained no warning about the illegality of such offerings or the safety concerns associated with unlawful short-term rentals, and featured deceptively appealing titles such as "CLEAN & COZY EAST VILLAGE PAD," advertising at \$170 per night.

75. Through the same "Lina T." Airbnb host account, Operator Defendant Torres also received \$17,000 for 17 illegal short-term rentals at Subject Building 324 East 14th Street, Apartment 3B between March and September of 2019.

76. Operator Defendant Torres used one Airbnb listing (Airbnb Listing No. 33368855) to advertise and operate the aforesaid illegal short-term rentals in Apartment 3B of Subject Building 324 East 14th Street, describing it as "[t]his is a CHIC and CLEAN LOFT in the HEART OF EAST VILLAGE" at the nightly price of \$123.

77. Similarly, Operator Defendant Torres used another Airbnb host account (Airbnb Host ID No. 24344091, "Clara") to receive \$ 9,500 for 13 illegal short-term rentals in Apartment 3A of Subject Building 324 East 14th Street, between July and August 2019.

78. Operator Defendant Torres used one Airbnb listing (Airbnb Listing No. 36643430) to advertise and operate the aforesaid illegal short-term rentals in Apartment 3B of Subject Building 324 East 14th Street, describing it as “HUGE 2 room loft in the heart of the East Village just steps to UNION SQUARE.”

79. Airbnb paid out nearly \$102,000 through the same “Clara” Airbnb host account for 105 illegal short-term rental reservations at Subject Building 158 1st Avenue, between July 2017 and December 2018.

80. Operator Defendant Torres used three Airbnb listings (Airbnb Listing Nos. 19738289, 22125110, and 22124662) to advertise and operate the aforesaid illegal short-term rentals at Subject Building 158 1st Avenue, calling them “A Cozy Gorgeous East Village Apartment,” “Nice and Cozy Room in the East Village,” and “Wonderful and Cozy Room in the East Village,” respectively.

81. In addition to Airbnb host accounts “Lina T.” and “Clara,” Operator Defendant Torres used a 3rd Airbnb host account (Airbnb Host ID No. 34920172, “Angela”), with her phone number ending 5859, to operate illegal short-term rentals at Apartment 4R of Subject Building 219 Avenue A, where Airbnb remitted \$178,000 for 187 illegal short-term rental reservations between February 2016 and September 2019.

82. Operator Defendant Torres used one Airbnb listing (Airbnb Listing No. 8152675) to advertise and operate the aforesaid illegal short-term rentals in Apartment 4R of Subject Building 219 Avenue A, using enticing title such as “CLEAN & COZY 2 bedroom apartment” to advertise nightly rental at \$200.

b. Four Airbnb Host Accounts Used to Operate Illegal Short-Term Rentals at the Subject Buildings Also Indirectly Connected To Operator Defendant Torres

83. Beyond the three Airbnb host accounts discussed above, which are connected directly to Operator Defendant Torres by either payout, phone number, or both, four other Airbnb host accounts used to operate illegal short-term rentals in the Subject Buildings also appear to be connected indirectly to her.

84. Through the four Airbnb host accounts indirectly connected to Operator Defendant Torres, about 718 illegal short-term rental bookings took place in at least eight apartments in three Subject Buildings (219 Avenue A, 324 East 14th Street, and 75 2nd Avenue), also generating more than \$800,000 in revenue in three years.

85. Martina Mendez, with the phone number ending in 8563, is the ConEd account holder for Apartment 4R of Subject Building 219 Avenue A, where Operator Defendant Torres used Airbnb host account “Angela” to operate illegal short-term rentals.

86. The same phone number ending in 8563 was used to create Airbnb host account (Airbnb Host ID No. 48271038) “Peque”, which was then used to operate 106 illegal short-term rentals in Apartment 2R of Subject Building 219 Avenue A, between February 2016 and February 2018, generating \$97,000 in revenue through Airbnb alone.

87. Similarly, Airbnb host account (Airbnb Host ID No. 138164234, “Tania”) has guest reviews that mention “Thuy-Anh” and “Lina” by name, suggesting that Operator Defendant Torres may also have been involved with conducting illegal short-term rentals through this Airbnb host account.

88. Airbnb host account “Tania” used seven different Airbnb listings to advertise illegal short-term rentals in apartments 1, 1B, 2, 2A, and 2B of Subject Building 75 2nd Avenue, and completed over 330 bookings between July 2017 and January 2019, spanning over 1,000

nights, deceiving more than 1,300 guests, and generating \$293,000 in revenue through Airbnb alone.

89. Upon information and belief, Jayson Caste works as a real estate agent alongside Operator Defendant Torres at CitiHabitats, and has co-listed apartments in the Subject Buildings with her as part of his brokerage activity.¹⁶

90. Jayson Caste along with Seth Welty are ConEd account holders at Apartment 1A of Subject Building 324 East 14th Street.

91. Airbnb host account (Airbnb Host ID No. 38032487, “Seth”) was created with the email containing “SethyLenaNYC@,”¹⁷ and was used to conduct 275 illegal short-term rental reservations at Apartments 1A and 2B of Subject Building 324 East 14th Street, between January 2016 and April 2018, generating \$406,000 in revenue through Airbnb alone.

92. Another Airbnb host account (Airbnb Host ID No. 186775750, “Rhio”), with payout to Inclusion Recruiting Company, where Seth Welty is the principal,¹⁸ was used to conduct seven illegal short-term rental reservations at Subject Building 75 2nd Avenue, between May and June 2018, generating \$11,000 in revenue through Airbnb alone.

F. Operator Defendant Soho Lofts

93. Defendant SOHO LOFTS NYC LLC (“Operator Defendant Soho Lofts”), a domestic business corporation, organized under the laws of the State of New York.

¹⁶ <https://www.citihabitats.com/manhattan-real-estate/for-rent/east-village/219-avenue-a,-2-r/7038165>

¹⁷ In Spanish, that phrase translates to “Seth and Lena NYC.”

¹⁸ <http://www.buzzfile.com/business/Inclusion-Recruiting-Company-917-826-6252>

94. Upon information and belief, Operator Defendant Soho Lofts, is affiliated with parent company Apt212 Inc.,¹⁹ with Yoav Blat as the Co-Founder and CEO,²⁰ and specializes in “short-term, fully furnished apartments for rentals 30 days and over in Manhattan’s most desirable neighborhoods” which “range from private rooms in shared apartments to studios, condos and multiple bedroom units to suit our clients’ diverse needs.”²¹

a. Operator Defendant Soho Lofts Simultaneously Control Multiple Apartments in the Subject Buildings

95. According to ConEd records, Operator Defendant Soho Lofts controls the following 11 apartments, either directly in its own name, or in the name of its related corporate entity Nolita Expo Corp. with the exact same phone number: (1) Apartment 1B of Subject Building 324 East 14th Street; (2) Apartment 5A of Subject Building 324 East 14th Street; (3) Apartment 2 of Subject Building 158 1st Avenue; (4) Apartment 4 of Subject Building 158 1st Avenue; (5) Apartment 7 of Subject Building 158 1st Avenue; (6) Apartment 9 of Subject Building 158 1st Avenue; (7) Apartment 11 of Subject Building 158 1st Avenue; (8) Apartment 2FL at Subject Building 75 2nd Avenue; (9) Apartment 3FL at Subject Building 75 2nd Avenue; (10) Apartment 4FL at Subject Building 75 2nd Avenue; and (11) Apartment 5FL at Subject Building 75 2nd Avenue.

96. A 2019 building portfolio and rent roll submitted on behalf of Defendants 219 AVE. A NYC LLC and 158 FIRST AVE NYC LLC in a recent Supreme Court foreclosure action,²² further confirms that Owner Defendants have leased at least nine apartments in the

¹⁹ <https://www.mysoholoft.com/>

²⁰ <https://www.linkedin.com/in/yoav-blat-806b13131/>

²¹ <https://apt212inv.com/team/>

²² *EV 1st Avenue LLC v. 219 Ave. A NYC LLC, et al.*, filed in the New York Supreme Court, New York County, (Index No. 850033/2019).

Subject Buildings – seven of them in rent-stabilized – to Operator Defendant Soho Lofts: (1) Apartment 1B of Subject Building 324 East 14th Street; (2) Apartment 5A of Subject Building 324 East 14th Street; (3) Apartment 1 of Subject Building 158 1st Avenue; (4) Apartment 4 of Subject Building 158 1st Avenue; (5) Apartment 7 of Subject Building 158 1st Avenue; (6) Apartment 9 of Subject Building 158 1st Avenue; (7) Apartment 11 of Subject Building 158 1st Avenue; (8) Apartment 3 of Subject Building 75 2nd Avenue; and (9) Apartment 4 of Subject Building 75 2nd Avenue.

97. On October 3, 2016, shortly *after* adding several apartments in Subject Building 324 East 14th Street to Operator Defendant Soho Lofts' portfolio, Owner Defendants falsely reported to DHCR that all of such apartments controlled by Operator Defendant Soho Lofts are vacant.

98. Specifically, the rent roll submitted by Owner Defendants in the aforesaid foreclosure proceeding for the Subject Building 324 East 14th Street, indicates that Apartments 1B and 5A have been leased by Operator Defendant Soho Lofts from September 1, 2016 through August 31, 2021, at a monthly rent of between \$2,400 and \$3,300 each.

99. Similarly, on November 22, 2016, Owner Defendants falsely reported as vacant to DHCR all five apartments in Subject Building 158 1st Avenue that are in fact controlled by Operator Defendant Soho Lofts, even though the rent roll indicates that Owner Defendants leased these apartments to Operator Defendant Soho Lofts from September 1, 2016 through August 31, 2021 at a monthly rent of \$3,300 each.

b. Operator Defendant Soho Lofts Conducted Illegal Short-Term Rentals and Unlawful Conversions in Various Apartments in the Subject Buildings

100. On March 31, 2018, the City received a 311 complaint that noted unsafe wiring in two apartments controlled by Operator Defendant Soho Lofts: "158 1st ave (APT's 9 and 11)

They use padlocks on all doors, and extension cords in some of their rooms to the residents because of their wiring set ups.”

101. On August 11, 2019, the City received another 311 complaint about unsafe conditions at Subject Building 158 1st Avenue, due to illegal construction in an apartment controlled by Operator Defendant Soho Lofts:

I rented a room from the company SohoLofts, brokered by the real estate company Apt 212. It was 158 1st Ave, apartment 11. They took what was once a studio apartment, or maybe a 1 bedroom apartment, and divided it into 4 bedrooms. I am filing this complaint because at the time, the super of the building, while checking the heater in our apartment, looked around and said to me, ""Yeah this isn't legal."" The walls between the bedrooms were pretty flimsy, which made it seem like this was something the company had constructed on its own.

102. According to Airbnb records, five illegal short-term rentals took place in Apartments 2, 4, and 11 of Subject Building 158 1st Avenue, between August and December 2018, through one Airbnb host account (Airbnb Host ID No. 208069958, “F.”), and the proceeds went to Operator Defendant Soho Lofts.

103. Defendants “JOHN DOE” and “JANE DOE,” numbers 1 through 10, are fictitiously named parties, true names unknown, the parties intended being the owners, managers or operators of the business being carried on by Defendants at the Subject Buildings, and any person claiming any right, title or interest in the real properties which are the subject of this action.

STATEMENT OF FACTS

I. Owner Defendants Have Laden The Subject Buildings With A Significant Amount Of Debt Over Recent Years

104. On February 13, 2019, EV 1st Avenue LLC (“Foreclosing Lender”) filed a commercial foreclosure action against Defendants 219 AVE. A NYC LLC, 158 FIRST

AVENUE LLC, and Sassan Sassouni (hereinafter collectively as “Foreclosure Owner Defendants”).

105. In the complaint, the Foreclosing Lender alleged that in August 2017, Foreclosure Owner Defendants had borrowed a total of \$8.6 million dollars from two other entities (Avenue A 1 LLC and Avenue A 2 LLC), using Subject Buildings 219 Avenue A and 158 1st Avenue as collateral.

106. In the complaint, the Foreclosing Lender alleged that it was the owner of these mortgages in 2019, and that Foreclosure Owner Defendants had failed to make monthly interest payments on this debt for five continuous months, since at least September 2018.

107. On March 15, 2019, the Court appointed a temporary receiver, Elaine Shay, Esq. (“Temporary Receiver”) to preserve and protect Subject Buildings 219 Avenue A and 158 1st Avenue and ensure the properties were not lost or materially injured.

108. On May 16, 2019, the Court granted summary judgment for the Foreclosing Lender, and appointed a referee to ascertain the amount due.

109. A few weeks later, on May 31, 2019, Foreclosure Owner Defendants filed an emergency application seeking to stay the temporary receiver from taking possession and control of the two Subject Buildings, and asserting that they had obtained “11.5 million in financing to satisfy the [now] \$10.5 million debt.”

110. The Court denied this application, and the foreclosure action was not resolved until the parties signed a stipulation and order confirming satisfaction of the mortgages, and returning possession to Foreclosure Owner Defendants.

111. On June 18, 2019, Owner Defendants completed a Schedule of Insured Mortgages, which asserts that, to date, they have taken out at least 12 mortgages on the Subject

Buildings, with many of these mortgages appear to have been used to pay off prior mortgagors, creating a spiral of increasing debt on the Subject Buildings.

II. The Subject Buildings Where Defendants Have Illegally Conducted and Permitted Hazardous Transient Accommodations and Where Violating Conditions Were Repeatedly Found during OSE's Inspections

112. Prior to filing this action, DOB Building Inspectors and FDNY Fire Protection Inspectors assigned to OSE (the "OSE Inspection Team") performed a total of 15 administrative code inspections at the Subject Buildings to determine whether each building was being operated in compliance with applicable law and, if it was not, whether the unlawful use, occupancy and arrangement of the building posed a danger to the health, welfare and safety of the occupants or of the public generally.

113. Since 2017, in light of the many illegal short-term rentals repeatedly found in the Subject Buildings and their resulting building safety violations, the OSE Inspection Team issued Owner Defendants a total of 99 NOVs/Summonses that have resulted in more than \$198,260 in penalties being imposed on them thus far.

A. Public Nuisances, Including Illegal Short-Term Rentals, Repeatedly Found In Subject Building 219 Avenue A

114. The legal occupancy of a building is determined based on records maintained by DOB. For buildings constructed after 1938, the applicable record is called the certificate of occupancy ("C/O"). Once a C/O is issued for a given building, it becomes the governing document for the use and occupancy of that building. New York City Charter § 645(e).²³

²³ New York City Charter § 645(e) provides that "every certificate of occupancy shall, unless and until set aside, vacated or modified by the board of standards and appeals or a court of competent jurisdiction, be and remain binding and conclusive upon all agencies and officers of the city ... and no order, direction or requirement affecting or at variance with any matter set forth in any certificate of occupancy shall be made or issued by any agency or officer of the city ... unless and until the certificate is set aside, vacated or modified by the board of standards and appeals or a court of competent jurisdiction upon application of the agency, department, commission, officer or member thereof seeking to make or issue such order, direction or requirement."

115. The applicable DOB record that governs the legal use and occupancy of Subject Building 219 Avenue A is certificate of occupancy (“C/O”) No. 57065, dated January 21, 1963. According to C/O No. 57065, 219 Avenue A is a five-story “Old Law Tenement and Class ‘A’ Multi. Dwelling,” with a permissible use and occupancy of 11 total apartments on the second through fifth stories.²⁴ Therefore, the only legal occupancy of all 11 apartments within 219 Avenue A is as permanent residential dwelling units for occupancy of 30 consecutive days or more.

116. According to a job application (Job No. 120188787) dated September 22, 2009, by Nejatollah Sassouni for the owner of Subject Building 219 Avenue A, containing the specific warning that “falsification of any statement is a misdemeanor and is punishable by a fine or imprisonment, or both,” the building allegedly had no dwelling units that remain occupied during a 2009 period of construction.

117. Since February 2018, illegal and hazardous short-term rentals have been repeatedly observed by members of the OSE Inspection Team at Subject Buildings 219 Avenue A on six separate occasions in five different apartments, nearly half of the building’s total 11 apartments.

a. February 2, 2018 OSE Inspection and Illegal Transient Use Found in Subject Building 219 Avenue A, Apartment 2R

118. On February 2, 2018, DOB Supervisory Inspector Eduardo Cautela (“DOB Inspector Cautela”) and several other members of the OSE Inspection Team conducted an Administrative Code inspection of Subject Building 219 Avenue A to determine compliance at that

²⁴ C/O No. 57065 also permits legal occupancy of the cellar for “Boiler room and Storage” and of the first story for “Stores.”

location with the Building Code and Zoning Resolution, as well as any other statutes or regulatory provisions enforceable by DOB.

119. Upon arriving at the building together with the OSE Inspection Team, DOB Inspector Cautela encountered a transient guest in unit 2R on the second floor. The guest gave her name as “Raquel,” and stated that she was from Brazil and that she and a second guest were renting a room through Airbnb pursuant to an advertisement called “Clean & Cozy 2 bedroom apartment,” with an Airbnb host called Connie Mendez, who had been using the phone number XXX-XXX-8563.

120. Raquel showed OSE Inspection Team her party’s booking confirmation, which confirmed that her party was staying from January 26, 2018 to February 12, 2018, and paying 6,435 Brazilian reals for their stay, which converts to approximately \$1549.93 US dollars.

121. While speaking to Raquel, DOB Inspector Cautela noted that the apartment in which she was staying, apartment 2R, appeared to have been illegally subdivided so that it contained an internal bedroom without adequate light or ventilation.

122. After speaking to Raquel, DOB Inspector Cautela also spoke to a long-term resident of the building, who stated that the building was being used transiently on a regular basis, with the hallways often full of travelers carrying their luggage and speaking a variety of languages.

123. Based upon his observations and interviews, DOB Inspector Cautela issued the following six summonses to the respondent building owner, Defendant 219 AVE A NYC LLC.²⁵ For each summons DOB Inspector Cautela issued, he noted the factual and legal basis for each

²⁵ Initially, DOB Inspector Cautela issued six summonses to East 14th Street Owner LLC, a separate entity, which, according to New York City Department of Finance records, owned part of the lot on which 219 Avenue A is situated. East 14th Street Owner LLC’s legal representative clarified at OATH that Defendant 219 AVE A NYC LLC is the proper owner of the Subject Building 219 Avenue A, whereupon DOB Inspector Cautela reissued my initial six summonses to the proper party.

violation, assigning a Violation Classification depending on the severity of the hazardous conditions which gave rise to each violation [i.e., Class 1, Class 2, or Class 3], and directing the particular remedy for the respondent building owner to address each violation.

124. A description of each violation noted on each summons is set forth below:

Summons #	Date:	Violation Noted:	Severity:	Remedy:
35373795M	2/2/18	Permanent dwelling used/converted for other than permanent residential purposes.	Class 2	Discontinue illegal use.
35373796Y	2/2/18	Failure to provide fire alarm system for transient use.	Class 1	Discontinue illegal use.
35373797X	2/2/18	Failure to comply with automatic fire sprinkler requirements for transient use.	Class 1	Discontinue illegal use.
35373798H	2/2/18	Failure to provide number of required means of egress for every floor.	Class 1	Discontinue illegal use.
35373799J	2/2/18	Work without a permit. Noted: at Apt 2R full height partitions erected to create bedroom.	Class 2	Obtain permits.
35374000Y	2/2/18	Failure to maintain building in code compliant manner. Failure to provide required light and ventilation for every bedroom.	Class 1	Comply with code.

125. On June 13, 2019, OATH held a hearing on these summonses, at which Defendant 219 Ave A NYC LLC failed to appear. Consequently, a default judgment was entered against Defendant 219 Ave A NYC LLC – totaling \$26,000 in penalties.

126. Defendant 219 Ave A NYC LLC has failed to pay this penalty amount, and likewise failed to certify correction of these violations as ordered by the DOB Commissioner.

b. May 15, 2018 OSE Inspection and Illegal Transient Use Found in Subject Building 219 Avenue A, Apartment 3FN

127. On May 15, 2018, DOB Supervisor Inspector Ricky Chung (“DOB Inspector Chung”) and other members of the OSE Inspection Team conducted another Administrative Code inspection of Subject Building 219 Avenue A to determine compliance at that location with the Building

Code and Zoning Resolution, as well as any other statutes or regulatory provisions enforceable by DOB.

128. They were conducting that inspection in response to a complaint the City received earlier that year from the public claiming that the building was being used as an illegal hotel.

129. DOB Inspector Chung encountered a transient guest in apartment 3FN. This guest gave his name as “Berend” from Switzerland, and stated that he was traveling with his wife and eight month old baby, from May 11, 2018 to May 17, 2018.

130. Berend further stated that he had booked his family’s trip through Airbnb through an advertisement called “Clean & Cozy East Village Pad,” and paid 1179.40 Swiss francs to an Airbnb host named “Lina.”²⁶

131. Berend stated that he had received the keys to the apartment he was renting from an employee of the barbershop just downstairs.

132. After speaking to Berend, DOB Inspector Chung went to the barbershop Berend had mentioned, “Ben’s Barbers,” and spoke to two employees who confirmed that they routinely gave transient guests the keys to multiple units at 219 Avenue A. They stated that a real estate broker named “Lina” had set this up, but alleged that they had not actually seen Lina in person for over two years.

133. Based upon his observations and interview with Berend, DOB Inspector Chung issued the following four summonses to Defendant 219 AVE A NYC LLC. A description of each violation is set forth below:

Summons #	Date:	Violation Noted:	Severity:	Remedy:
35321516X	5/15/18	Permanent dwelling used/converted for other than permanent residential purposes.	Class 1	Discontinue illegal use.

²⁶ Approximately \$1189.43.

Summons #	Date:	Violation Noted:	Severity:	Remedy:
35321518J	5/15/18	Failure to provide fire alarm system for transient use.	Class 1	Discontinue illegal use.
35321517H	5/15/18	Failure to comply with automatic fire sprinkler requirements for transient use.	Class 1	Discontinue illegal use.
35321519L	5/15/18	Failure to provide number of required means of egress for every floor.	Class 1	Discontinue illegal use.

134. On March 6, 2019, OATH held a hearing on these summonses. They were dismissed on procedural grounds, as they had been issued to East 14th Street Owner LLC instead of to the proper respondent, Defendant 219 Ave. A LLC.

c. April 6, 2019 OSE Inspection and Illegal Transient Use Found in Subject Building 219 Avenue A, Apartments 4FN and 4FS

135. On April 6, 2019, DOB Associate Inspector Dalton Henlon (“DOB Inspector Henlon”) and other members of the OSE Inspection Team conducted an Administrative Code inspection of Subject Building 219 Avenue A.

136. They were conducting that inspection in response to a complaint the City received earlier that year from the public, which linked to an Airbnb advertisement and alleged that “Sam Sassouni, landlord” was, together with a “real estate broker named Lina Torres” (Operator Defendant Torres), “running an illegal hotel.”

137. DOB Inspector Henlon found transient guests in two units during the inspection. First, in unit 4FS, he interviewed two guests from California who said that they had booked through Airbnb, through an advertisement called “Pristine Studio in the Heart of the E. Village,” paying \$800 total to Airbnb host “Luz” for a stay from April 3, 2019 to April 6, 2019.

138. Next, DOB Inspector Henlon interviewed two guests in unit 4FN, who stated that they were also from California and that they had booked their stay on Airbnb with an advertisement

call “Clean Cozy & Comfy East Village Pad,” from April 5, 2019 to April 7, 2019 for \$100 per night to Airbnb host named “Lina,” with the phone number of XXX-XXX-3444.

139. Based upon his observations and interviews with the transient guests, DOB Inspector Henlon issued the following four summonses to Defendant 219 AVE A NYC LLC:²⁷

Summons #	Date:	Violation Noted:	Severity:	Remedy:
35438436P	4/6/19	Permanent dwelling used/converted for other than permanent residential purposes.	Class 1	Discontinue illegal use.
35438439K	4/6/19	Failure to provide fire alarm system for transient use.	Class 1	Discontinue illegal use.
35438438Z	4/6/19	Failure to comply with automatic fire sprinkler requirements for transient use.	Class 1	Discontinue illegal use.
35438437R	4/6/19	Failure to provide number of required means of egress for every floor.	Class 1	Discontinue illegal use.

d. August 1, 2019 OSE Inspection and Illegal Transient Use Found in Subject Building 219 Avenue A, Apartments 3FN and 3FS

140. On August 1, 2019, DOB Inspector Henlon and several other members of the OSE Inspection Team returned to Subject Building 219 Avenue A for another Administrative Code inspection. Once again, DOB Inspector Henlon discovered multiple instances of illegal transient activity in the Subject Building 219 Avenue A like he did on April 6, 2019, this time in apartments 3FN and 3FS.

141. In apartment 3FN, he encountered a guest who said she was on vacation from Washington, D.C.; that she had made reservations through Airbnb through an advertisement called “Clean & Cozy East Village Pad,” from August 1, 2019 to August 2, 2019; and that she had paid a total of \$245.00 to Airbnb host “Lina” for her stay.

²⁷ As before, Inspector Henlon first issued these summonses to East 14th Street Owner LLC, but later withdrew and reissued them to the proper respondent, Defendant 219 Ave. A NYC LLC.

142. In apartment 3FS, DOB Inspector Henlon encountered a second guest from New Jersey who gave her name – “Amy” – and said that she had booked her apartment through Airbnb pursuant to an advertisement called “Clean and Stylish East Village Pad,” from August 1, 2019 to August 2, 2019; and that she had paid \$265.32 to Airbnb host “Lina” for her stay.

143. Both Amy in apartment 3FS and the guest in apartment 3FN told DOB Inspector Henlon that the Airbnb host “Lina” was using phone number XXX-XXX-3444.

144. Based upon his observations and interviews with the transient guests, DOB Inspector Henlon issued the following four summonses to the building owner, Defendant 219 Ave A NYC LLC:

Summons #	Date:	Violation Noted:	Severity:	Remedy:
35438367K	8/1/19	Permanent dwelling used/converted for other than permanent residential purposes.	Class 1	Discontinue illegal occupancy.
35438372P	8/1/19	Failure to provide fire alarm system for transient use.	Class 1	Discontinue illegal occupancy.
35438369Y	8/1/19	Failure to comply with automatic fire sprinkler requirements for transient use.	Class 1	Discontinue illegal occupancy.
35438368M	8/1/19	Failure to provide number of required means of egress for every floor.	Class 1	Discontinue illegal occupancy.

e. August 6, 2019 OSE Inspection and Illegal Transient Use Found in Subject Building 219 Avenue A, Apartment 3FN

145. On August 6, 2019, DOB Inspector Henlon and several other members of the OSE Inspection Team again conducted an Administrative Code inspection of Subject Building 219 Avenue A.

146. This time, DOB Inspector Henlon found two new transient guests from Toronto, Canada in apartment 3FN. These guests had booked their stay through Airbnb, with an advertisement called “Clean & Cozy East Village Pad.”

147. They stated that they had arrived on August 5, 2019 and were leaving August 8, 2019. They stated that their Airbnb host, "Lina," was not staying with them, and that they had retrieved the keys to their apartment from a lockbox on the front of Subject Building 219 Avenue A.

148. Based upon his observations and interview with the transient guests, DOB Inspector Henlon issued the following summonses to the building owner, Defendant 219 Ave. A NYC LLC:

Summons #	Date:	Violation Noted:	Severity:	Remedy:
35438425J	8/6/19	Permanent dwelling used/converted for other than permanent residential purposes.	Class 1	Discontinue illegal occupancy.
35438428P	8/6/19	Failure to provide fire alarm system for transient use.	Class 1	Discontinue illegal occupancy.
35438427N	8/6/19	Failure to comply with automatic fire sprinkler requirements for transient use.	Class 1	Discontinue illegal occupancy.
35438426L	8/6/19	Failure to provide number of required means of egress for every floor.	Class 1	Discontinue illegal occupancy.

f. September 9, 2019 OSE Inspection and Illegal Transient Use Found in Subject Building 219 Avenue A, Apartment 4R

149. On September 9, 2019, DOB Inspector Cautela and several other members of the OSE Inspection Team conducted another Administrative Code inspection of Subject Building 219 Avenue A.

150. DOB Inspector Cautela encountered a male guest staying in apartment 4R, who stated that he and two other people had booked that apartment through Airbnb for a stay from September 8, 2019 to September 14, 2019. The guest stated that his host was a man who had met with him to give him the keys to the apartment.

151. Based upon his observations and interview with the guest, DOB Inspector Cautela issued the following four summonses to the building owner, Defendant 219 AVE A NYC LLC:

Summons #	Date:	Violation Noted:	Severity:	Remedy:
35443980P	9/9/19	Permanent dwelling used/converted for other than permanent residential purposes.	Class 1	Discontinue illegal use.
35443981R	9/9/19	Failure to provide fire alarm system for transient use.	Class 1	Discontinue illegal use.
35443982Z	9/9/19	Failure to comply with automatic fire sprinkler requirements for transient use.	Class 1	Discontinue illegal use.
35443983K	9/9/19	Failure to provide number of required means of egress for every floor.	Class 1	Discontinue illegal use.

152. To date, Defendant 219 AVE A NYC LLC has not certified correction of these or any other summonses issued for illegal transient use or related violations.

B. Public Nuisances, Including Illegal Short-Term Rentals, Repeatedly Found In Subject Building 324 East 14th Street

153. Because there is no C/O, the applicable record setting forth the legal use and occupancy of Subject Building 324 East 14th Street is the relevant HPD I-Card. According to the applicable I-Card, 324 East 14th Street is also a Class “A” Old Law Tenement building, in this instance with a total of 15 apartments on the 1st through 5th floors. Therefore, the only legal occupancy of all 15 apartments within Subject Building 324 East 14th Street is as permanent residential dwelling units for occupancy of 30 consecutive days or more.

154. According to job application (Job No. 101119754) filed on August 21, 1995, by N. Sassouni for the owner of Subject Building 324 East 14th Street, the building was falsely reported as not subject to rent control or rent stabilization.

155. Since May 2017, the City has received numerous complaints regarding illegal short-term rentals in 324 East 14th Street. In May 2017, there was a complaint about “the Landlord...renting apartments as hotel rooms.” Similarly, in January 2018, twice in April 2019,

and again in August 2019, the City received separate complaints about illegal hotel use of the building.

156. Specifically, in August 2019, a complaint alleged that “There is illegal short term rental/ air bnb [sic] in the building. People are seen coming in and out of the unit with suitcases all the time.”

157. Since June 2017, illegal and hazardous short-term rentals have been repeatedly observed by members of the OSE Inspection Team at Subject Building 324 East 14th Street on five separate occasions in five different apartments, a third of the building’s total 15 apartments.

a. June 9, 2017 OSE Inspection and Illegal Transient Use Found in Subject Building 324 East 14th Street, Apartment 2A

158. On June 9, 2017, DOB Inspector Valeri Filatov, along with several other members of the OSE Inspection Team, conducted an Inspection of Subject Building 324 East 14th Street to determine compliance at that location with the Building Code and Zoning Resolution, as well as any other statutes or regulatory provisions enforceable by DOB.

159. The Inspection Team was conducting that inspection in response to a complaint the City received earlier that year from the public claiming that “the landlord is renting apartments as hotel rooms.”

160. DOB Inspector Filatov encountered four transients guest in apartment 2A. These guests – two adults and two children—stated that they were from Frankfurt, Germany; that they had never met their Airbnb host, named “Seth;” and that they had booked their stay through an Airbnb listing called “Artist’s Loft in Union Square” for five days, from June 5, 2017 to June 10, 2017 for 1721 Euros.²⁸

²⁸ Approximately \$1,906.95 US Dollars.

161. Based upon his observations and interviews with these guests, DOB Inspector Filatov issued the following four summonses to the respondent building owner, Defendant 324 East 14th Street LLC:

Summons #	Date:	Violation Noted:	Severity:	Remedy:
35257829N	6/9/17	Permanent dwelling used/converted for other than permanent residential purposes.	Class 2	Discontinue illegal occupancy.
35257830K	6/9/17	Failure to provide number of required means of egress for every floor.	Class 1	Discontinue illegal occupancy.
35257831M	6/9/17	Failure to provide fire alarm system for transient use.	Class 1	Discontinue illegal occupancy.
35257832Y	6/9/17	Failure to provide a system of automatic sprinklers.	Class 1	Discontinue illegal occupancy.

162. On September 20, 2019, OATH held a hearing on three of these four summonses – 35257829N, 35257830K, and 35257832Y. An individual named Sam Sassouni appeared at the hearing as the authorized representative for Defendant 324 East 14th Street LLC, and alleged that he had a lease with a Seth Wilty. The summonses were held “in violation.”

163. On June 9, 2017, the remaining summons, 35257831M, was upheld as a default judgement in violation, as Defendant 324 East 14th Street LLC failed to appear at OATH for that hearing.

164. As a result, OATH issued penalties totaling \$11,600 for all of these summonses. Defendant 324 East 14th Street LLC has failed to pay this amount, and likewise failed to file acceptable certificates of correction for these violations.

b. March 28, 2018 OSE Inspection and Illegal Transient Use Found in Subject Building 324 East 14th Street, Apartment 2B

165. On March 28, 2018, DOB Inspector Cautela, along with several other members of the OSE Inspection Team, conducted an Administrative Code inspection of Subject Building 324

East 14th Street to determine compliance at that location with the Building Code and Zoning Resolution, as well as any other statutes or regulatory provisions enforceable by DOB.

166. OSE Inspection Team were also conducting that inspection in response to a complaint the City received earlier that year from the public claiming that the building was being used as an illegal hotel, that “the guest [sic] stay 2 days or just for the weekend” and that the “landlord gave them permission to do so.”

167. Upon arriving at the building together with the OSE Inspection Team, DOB Inspector Cautela encountered a transient guest in apartment 2B. The guest gave his name as “Roger” and stated that he was from California. He explained that he and three other members of his family were renting the one-bedroom apartment through an Airbnb host called Seth, who had been using the phone number XXX-XXX-6572.

168. Roger further stated that he and his family were staying from March 27, 2018 to March 31, 2018 for \$1,310.58. His Airbnb listing appeared to be called “Designer’s Loft in Union Square.”

169. Based upon DOB Inspector Cautela’s observations and interviews, he issued the following nine summonses to the building owner, Defendant 324 East 14th Street LLC:

Summons #	Date:	Violation Noted:	Severity:	Remedy:
35321065X	3/28/18	Permanent dwelling used/converted for other than permanent residential purposes.	Class 1	Discontinue illegal use.
35321066H	3/28/18	Failure to provide fire alarm system for transient use.	Class 1	Discontinue illegal use.
35321067J	3/28/18	Failure to comply with automatic fire sprinkler requirements for transient use.	Class 1	Discontinue illegal use.
35321068L	3/28/18	Failure to provide number of required means of egress for every floor.	Class 1	Discontinue illegal use.
35321069N	3/28/18	Work without a permit. Noted: at Apt 2B, loft and staircase created in living room.	Class 2	Obtain permit.

Summons #	Date:	Violation Noted:	Severity:	Remedy:
35321070K	3/28/18	Failure to file a certificate of correction for Violation 35257829N.	Class 2	File a Certificate of Correction.
35321071M	3/28/18	Failure to file a certificate of correction for Violation 35257831M.	Class 2	File a Certificate of Correction.
35321072Y	3/28/18	Failure to file a certificate of correction for Violation 352578232Y.	Class 2	File a Certificate of Correction.
35321073X	3/28/18	Failure to file a certificate of correction for Violation 35257830K.	Class 2	File a Certificate of Correction.

170. On September 20, 2018, OATH held a hearing on these summonses. An individual named Sam Sassouni appeared at the hearing as the authorized representative for Defendant 324 East 14th Street LLC.

171. OATH upheld all of the violations, issuing total penalties of \$81,250.00. Defendant 324 East 14th Street LLC has failed to pay this amount, and likewise failed to file acceptable certificates of correction for these violations.

c. April 23, 2019 OSE Inspection and Illegal Transient Use Found in Subject Building 324 East 14th Street, Apartment 5A

172. On April 23, 2019, DOB Inspector Henlon, along with several other members of the OSE Inspection Team, conducted an Administrative Code inspection of Subject Building 324 East 14th Street to determine compliance at that location with the Building Code and Zoning Resolution, as well as any other statutes or regulatory provisions enforceable by DOB.

173. DOB Inspector Henlon was conducting that inspection in response to a complaint the City received earlier that year from the public claiming that an apartment was being used “as an Airbnb” with guests being asked to leave “because of a noise complaint.”

174. Shortly after arriving at the building, DOB Inspector Henlon encountered a party of transient guests entering the building. One of the guests stated that she was from Vietnam and that

she and three family members were renting apartment 5A. They had booked their trip through Airbnb for \$500 per night, and were staying from April 20, 2019 through May 8, 2019. They gave their Airbnb host's name as "Rob."

175. Based upon his observations and interview with the transient guest, DOB Inspector Henlon issued the following 21 summonses to building owner, Defendant 324 East 14th Street LLC:

Summons #	Date:	Violation Noted:	Severity:	Remedy:
35417911M	4/23/19	Permanent dwelling used/converted for other than permanent residential purposes.	Class 1	Discontinue illegal occupancy.
35417914H	4/23/19	Failure to provide fire alarm system for transient use.	Class 1	Discontinue illegal occupancy.
35417913X	4/23/19	Failure to comply with fire sprinkler requirements for transient use.	Class 1	Discontinue illegal occupancy.
35417912Y	4/23/19	Failure to provide number of required means of egress for every floor.	Class 1	Discontinue illegal occupancy.
35417915J	4/23/19	Failure to file a certificate of correction for Violation 35257830K.	Class 2	File a Certificate of Correction.
35417916L	4/23/19	Failure to file a certificate of correction for Violation 35257832Y.	Class 2	File a Certificate of Correction.
35417917N	4/23/19	Failure to file a certificate of correction for Violation 35321065X.	Class 2	File a Certificate of Correction.
35417918P	4/23/19	Failure to file a certificate of correction for Violation 35321066H.	Class 2	File a Certificate of Correction.
35417919R	4/23/19	Failure to file a certificate of correction for Violation 35321068L.	Class 2	File a Certificate of Correction.
35417920Y	4/23/19	Failure to file a certificate of correction for Violation 35321069N.	Class 2	File a Certificate of Correction.
35417921X	4/23/19	Failure to file a certificate of correction for Violation 35321070K.	Class 2	File a Certificate of Correction.

Summons #	Date:	Violation Noted:	Severity:	Remedy:
35417922H	4/23/19	Failure to file a certificate of correction for Violation 35321071M.	Class 2	File a Certificate of Correction.
35417923J	4/23/19	Failure to file a certificate of correction for Violation 35321072Y.	Class 2	File a Certificate of Correction.
35417924L	4/23/19	Failure to file a certificate of correction for Violation 35321073X.	Class 2	File a Certificate of Correction.
35417950P	4/23/19	Failure to file a certificate of correction for Violation 35257831M.	Class 2	File a Certificate of Correction.
35417951R	4/23/19	Failure to file a certificate of correction for Violation 35321356X.	Class 2	File a Certificate of Correction.
35417952Z	4/23/19	Failure to file a certificate of correction for Violation 35321357H.	Class 2	File a Certificate of Correction.
35417953K	4/23/19	Failure to file a certificate of correction for Violation 35321358J.	Class 2	File a Certificate of Correction.
35417967L	4/23/19	Failure to file a certificate of correction for Violation 35321359L.	Class 2	File a Certificate of Correction.
35417955Y	4/23/19	Failure to file a certificate of correction for Violation 35257829N.	Class 2	File a Certificate of Correction.
35417956X	4/23/19	Failure to file a certificate of correction for Violation 35321067J.	Class 2	File a Certificate of Correction.

176. On October 3, 2019, OATH held a hearing on the above-mentioned 17 summonses for failure to file certificates of correction, entering a default judgment against Defendant 324 East 14th Street LLC in the total amount of \$21,760.00.

d. April 26, 2019 OSE Inspection and Illegal Transient Use Found in Subject Building 324 East 14th Street, Apartment 3B

177. On April 26, 2019, DOB Inspector Henlon, along with several other members of the OSE Inspection Team, conducted another Administrative Code inspection of Subject Building

324 East 14th Street to determine compliance at that location with the Building Code and Zoning Resolution, as well as any other statutes or regulatory provisions enforceable by DOB.

178. On this instance, DOB Inspector Henlon encountered a transient guest in apartment 3B. This guest gave her name as Kim, and stated that she was on vacation from April 23, 2019 through April 27, 2019. She informed DOB Inspector Henlon that she had rented apartment 3B through an Airbnb listing called “Chic East Village Loft Steps to Union Square” for \$1,209.00, and that her host’s name was “Lina T.”

179. Based upon his observations and interview with the transient guest, DOB Inspector Henlon issued the following five summonses to building owner, Defendant 324 East 14th Street LLC:

Summons #	Date:	Violation Noted:	Severity:	Remedy:
35417966J	4/26/19	Permanent dwelling used/converted for other than permanent residential purposes.	Class 1	Discontinue illegal occupancy.
35417964X	4/26/19	Failure to provide fire alarm system for transient use.	Class 1	Discontinue illegal occupancy.
35417963Y	4/26/19	Failure to comply with automatic fire sprinkler requirements for transient use.	Class 1	Discontinue illegal occupancy.
35417962M	4/26/19	Failure to provide number of required means of egress for every floor.	Class 1	Discontinue illegal occupancy.
35417965H	4/26/19	Failure to maintain building in code compliant manner. Noted at time of inspection: second entry door sticking in the lock position. Door unable to be opened with buzzer lock from apartments.	Class 2	Discontinue illegal occupancy.

180. On October 3, 2019, OATH held a hearing on these summonses. No one appeared at the hearing for Defendant 324 East 14th Street LLC. OATH thus upheld all of the violations as a default judgement, issuing total penalties of \$57,650.00. Defendant 324 East 14th Street LLC

has failed to pay this amount, and likewise failed to file acceptable certificates of correction for these violations.

e. August 9, 2019 OSE Inspection and Illegal Transient Use Found in Subject Building 324 East 14th Street, Apartment 3A

181. On August 9, 2019, DOB Inspector Henlon, along with several other members of the OSE Inspection Team, conducted an Administrative Code inspection of Subject Building 324 East 14th Street to determine compliance at that location with the Building Code and Zoning Resolution, as well as any other statutes or regulatory provisions enforceable by DOB.

182. DOB Inspector Henlon was also conducting that inspection in response to a complaint the City received earlier that year from the public claiming that yet another unit in the building was being used as an “Airbnb rental” with people “coming in and out of unit with suitcases all the time.”

183. This time, DOB Inspector Henlon encountered a transient guest from Los Angeles who was staying in apartment 3A. This guest stated that he made reservations through an Airbnb listing called “Huge 2 Room Loft Steps to Union Square” for August 8, 2019 through August 10, 2019, for vacation for a family of four. He told DOB Inspector Henlon that he had paid a total of \$711.72, and that his host’s name was “Clara.” He said that all communication with “Clara” was through Airbnb, and that “Clara” had sent him a code for a key box for apartment 3A through that website.

184. Based upon his observations and interview with the transient guest, DOB Inspector Henlon issued the following six summonses to building owner, Defendant 324 East 14th Street LLC:

Summons #	Date:	Violation Noted:	Severity:	Remedy:
35438430Y	8/9/19	Permanent dwelling used/converted for other than permanent residential purposes.	Class 1	Discontinue illegal occupancy.
35438433J	8/9/19	Failure to provide fire alarm system for transient use.	Class 1	Discontinue illegal occupancy.
35438432H	8/9/19	Failure to comply with automatic fire sprinkler requirements for transient use.	Class 1	Discontinue illegal occupancy.
35438431X	8/9/19	Failure to provide number of required means of egress for every floor.	Class 1	Discontinue illegal occupancy.
35438434L	8/9/19	Failure to comply with Commissioner's Order to file a certificate of correction for the violating conditions noted on violation #35321069N issued on 3/28/18.	Class 2	File a certificate of correction.
35438435N	8/9/19	Failure to comply with Commissioner's Order to file a certificate of correction for the violating conditions noted on violation #35417912Y issued on 4/23/19.	Class 2	File a certificate of correction.

185. To date, Defendant 324 East 14th Street LLC has not certified correction of these or any other summonses issued for illegal transient use or related violations.

C. Public Nuisances, Including Unlawful Conversion, Repeatedly Found In Subject Building 158 1st Avenue

186. Because there is no C/O, the applicable record for Subject Building 158 1st Avenue is an I-Card on file with HPD. This I-Card indicates that Subject Building 158 1st Avenue is six floors high with 11 apartments.

187. Further, this I-Card is stamped both "OLT" and "Heretofore Erected – O.L.," designating Subject Building 158 1st Avenue an Old Law Tenement and therefore a "Class A" multiple dwelling. Accordingly, the only legal occupancy of all apartments within Subject Building 158 1st Avenue is as permanent residential dwelling units for occupancy of 30 consecutive days or more.

188. Between March 2018 and August 2019, the City received five different complaints concerning illegal occupancy in various apartments in Subject Building 158 1st Avenue.

189. Specifically, on March 31, 2018, the City received an online complaint which claimed that the Subject Building 158 1st Avenue had “padlocks on all doors,” with extension cords in rooms

190. In addition, on January 26, 2019, the City received another online complaint regarding an Airbnb advertisement, which connected “Lina Torres, property manager” and “Sassan Sassouni, owner” to an illegal hotel at Subject Building 158 1st Avenue.

191. Several months later, on August 3, 2019, another online complaint was filed which alleged, “Owner renting several apartments in same building to Airbnb while [sic] these apartments are NOT ever their living places, charging lots of money to tourists, all year long.”

192. Finally, on August 11, 2019, another online complaint was filed from an individual claiming to have actually rented a room in Apartment 11 of Subject Building 158 1st Avenue. This individual alleged that they had rented the room from a company called “Soholofts,” brokered by a real estate company called “Apt 212.” The complaint stated that the apartment appeared to have been illegally subdivided into four bedrooms, with the resulting construction being “flimsy.” The complaint also alleged that the superintendent of the building had observed the purportedly illegal subdivision and stated, “Yeah, this isn’t legal.”

a. April 23, 2019 OSE Inspection and Illegal Conversion Suspected in Subject Building 158 1st Avenue, Apartment 4

193. On April 23, 2019, DOB Inspector Henlon and several other members of the OSE Inspection Team visited Subject Building 158 1st Avenue to conduct an Administrative Code inspection.

194. After entering the building, the team encountered a male guest in apartment 4, who stated that his company had booked the apartment through a website called “Apartment 212.” The guest stated that while he was renting room 1 from April 7, 2019 to May 7, 2019, there were other guests in room 2 and room 3 in apartment 4.

b. July 9, 2019 OSE Inspection and Illegal Conversion Suspected in Subject Building 158 1st Avenue, Apartments 4, 7, and 9

195. On July 8, 2019, DOB Associate Inspector He Yong Zheng (“DOB Inspector Zheng”) and several other members of the OSE Inspection Team visited 158 1st Avenue to conduct an Administrative Code inspection.

196. After entering the building, the team encountered a female guest named “Kate” in apartment 4, who stated that she was renting a room from April 2019 to August 15, 2019, and that there were three other individuals living in that apartment.

197. The team also encountered a male guest named “John” in apartment 7, who stated that he was renting a room from June 1, 2019 to August 31, 2019, and that there were three other individuals living in that apartment.

198. Lastly, the team encountered a female guest named “Caroline” in apartment 9, who stated that she was renting a room from June 1, 2019 to August 31, 2019, and that there were three other individuals living in that apartment.

c. August 1, 2019 OSE Inspection and Illegal Conversion Found in Subject Building 158 1st Avenue, Apartment 9

199. On August 1, 2019, DOB Inspector Henlon and several other members of the OSE Inspection Team visited Subject Building 158 1st Avenue to conduct an Administrative Code inspection.

200. After entering the building, the team encountered a guest who gave her name as “Artistea.” She was staying in Apartment 9 on the fifth floor of the building, and stated that a friend’s father had booked the apartment for her and two roommates through a website called “Apartment 212.”

201. She stated that she had booked her stay from June 1, 2019 to August 31, 2019, and permitted the OSE Inspection Team to enter and inspect her apartment, whereupon DOB Inspector Henlon observed that the apartment had been illegally subdivided into three single-room occupancy units, unit #1, #2, and #3, each with key-locking devices upon the door.

202. Artistea informed Inspector Henlon that she had recurring issues with building management due to management’s failure to maintain the building. One of her roommates echoed this complaint.

203. DOB Inspector Henlon also interviewed two other long-term tenants in the building, who each told him that there was “Airbnb activity” in the building.

204. Based upon his inspection and interviews with the tenants, DOB Inspector Henlon issued the following seven summonses to Defendant 158 First Ave NYC LLC:

Summons #	Date:	Violation Noted:	Severity:	Remedy:
35438356P	8/1/19	Dwelling converted, maintained, or authorized with three or more additional units than legally authorized – violation for room #3.	Class 1	Restore to prior legal condition.
35438357R	8/1/19	Dwelling converted, maintained, or authorized with three or more additional units than legally authorized – violation for room #2.	Class 1	Restore to prior legal condition.
35438358Z	8/1/19	Dwelling converted, maintained, or authorized with three or more additional units than legally authorized – violation for room #1.	Class 1	Restore to prior legal condition.
35438361J	8/1/19	Failure to provide fire alarm system for SRO units.	Class 1	Restore to prior legal condition.

Summons #	Date:	Violation Noted:	Severity:	Remedy:
35438360H	8/1/19	Failure to comply with automatic fire sprinkler requirements for apartments illegally converted to SRO use.	Class 1	Restore to prior legal condition.
35438359K	8/1/19	Failure to provide number of required means of egress for every floor.	Class 1	Discontinue illegal occupancy/restore to prior condition.
35438362L	8/1/19	Work without a permit noted at apartment 9. Erected full height partitions.	Class 1	Obtain all permits.

205. Based upon the conditions observed by DOB Inspector Henlon, DOB also issued a partial vacate for Apartment nine, finding the illegal conversion of apartment 9 to be “imminently perilous to life, public safety, and the safety of occupants or to property,” and ordering Defendants to immediately correct all violations giving rise the Vacate Order.

206. On August 20, 2019, an individual named “Daniel Duplantier,” who alleged that he was an officer or director of Defendant 158 First Ave NYC LLC filed Certificates of Correction for five summonses for Subject Building 158 1st Avenue – summonses 35438356P, 35438357R, 35438358Z, 35438359K, and 35438360H. Duplantier stated that he had removed all keylocks from the doors of the illegally subdivided rooms and evicted the tenants.

d. November 15, 2019 OSE Inspection and Illegal Conversion Found in Subject Building 158 1st Avenue, Apartment 9

207. On August 1, 2019, DOB Supervisory Inspector Marco Botticelli (“DOB Inspector Botticelli”) and several other members of the OSE Inspection Team visited Subject Building 158 1st Avenue to conduct an Administrative Code inspection.

208. DOB Inspector Botticelli gained access to apartment 7, on the fourth floor of the building, where he encountered a tenant. This tenant stated that he had two roommates, but that each were renting separate rooms. DOB Inspector Botticelli observed that the apartment appeared to be arranged as three single room occupancy units. The tenant further stated that he

did not know his two roommates, but that he believed each tenant in the apartment was paying around \$2,000 for their rental of the room.

209. Based upon his inspection and interviews with the tenant, DOB Inspector Botticelli issued the following six summonses to Defendant 158 First Ave NYC LLC:

Summons #	Date:	Violation Noted:	Severity:	Remedy:
35455130R	11/15/19	Dwelling converted, maintained, or authorized with three or more additional units than legally authorized – violation for room #1.	Class 1	Restore to prior legal condition.
35455131Z	11/15/19	Dwelling converted, maintained, or authorized with three or more additional units than legally authorized – violation for room #2.	Class 1	Restore to prior legal condition.
35455132K	11/15/19	Dwelling converted, maintained, or authorized with three or more additional units than legally authorized – violation for room #3.	Class 1	Restore to prior legal condition.
35455135X	11/15/19	Failure to provide fire alarm system for SRO units.	Class 1	Discontinue illegal occupancy
35455133M	11/15/19	Failure to comply with automatic fire sprinkler requirements for apartments illegally converted to SRO use.	Class 1	Discontinue illegal occupancy
35455134Y	11/15/19	Failure to provide number of required means of egress for every floor.	Class 1	Discontinue illegal occupancy

D. Public Nuisances, Including Unlawful Conversion, Found In Subject Building 75 2nd Avenue

210. Because there is no C/O, the applicable record for Subject Building 75 2nd Avenue is an I-Card on file with HPD. This I-Card indicates that 75 2nd Avenue is four stories high, in addition to a cellar and basement, with four apartments total.

211. This I-Card is stamped both “OLT” and “Heretofore Erected – O.L.,” designating 75 2nd Avenue an Old Law Tenement and therefore a “Class A” multiple dwelling. Thus, the

only legal occupancy of all apartments within 75 2nd Avenue is as permanent residential dwelling units for occupancy of 30 consecutive days or more.

212. On January 26, 2019, the City received an online complaint, which simply linked to an Airbnb advertisement for an illegal hotel at Subject Building 75 2nd Avenue and named “Lina Torres, Property Manager” and “Sassan Sassouni, Owner.”

213. On October 15, 2019, DOB Inspector Chung and several other members of the OSE Inspection Team visited Subject Building 75 2nd Avenue to conduct an Administrative Code inspection.

214. Upon entering the building, the team discovered that both apartment four and apartment three had been illegally subdivided into single-room occupancy units, with five such units in each apartment.

215. In apartment four, on the top floor of the building,²⁹ DOB Inspector Chung encountered two male tenants. Both tenants stated that they had leases with “Soho Loft NYC” and had booked their residence through “Apt212.com.” Both tenants confirmed that three other individuals lived separately in single rooms in apartment 4, with every person having a separate lease with the landlord.

216. One tenant said that he had arrived on September 30, 2019 and would be leaving October 31, 2019. Another stated that he had arrived on October 1, 2019 and would be leaving on December 31, 2019.

²⁹ Although Inspector Chung observed this to be the fifth floor of 75 2nd Avenue, in fact, as the I-Card indicates, this was legally the fourth floor, as the ground floor appears to be legally designated a cellar.

217. In apartment three, on the third floor³⁰ of the building, DOB Inspector Chung encountered four tenants – two men and two women. They stated that there was a fifth tenant for that apartment, and that each tenant had a separate lease with landlord “Soho Loft NYC,” who they had all found through “Apt212.com.” This group also confirmed that they were all students from France who had arrived in September and were leaving on December 31, 2019.

218. Based upon his inspection and interviews with the tenants, DOB Inspector Chung issued the following fifteen summonses to Defendant 75 Second Avenue LLC:

Summons #	Date:	Violation Noted:	Severity:	Remedy:
35457617H	10/15/19	Dwelling converted, maintained, or authorized with three or more additional units than legally authorized – violation for room #5, apt. 4.	Class 1	Restore to prior legal condition.
35457616X	10/15/19	Dwelling converted, maintained, or authorized with three or more additional units than legally authorized – violation for room #4, apt. 4.	Class 1	Restore to prior legal condition.
35457615Y	10/15/19	Dwelling converted, maintained, or authorized with three or more additional units than legally authorized – violation for room #3, apt. 4.	Class 1	Restore to prior legal condition.
35457613K	10/15/19	Dwelling converted, maintained, or authorized with three or more additional units than legally authorized – violation for room #1, apt. 4.	Class 1	Restore to prior legal condition.
35450447M	10/15/19	Dwelling converted, maintained, or authorized with three or more additional units than legally authorized – violation for room #5, apt. 3.	Class 1	Restore to prior legal condition.
35450448Y	10/15/19	Dwelling converted, maintained, or authorized with three or more additional units than legally authorized – violation for room #4, apt. 3.	Class 1	Restore to prior legal condition.
35450449X	10/15/19	Dwelling converted, maintained, or authorized with three or more additional units than legally authorized – violation for room #3, apt. 3.	Class 1	Restore to prior legal condition.

³⁰ Although Inspector Chung observed this to be the fourth floor, the I-Card indicates that it is legally the third floor.

Summons #	Date:	Violation Noted:	Severity:	Remedy:
35457612Z	10/15/19	Dwelling converted, maintained, or authorized with three or more additional units than legally authorized – violation for room #2, apt. 3.	Class 1	Restore to prior legal condition.
35457611R	10/15/19	Dwelling converted, maintained, or authorized with three or more additional units than legally authorized – violation for room #1, apt. 3.	Class 1	Restore to prior legal condition.
35457618J	10/15/19	Failure to comply with automatic fire sprinkler requirements for apartments illegally converted to SRO use.	Class 1	Discontinue illegal occupancy.
35457619L	10/15/19	Failure to provide number of required means of egress for every floor.	Class 1	Discontinue illegal occupancy.
35457623Y	10/15/19	Dwelling converted, maintained, or occupied with three or more additional dwelling units than legally authorized. Total additional 10 units.	Class 1	Restore to prior legal condition.
35457620Z	10/15/19	Failure to provide fire alarm system for SRO units in apartments 3 and 4.	Class 1	
35457622M	10/15/19	Work without a permit. Noted: installed water and waste plumbing line, creating an additional 3 piece bathroom on two floors. Erected full height partition walls creating additional bedrooms.	Class 1	Obtain permit.
35457621K	10/15/19	Failure to provide required light and ventilation for bedrooms.	Class 1	Comply with code.

219. Based upon the conditions observed by DOB Inspector Chung, DOB also issued a partial vacate for Subject Building 75 2nd Avenue, finding the illegal conversion of the building's top two floors to 10 illegal SRO units to be "imminently perilous to life, public safety, and the safety of occupants or to property," and ordering Defendants to immediately correct all violations giving rise the Vacate Order.

220. To date, Defendant 75 Second Avenue LLC has failed to file Certificates of Correction for DOB Inspector Chung's summonses as ordered by DOB Commissioner.

III. In Addition to OSE Inspections, the Subject Buildings Where Defendants Have Illegally Conducted and Permitted Hazardous Transient Accommodations Are Also Confirmed With Airbnb Records

221. In addition to the illegal and hazardous short-term rentals repeatedly found in the Subject Buildings by OSE Inspection Team as detailed above, such rampant illegal and hazardous short-term rentals are also confirmed through Airbnb records.

222. All four Subject Buildings have been the site of widespread illegal short-term rentals over the past three years, with over 2,700 separate reservations completed between them, covering 7,600 guests for a total of over 10,000 nights from January 2016 through September 2019. In total, Airbnb paid out over \$2.2 million for these illegal short-term rentals to Operator Defendants and other users.

223. On top of illegal short-term rentals advertised and conducted by Operator Defendants Torres and Soho Lofts in the Subject Buildings as detailed above, for the last three years, five more Airbnb host accounts were used to conduct 394 illegal short-term rentals in at least four apartments in two of the Subject Buildings (219 Avenue A and 158 1st Avenue), with many of the Airbnb host accounts belong to other real estate agents just like Operator Defendant Torres.

224. Jiyoung Lee, a real estate salesperson with Bernard Property Management,³¹ received payouts through three separate Airbnb host accounts (Airbnb Host ID Nos. 1577803 (“Ji”), 5231033 (“Julian”), and 12998367 (“Min”)) for 247 illegal short-term rentals conducted at Apartment 2FS of Subject Building 219 Avenue A between January 2016 and January 2019, spanning 940 nights, deceiving over 450 guests, and generating \$137,000 in revenue through Airbnb alone.

³¹ <https://bernardpropertymanagement.com/our-team/>

225. Another real estate agent Andres Hoyos,³² was also affiliated with the aforesaid Airbnb host accounts “Julian” and “Ji,” and are connected through both payouts and contact information.

226. This extensive illegal short-term rental by real estate agents Lee and Hoyos in Apartment 2FS of Subject Building 219 Avenue A, is so frequent, with an average about four illegal short-term rental bookings every month for three years, making it implausible that any permanent resident resides in this rent-stabilized apartment.

227. Nevertheless, Owner Defendants audaciously reported to DHCR that Lee is the tenant of record for the past two years.

228. Similarly, between February 2018 and September 2019, Georwin Chang, a real estate salesperson at Vanguard Residential,³³ conducted 95 illegal short-term rental reservations at Apartment 2FN of Subject Building 219 Avenue A, through Airbnb host account No. 109061785, (“Jeff”), spanning nearly 450 nights, deceiving over 235 guests, and generating \$87,000 in revenue through Airbnb alone.

229. Georwin Chang appears on the ConEd account for the same apartment, and is also reported by Owner Defendants to DHCR as the tenant of record for this rent-stabilized unit.

230. However, an average of five illegal short-term reservations a month makes it incomprehensible that this rent-stabilized apartment is actually occupied by any permanent long-term resident.

231. Between March and September 2019, Airbnb host account (Airbnb Host ID No. 246222122, “Anna and Rita”) advertised and operated 52 illegal short term rentals in Subject

³² <https://www.zillow.com/profile/ahoyos1/>

³³ <https://vanguardresidential.com/geo-chang>

Building 158 1st Avenue Apts. 5 and 6, with \$65,000 going to a Paypal account with username “airbnbproperties.”

232. Rita Ortiz is the ConEd account holder for Apartment 5 at Subject Building 158 1st Avenue, while Anna Piscitello holds the ConEd account for Apartment 6 in the same Subject Building. Notably, Anna Piscitello is also on the ConEd account at Apartment 4A in Subject Building 324 East 14th Street.

233. In addition to the Subject Buildings, Rita Ortiz has also operated illegal short-term rentals at two other New York City locations, including 20 East 42nd Street and 258 Wadsworth Avenue, through a separate Airbnb host account (Airbnb Host ID. No. 9095122, under the username “Lala”), again in clear violation of Airbnb’s “one host, one home” policy for New York City.

IV. Owner Defendants’ Persistent Failure To Keep The Subject Buildings In A Safe And Code Compliant Manner, And Engagement In Acts And/Or Omissions That Were Intended To Cause Permanent Residents To Vacate The Subject Buildings Or To Surrender Their Rights As Rent-Stabilized Tenants

234. Building Code § 28-301.1 specifies that “The owner shall be responsible at all times to maintain the building and its facilities and all other structures regulated by this code in a safe and code-compliant manner and shall comply with the inspection and maintenance requirements of this chapter.”

235. Housing Maintenance Code § 27-2005(d) provides that “The owner of a dwelling shall not harass any tenants or persons lawfully entitled to occupancy of such dwelling as set forth in paragraph 48 of subdivision a of section 27-2004 of this chapter.”

236. And Housing Maintenance Code § 27-2004(a)(48) defines harassment, in pertinent parts, as follows:

Except where otherwise provided, the term “harassment” shall mean any act or omission by or on behalf of an owner that (i)

causes or is intended to cause any person lawfully entitled to occupancy of a dwelling unit to vacate such dwelling unit or to surrender or waive any rights in relation to such occupancy, and (ii) includes one or more of the following acts or omissions, provided that there shall be a rebuttable presumption that such acts or omissions were intended to cause such person to vacate such dwelling unit or to surrender or waive any rights in relation to such occupancy, except that such presumption shall not apply to such acts or omissions with respect to a private dwelling, as defined in paragraph six of subdivision a of section 27-2004:

...

b. repeated interruptions or discontinuances of essential services, or an interruption or discontinuance of an essential service for an extended duration or of such significance as to substantially impair the habitability of such dwelling unit;

b-1. an interruption or discontinuance of an essential service that (i) affects such dwelling unit and (ii) occurs in a building where repeated interruptions or discontinuances of essential services have occurred;

b-2. repeated failures to correct hazardous or immediately hazardous violations of this code or major or immediately hazardous violations of the New York city construction codes, relating to the dwelling unit or the common areas of the building containing such dwelling unit, within the time required for such corrections;

b-3. repeated false certifications that a violation of this code or the New York city construction codes, relating to the building containing such dwelling unit, has been corrected;

b-4. engaging in repeated conduct within the building in violation of section 28-105.1 of the New York city construction codes;

...

f. removing the door at the entrance to an occupied dwelling unit; removing, plugging or otherwise rendering the lock on such entrance door inoperable; or changing the lock on such entrance door without supplying a key to the new lock to the persons lawfully entitled to occupancy of such dwelling unit;

...

g. other repeated acts or omissions of such significance as to substantially interfere with or disturb the comfort, repose, peace or quiet of any person lawfully entitled to occupancy of such dwelling

unit and that cause or are intended to cause such person to vacate such dwelling unit or to surrender or waive any rights in relation to such occupancy, including improperly requiring such person to seek, receive or refrain from submitting to medical treatment in violation of subdivision b of section 26-1201.

237. In addition to all of the transient occupancy and unlawful conversion related building and fire-safety violations that have been committed by Owner Defendants due to their' failure to maintain the Subject Buildings in a safe and code compliant manner, there are additional other violations that Owner Defendants have committed which demonstrate the occurrence of an ongoing statutory public nuisance in these locations due to their failure to maintain these buildings in a safe and code compliant manner.

238. Specifically, based on records kept and maintained by HPD, there are presently 242 open HPD violations in the Subject Buildings, with 34 of them Class C (Generally, Immediately Hazardous).³⁴

239. Of the total 242 open HPD violations that have been issued to Owner Defendants, 65 of them are specifically based on the building owner's violations of Admin. Code § 27-2005 arising out of its failure to comply with its statutory duty to repair its premises.

240. Allergens are things in the environment that make indoor air quality worse, and can cause asthma attacks or make asthma symptoms worse. Common indoor allergens, or

³⁴ According to HPD online glossary, "The violation report will reflect information on three classes of housing code violations:

A Non-hazardous, such as minor leaks, chipping or peeling paint when no children under the age of six live in the home, or lack of signs designating floor numbers. An owner has 90 days to correct an "A" violation and two weeks to certify repair to remove the violation).

B Hazardous, such as public area doors not self-closing, inadequate lighting in public areas, or vermin. An owner has 30 days to correct a "B" violation and two weeks to certify the correction to remove the violation.

C Generally, Immediately hazardous, such as inadequate fire exits, rodents, lead-based paint, lack of heat, hot water, electricity, or gas. **Generally, an owner has 24 hours to correct a C violation and five days to certify the correction to remove the violation. If the owner fails to comply with emergency C violations such as lack of heat or hot water, HPD initiates corrective action through its Emergency Repair Program. Heat and hot water violations must be corrected immediately. Lead-based paint and window guard violations have a 21 day correction period."**

triggers, include cockroaches and mice; mold and mildew; and chemicals with strong smells, like some cleaning products. New York City law requires that landlords take steps to keep their tenants' homes free of pests and mold. This includes safely fixing the conditions that cause these problems. *See* Local Law 55 of 2018.

241. Prior to the adoption of Local Law 55 in 2018, a New York City landlord's duty to exterminate and eradicate rodents and other pests was found in Housing Maintenance Code § 27-2018, which stated, in pertinent parts, as follows:

§ 27-2018 Rodent and insect eradication; mandatory extermination. a. The owner or occupant in control of a dwelling shall keep the premises free from rodents, and from infestations of insects and other pests, and from any condition conducive to rodent or insect and other pest life.

b. When any premises are subject to infestation by rodents or insects and other pests, the owner or occupant in control shall apply continuous eradication measures.

c. When the department makes the determination that any premises are infested by rodents, insects or other pests, it may order such eradication measures as the department deems necessary.

242. There are 163 open HPD violations at Subject Building 219 Avenue A, 27 of which are classified as "immediately hazardous."

243. The open HPD violations in Subject Building 219 Avenue A indicate, among other troubling conditions, the following deleterious circumstances:

- infestations of moths, mice, and roaches;
- broken or defective window sashes, faucets, ceilings, and floors in rent stabilized unit 3R, a unit which is also missing working smoke and carbon monoxide detectors;
- inadequate gas fixtures, defective doors, and non-working smoke and carbon monoxide detectors in unit 5R;
- enough garbage in the public hallways to obstruct egress for residents on at least two occasions;
- defects in what should be a fire-retardant wall and defects in the building stair balustrade; and

- numerous required notices missing, including notices pertaining to carbon monoxide and gas safety, from the first-floor public areas of the building.

244. Subject Building 324 East 14th Street has 12 open HPD violations, including but are not limited to violations for rusted fire escapes; missing carbon monoxide notices; a broken or defective stair landing; broken and defective paving in the building front area; broken or defective ceiling fire-retardant material; and, in unit 2A, defective windows as well as faulty smoke and carbon monoxide detectors.

245. Subject Building 158 1st Avenue has 40 open HPD violations, two of which are classified as “immediately hazardous.” These violations show a building plagued by water leaks; a mold infestation; broken or defective doors and ceilings, including fire-retardant ceilings; accumulated refuse in the building airshaft; missing smoke and carbon monoxide detectors in rent-stabilized unit 10; inadequate lighting at the building exits; and missing smoke and carbon monoxide detector notices, among other violations.

246. Subject Building 75 2nd Avenue has 27 open HPD violations, five of which are classified as “immediately hazardous.” These include missing smoke and carbon monoxide detector notices; a defective public stair; water leaks, broken or defective surfaces, a broken radiator shutoff valve, faulty smoke and carbon monoxide detectors in the second floor apartment; a faulty gas range and a faulty fire-retardant ceiling in the third floor apartment; and a broken or defective floor and ceilings in the fourth-floor apartment.

247. Although building owners and their managing agents are required to remediate such violations within 30 days of issuance, Owner Defendants have failed to correct these violations, in some cases many years after they were first issued.

248. Owner Defendants also have failed to certify correction for the vast majority of the 99 Environmental Control Board (“ECB”) violations issued by the DOB, despite DOB Commissioner’s orders to do so.

FIRST CAUSE OF ACTION
STATUTORY PUBLIC NUISANCE – BUILDING CODE VIOLATIONS
ILLEGAL CONVERSION FROM RESIDENTIAL USE TO TRANSIENT OCCUPANCY

249. Plaintiff repeats and realleges paragraphs “1” through “248” as if contained herein.

250. In 1977, the City Council enacted the Nuisance Abatement Law (codified as amended as Admin. Code § 7-701 et seq.), finding that:

Public nuisances exist in the City of New York in the operation of certain commercial establishments and the use or alteration of property in flagrant violation of the building code, zoning resolution, ... multiple dwelling law ... all of which interfere with the interest of the public in the quality of life and total community environment, the tone of commerce in the city, property values and the public health, safety, and welfare; the council further finds that the continued occurrence of such activities and violations is detrimental to the health, safety, and welfare of the people of the city of New York ...

Admin. Code § 7-701.

251. Under Admin. Code § 7-703(d), any premises which is in violation of Admin. Code § 28-210.3 is deemed to be a public nuisance. Admin. Code § 28-210.3 states that:

It shall be unlawful for any person or entity who owns or occupies a multiple dwelling or dwelling unit classified for permanent residence purposes to use or occupy, offer or permit the use or occupancy or to convert for use or occupancy such multiple dwelling or dwelling unit for other than permanent residence purposes. For the purposes of this section a conversion in use of a dwelling unit may occur irrespective of whether any physical changes have been made to such dwelling unit.

252. As summarized above, the City has determined that Defendants have converted permanent residential dwelling units in the Subject Buildings for another use, specifically, for illegal transient use – less than 30-day occupancy.

253. Notwithstanding the NOV/Summonses issued to Defendants providing them with notice of the illegality of the transient occupancies, as well as decisions and orders sustaining and imposing civil penalties, Defendants continue to illegally operate and manage the Subject Buildings for such unlawful occupancies.

254. Pursuant to Admin. Code §§ 7-706(a) and 7-714, the City is entitled to a judgment against the defendants, their agents, assigns, employees and all persons acting individually or in concert with them, permanently restraining such public nuisances.

255. Defendants have intentionally conducted, maintained or permitted the public nuisance alleged in this cause of action.

256. Pursuant to Admin. Code § 7-706(h), the City is entitled to a judgment against Defendants, their agents, assigns, employees and all persons acting individually or in concert with them, permanently enjoining them from using or occupying, or maintaining, managing, operating, or permitting the use or occupancy of any of the units in the Subject Buildings for transient use and occupancy, and further ordering that they pay a separate penalty of \$1,000 for each day that Defendants intentionally conducted, maintained or permitted the public nuisances alleged in this cause of action.

SECOND CAUSE OF ACTION
STATUTORY PUBLIC NUISANCE – BUILDING CODE VIOLATIONS
ILLEGAL OCCUPANCY

257. Plaintiff repeats and realleges paragraphs “1” through “256” as if contained herein.

258. Under Admin. Code § 7-703(d), any premises which is in violation of Admin. Code § 28-118.3.2 is deemed to be a public nuisance. Admin. Code § 28-118.3.2 provides that no change in use or occupancy which is inconsistent with the last issued certificate of occupancy

shall be made unless and until a new certificate of occupancy is first obtained from DOB authorizing such change.

259. As summarized above, the City has determined that there has been a change in use or occupancy at the Subject Buildings which is inconsistent with the last issued certificate of occupancy or otherwise applicable DOB record, and that Defendants have altered such use and occupancy in the Subject Buildings without first obtaining a permit or new certificate of occupancy from DOB authorizing such change.

260. Pursuant to Admin. Code §§ 7-706(a) and 7-714, the City is entitled to a judgment against Defendants, their agents, assigns, employees and all persons acting individually or in concert with them, permanently restraining such public nuisances.

261. Defendants have intentionally conducted, maintained or permitted the public nuisances alleged in this cause of action.

262. Pursuant to Admin. Code § 7-706(h), the City is entitled to a judgment against Defendants, their agents, assigns, employees and all persons acting individually or in concert with them, permanently enjoining them from using or occupying, or maintaining, managing, operating, or permitting the use or occupancy of any of the units in the Subject Buildings for transient use and occupancy, and further ordering that they pay a separate penalty of \$1,000 for each day that Defendants intentionally conducted, maintained or permitted the public nuisances alleged in this cause of action.

THIRD CAUSE OF ACTION
STATUTORY PUBLIC NUISANCE – BUILDING CODE VIOLATIONS
WORK WITHOUT PERMIT

263. Plaintiff repeats and realleges paragraphs “1” through “262” as if contained herein.

264. Under Admin. Code § 7-703(d), any premises which is in violation of Admin. Code § 28-105.1 is deemed to be a public nuisance. Admin. Code § 28-105.1 states that “[i]t shall be unlawful to construct, enlarge, alter ... or change the use or occupancy of any building ... unless and until a written permit therefore shall have been issued by the commissioner in accordance with the requirements of this code.”

265. Defendants altered the use and occupancy of the Subject Buildings from Class A permanent occupancy to Class B transient use, and did so without approval or permit from DOB.

266. Pursuant to Admin. Code §§ 7-706(a) and 7-714, the City is entitled to a judgment against Defendants, their agents, assigns, employees and all persons acting individually or in concert with them, permanently restraining such public nuisances.

267. Defendants have intentionally conducted, maintained or permitted the public nuisances alleged in this cause of action.

268. Pursuant to Admin. Code § 7-706(h), the City is entitled to a judgment against Defendants, their agents, assigns, employees and all persons acting individually or in concert with them, permanently enjoining them from using or occupying, or maintaining, managing, operating, or permitting the use or occupancy of any of the units in the Subject Buildings for transient use and occupancy, and further ordering that they pay a separate penalty of \$1,000 for each day that Defendants intentionally conducted, maintained or permitted the public nuisances alleged in this cause of action.

FOURTH CAUSE OF ACTION
STATUTORY PUBLIC NUISANCE – FAILURE TO MAINTAIN BUILDING IN CODE COMPLIANCE

269. Plaintiff repeats and realleges paragraphs “1” through “268” as if contained herein.

270. Under the Nuisance Abatement Law, Admin. Code § 7-703(d), any premises in violation of Admin. Code § 28-301.1 is deemed to be a public nuisance. Admin. Code § 28-301.1 requires that all buildings and all parts thereof be “maintained in a safe condition,” and that “[a]ll service equipment, means of egress, materials, devices, and safeguards that are required in a building by the provisions of this code, the 1968 building code or other applicable laws or rules, or that were required by law when the building was erected, altered, or repaired, shall be maintained in good working condition.”

271. At all relevant times of their inspections, OSE Inspection Teams have observed conditions constituting a failure to maintain the Subject Buildings in a code-compliant condition. Upon information and belief, those conditions continue unabated to date.

272. As a result of the foregoing, there exist public nuisances at the Subject Buildings.

273. Pursuant to Admin. Code §§ 7-706(a) and 7-714, the City is entitled to a judgment against Defendants, their agents, assigns, employees and all persons acting individually or in concert with them, permanently restraining such public nuisances.

274. Defendants have intentionally conducted, maintained or permitted the public nuisances alleged in this cause of action.

275. Pursuant to Admin. Code § 7-706(h), the City is entitled to a judgment against Defendants, their agents, assigns, employees and all persons acting individually or in concert with them, permanently enjoining them from using or occupying, or maintaining, managing, operating, or permitting the use or occupancy of any of the units in the Subject Buildings for transient use and occupancy, and further ordering that they pay a separate penalty of \$1,000 for each day that Defendants intentionally conducted, maintained or permitted the public nuisances alleged in this cause of action.

FIFTH CAUSE OF ACTION
STATUTORY PUBLIC NUISANCE – CRIMINAL NUISANCE

276. Plaintiff repeats and realleges paragraphs “1” through “275” as if contained herein.

277. Under Admin. Code § 7-703(l), any building, erection or place wherein there is occurring a criminal nuisance as defined in Penal Law § 240.45 is a public nuisance.

278. Pursuant to Penal Law § 240.45(1), a person has committed a criminal nuisance when, “[b]y conduct either unlawful in itself or unreasonable under all the circumstances, he knowingly or recklessly creates or maintains a condition which endangers the safety or health of a considerable number of persons.”

279. Defendants have unreasonably and unlawfully created and maintained conditions which seriously endanger the life and safety of numerous persons, including both those who have booked transient accommodations at the Subject Buildings and other persons who lawfully reside in and around the Subject Buildings, in violation of their legal and permissible use and occupancy, violations which were confirmed to be Class 1 (Immediately Hazardous) violations by the ECB. These violations include a lack of fire safety measures required to be provided for transient occupancies. Additional fire safety violations have led to the issuance of FDNY Violation Orders and FDNY Criminal Court Summonses.

280. The hazardous conditions at the Subject Buildings have continued uncorrected over a substantial period of time, notwithstanding NOV’s and orders from the DOB Commissioner, and findings by the ECB.

281. Defendants have intentionally and knowingly endangered the safety of a considerable number of persons.

282. As a result of the foregoing, there exists a public nuisance at the Subject Buildings.

283. Pursuant to Admin. Code §§ 7-706(a) and 7-714, the CITY is entitled to a judgment against Defendants, their agents, assigns, employees and all persons acting individually or in concert with them, permanently restraining such public nuisance.

284. Pursuant to Admin. Code § 7-706(h), the CITY is entitled to a judgment against Defendants, their agents, assigns, employees and all persons acting individually or in concert with them, permanently enjoining them from using or occupying, or maintaining, managing, operating, or permitting the use or occupancy of any of the units in the Subject Buildings for transient use and occupancy, and further ordering that they pay a separate penalty of \$1,000 for each day that Defendants intentionally conducted, maintained or permitted the public nuisances alleged in this cause of action.

SIXTH CAUSE OF ACTION
VIOLATION OF THE MULTIPLE DWELLING LAW

285. Plaintiff repeats and realleges paragraphs “1” through “284” as if contained herein.

286. MDL § (4)(8)(a) prohibits renting any unit in Class “A” multiple dwellings for less than 30 consecutive days. The law provides that “[a] class A multiple dwelling shall only be used for permanent residence purposes,” the term “permanent residence purposes” being defined by the statute to “consist of occupancy of a dwelling unit by the same natural person or family for thirty consecutive days or more ...”

287. Notwithstanding the requirements of the MDL, Defendants have advertised, permitted, maintained and used, continue to advertise, permit, maintain, and use dwelling units at the Subject Buildings for transient occupancies of less than 30 consecutive days, in violation of

the MDL. Based on the OSE's inspections of the Subject Buildings on 15 separate occasions since 2017, 22 apartments are being so illegally used and occupied.

288. Pursuant to MDL § 306, the City is entitled to judgment against Defendants, their agents, assigns, employees and all persons acting individually or in concert with them, permanently enjoining them from using or occupying, or maintaining, managing, operating, or permitting the use or occupancy of any of the units in the Subject Buildings for transient use and occupancy as prohibited by the MDL, and further directing them to restore the Subject Buildings to use and occupancy as permanent residences, as required by the MDL for Class "A" multiple dwellings.

SEVENTH CAUSE OF ACTION
BUILDING CODE VIOLATIONS – ILLEGAL CHANGE OF OCCUPANCY

289. Plaintiff repeats and realleges paragraphs "1" through "288" as if contained herein.

290. Admin. Code § 28-118.3.1 prohibits an alteration or change in the use or occupancy of any building unless and until a written permit has been issued by DOB in accordance with the requirements of the Building Code, and a certificate of occupancy issued for the new use or occupancy.

291. Admin. Code § 28-101.5 defines "alteration" to be "[a]ny construction, addition, change of use or occupancy, or renovation to a building or structure in existence."

292. Admin. Code § 28-118.3.2 provides that no change may be made in the occupancy or use of an existing building which is inconsistent with the last issued certificate of occupancy of such building or which would bring it under some special provision of the code or other applicable law or regulation.

293. Admin. Code § 28-118.3.4 provides that a building in existence prior to January 1, 1938, and legally used or occupied without a certificate of occupancy may continue to be so used only so long as there is no change in the existing use or occupancy.

294. Admin. Code § 28-118.3 provides that Admin. Code §§ 28-118.3.1 through 28-118.3.4 apply to all completed buildings.

295. The legally permissible residential use and occupancy of all of the Subject Buildings is for permanent residential occupancy.

296. Defendants have changed, or permitted to be changed, the use and occupancy of the Subject Buildings contrary to their legally permissible use and occupancy, having done so without first obtaining a certificate of occupancy for such changed use.

297. Thus, Defendants have permitted, directed and maintained the arrangement, use, and occupancy of the Subject Buildings in violation of their legally permissible use and occupancy.

298. Defendants are, therefore, in violation of Admin Code §§ 28-105.1, and 28-118.3.1 through 28-118.3.4.

299. Admin. Code §§ 28-205.1 and 28-202.1 provide that any person who shall violate any provision of the building laws, rules or regulations enforceable by DOB shall be subject to the payment of a civil penalty, to be recovered in a civil action brought in the name of the City in any court of record.

300. By reason of the foregoing, pursuant to Admin. Code § 28-205.1, the City is entitled to judgment against Defendants, their agents, assigns, employees and all persons acting individually or in concert with them, permanently enjoining them from using or occupying or permitting the use or occupancy of any of the units in the Subject Buildings for short-term,

transient use or occupancy of less than thirty days, and further directing them to restore the Subject Buildings to the arrangement and occupancy permitted for it, and to comply with all other sections of the Building Code.

301. Defendants have violated Admin. Code §§ 28-105.1 and 28-118.3.1 through 28-118.3.4 at the Subject Buildings, all of which are enforceable by DOB.

302. Therefore, the City is entitled to a separate judgment against Defendants in the amount set forth in Admin. Code § 28-202.1 for each violation of the laws referenced above, which laws are enforceable by DOB.

EIGHTH CAUSE OF ACTION **TENANT HARASSMENT**

303. Plaintiff repeats and realleges paragraphs “1” through “302” as if contained herein.

304. Defendants have engaged in harassment as defined by Admin. Code § 27-2004(a)(48), in violation of Admin. Code § 27-2005 by engaging in acts and/or omissions that are intended to cause permanent residents to vacate the Subject Buildings or to surrender their rights in relation to their occupancy of the Subject Building, which contain rent-stabilized apartments.

305. Accordingly, Plaintiff is entitled to the issuance of a permanent injunction pursuant to Admin. Code § 27-2120 restraining Defendants from violating Admin. Code § 27-2005 and directing Defendants to ensure that no further violation occurs.

NINTH CAUSE OF ACTION **DECEPTIVE TRADE PRACTICES**

306. Plaintiff repeats and realleges paragraphs “1” through “305” as if contained herein.

307. A merchant impliedly represents that the products and services which she or he advertises and sells are both legal and safe.

308. Moreover, the Consumer Protection Law (“CPL”) provides that “[n]o person shall engage in any deceptive or unconscionable trade practice in the sale, lease, rental or loan or in the offering for sale, lease, rental, or loan of any consumer goods or services, or in the collection of consumer debts.” Admin. Code § 20-700.

309. Admin. Code § 20-701 defines a deceptive trade practice as

any ... representation of any kind made in connection with the sale, lease, rental or loan or in connection with the offering for sale, lease, rental, or loan of consumer goods or services ... which has the capacity, tendency or effect of deceiving or misleading consumers. Deceptive trade practices include but are not limited to: ... (2) the use, in any oral or written representation, of exaggeration, innuendo or ambiguity as to a material fact or failure to state a material fact if such use deceives or tends to deceive.

310. Operator Defendants have breached their implied warranty and committed deceptive trade practices by offering and advertising illegal transient occupancy in permanent residential buildings.

311. Operator Defendants’ written statements and advertisements inducing tourists and other visitors to New York City to book accommodations in Class “A” multiple dwellings for stays of less than 30 days, such rentals being illegal and unsafe, have by false representations and omissions of material fact misled or deceived or tended to mislead and deceive consumers as to the use of those accommodations. Defendants have thereby committed deceptive trade practices in violation of § 20-700 of the Consumer Protection Law.

TENTH CAUSE OF ACTION
COMMON LAW NUISANCE

312. Plaintiff repeats and realleges paragraphs “1” through “311” as if contained herein.

313. Defendants have advertised, operated, and maintained permanent residential units for short-term stays of less than 30 days, creating serious safety risks for the transient occupants of those units, significant security risks in buildings not equipped to handle the security problems associated with transient occupancy, and a degradation in the quality and comfort of the surrounding residents and neighbors, created by noise, filth, and the excessive traffic of unknown and constantly changing individuals entering their places of abode.

314. The unlawful activities committed by Defendants and the unsafe building conditions allowed by Defendants are detrimental to the welfare, property, and safety of the citizens of the City of New York and the public at large.

315. They offend, interfere with and cause damage to the public in the exercise of rights common to all, in a manner which endangers the property, safety and well-being of a considerable number of persons.

316. Defendants are therefore maintaining a public nuisance as known at common law and in equity jurisprudence.

317. Unless restrained by order of this Court, Defendants will continue their illegal activities and will absorb the costs of any fines and penalties imposed upon them as routine operating expenses. Meanwhile, the City will be forced to continue expending its limited resources in continued attempts to abate this harmful nuisance through administrative inspections, summonses, and violation orders.

318. The City, therefore, has no adequate remedy at law.

319. As a result of the foregoing, the City is entitled to a judgment against Defendants, their agents, assigns, employees and all persons acting individually or in concert with them, permanently restraining the above described common law public nuisance going on unabated within the Subject Buildings.

320. Defendants have acted willfully, wantonly, and with a recklessness indicating an improper motive, and have engaged in intentional misconduct and recklessly and wantonly disregarded the safety, welfare, and rights of others in permitting and maintaining the aforesaid common law public nuisance within the Subject Buildings.

321. Defendants have continued to engage in their illegal business, unabated. They actively permit rentals of permanent residence units to tourist and visitors to New York City for stays of less than 30 days, knowing that this constitutes an illegal occupancy. Defendants have maintained this activity despite being put on notice by the City through the issuance of repeated violations by DOB, ordering that they immediately cease the transient occupancy violations.

322. The City is thus entitled to compensatory and punitive damages because of the knowing and ongoing common law nuisance created, maintained, and continued by Defendants.

WHEREFORE, Plaintiff the City demands judgment against Defendants as follows:

1. Declaring that Defendants and each of them had knowledge of the existence of the unlawful acts complained of herein, and failed to take reasonable measures to abate such unlawful activity;
2. Declaring that Defendants and each of them have managed, used, advertised, booked, and operated numerous dwelling units at the Subject Buildings for illegal transient use and occupancy though prohibited by State and local laws, and continue to manage, use,

advertise, book, and operate the Subject Buildings in a manner as to constitute deceptive trade practices and a public nuisance;

3. With respect to the FIRST, SECOND, THIRD, FOURTH, AND FIFTH CAUSES OF ACTION, pursuant to Admin. Code §§ 7-706(a), 7-714, and 7-706(h):

- a. Directing that each of the Subject Buildings shall be permanently and perpetually enjoined and restrained as a place in or upon which to conduct, maintain, advertise, or continue the public nuisances complained of herein by Defendants and by any other person or persons;
- b. Permanently restraining Defendants, their agents, assigns, employees or representatives, and every person or entity acting individually or in concert with them from in any way permitting the Subject Buildings to be used, advertised, or occupied in any manner which violates the legally permitted use and occupancy for the premises; and
- c. Directing Defendants and each of them to pay to the CITY a separate penalty of \$1,000 for each day that each of the Defendants intentionally conducted, maintained or permitted each public nuisance complained of in the FIRST CAUSE OF ACTION, and for each day that each of the Defendants intentionally conducted, maintained or permitted each public nuisance complained of in the SECOND CAUSE OF ACTION, and for each day that each of the Defendants intentionally conducted, maintained or permitted each public nuisance complained of in the THIRD CAUSE OF ACTION, and for each day that each of the Defendants intentionally conducted, maintained or permitted each public nuisance complained of in the FOURTH CAUSE OF ACTION,

and for each day that each of the Defendants intentionally conducted, maintained or permitted each public nuisance complained of in the FIFTH CAUSE OF ACTION;

4. With respect to the SIXTH CAUSE OF ACTION, pursuant to Multiple Dwelling Law § 306:

a. Permanently restraining Defendants, their agents, assigns, employees or representatives, and every person or entity acting individually or in concert with them from in any way permitting the Subject Buildings to be used, advertised, or occupied in any manner which violates the legal use and occupancy for the premises, as permitted by MDL § 4 or other State and City laws;

5. With respect to the SEVENTH CAUSE OF ACTION, pursuant to Admin. Code §§ 28-205.1 and 28-202.1:

a. Permanently restraining Defendants, their agents, assigns, employees or representatives, and every person or entity acting individually or in concert with them from in any way permitting the Subject Buildings to be used, advertised, or occupied in any manner which violates the legal use and occupancy for the premises, as permitted by the MDL and the Building Code, or which violates the provisions of the Building Code, which prohibit a change in the use or occupancy of a building without first having obtained a written permit from DOB and a certificate of occupancy authorizing a change in occupancy; and

b. Directing that Defendants and each of them pay to the CITY the maximum penalty set forth in Admin. Code §§ 28-202.1 and 28-202.2 for each violation of the provisions of the building laws;

6. With respect to the EIGHTH CAUSE OF ACTION, pursuant to Admin. Code §§ 27-2115 and 27-2120, an order:
 - a. Permanently enjoining Defendants, their agents, employees or representatives, and every person or entity acting individually or in concert with them, from further engaging in acts and/or omissions that are intended to cause permanent residents to vacate the Subject Buildings or to surrender their rights in relation to their occupancy of the Subject Building, which contain rent-stabilized apartments, in violation of Admin. Code § 27-2005;
7. With respect to the NINTH CAUSE OF ACTION, pursuant to Admin. Code § 20-703, an order:
 - a. Permanently enjoining Defendants, their agents, employees or representatives, and every person or entity acting individually or in concert with them, from further violating the Consumer Protection Law and from committing the deceptive acts or practices alleged herein; and
 - b. Imposing upon Defendants fines in the amount of Five Hundred Dollars (\$500) for each and every knowing violation of the Consumer Protection Law, and Three Hundred Fifty Dollars (\$350) for each and every unknowing violation of the Consumer Protection Law
8. With respect to the TENTH CAUSE OF ACTION, pursuant to the common law doctrine of public nuisance:
 - a. Permanently enjoining Defendants, their agents, assigns, employees or representatives, and every person or entity acting individually or in concert with


them, from conducting, maintaining or in any way permitting the common law public nuisance described herein; and

- b. Awarding the City compensatory damages in an amount to be set by the court, and punitive damages in the amount of \$1,000,000 for the willful and wanton perpetuation of a common law public nuisance by Defendants;
9. Pursuant to Admin. Code § 7-714(g), allowing, in addition to the costs and disbursements allowed by the CPLR, the actual costs, expenses and disbursements of the City in investigating, bringing and maintaining this action, and directing that the City have execution therefor;
10. Taxing and allowing the costs and disbursements against Defendants and directing that the City have execution therefor; and
11. Granting to the City such other and further relief as the Court may deem just, proper and equitable.

Pursuant to section 130-1.1a of the Rules of the Chief Administrator, it is certified that, to the best of my knowledge, information and belief, formed after a reasonable inquiry under the circumstances, that the presentation of the papers attached hereto and the contentions contained therein are not frivolous.

Dated: New York, New York
December 12, 2019

JAMES E. JOHNSON
Corporation Counsel of the City of New York
Attorney for Plaintiff

By: 
Irene M. Mendez

Special Assistant Corporation Counsel
Mayor's Office of Special Enforcement
22 Reade Street, 4th Floor
New York, NY 10007
Tel.: (646) 576-3474

Of counsel
Hsiao-Hsiang (Catherine) Wan
Deputy Director

VERIFICATION

SHERYL NEUFELD, an attorney admitted to practice before the Courts of the State of New York, hereby affirms the following to be true, under the penalties of perjury, pursuant to C.P.L.R. 2106:

I have been duly designated as Acting Corporation Counsel of the City of New York and, as such, I am an officer of the City of New York, plaintiff in the within proceeding. I have read the foregoing complaint and know the contents thereof; the same are true to my knowledge except as to those matters therein alleged upon information and belief, and as to those matters I believe them to be true.

The reason why this verification is not made by the City of New York is that it is a corporation. My belief as to all matters not stated upon my knowledge is based upon information obtained from various departments of the city governments, from statements made to me by certain officers or agents of the City of New York, and from statements, affidavits or affirmations of other persons.

DATED: New York, New York
December 11, 2019



SHERYL NEUFELD, ESQ.

City v. Sasouni (amended complaint)