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15 **SUPERIOR COURT OF CALIFORNIA, COUNTY OF SAN JOAQUIN**
16 **STOCKTON BRANCH**

17 THE PEOPLE OF THE STATE OF CALIFORNIA,)
18)
Plaintiff,)

19 v.)

20)
21 HARMONY COMMUNITIES, INC., a California)
Corporation; PARTNERS REAL ESTATE, INC., a)
22 California Corporation,)

23)
24 Defendant(s),)

No. STK-CV-UBT-2024-0007043

**VERIFIED COMPLAINT FOR
INJUNCTION, CIVIL PENALTIES,
AND OTHER RELIEF**

(Business & Professions Code §17200 *et seq.*)

*Exempt from fees per
Government Code §6103*

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I.

PLAINTIFF

1. THE PEOPLE OF THE STATE OF CALIFORNIA, by and through RONALD J. FREITAS, District Attorney of San Joaquin County, Dan Dow, District Attorney of San Luis Obispo County, Lisa Smittcamp, District Attorney of Fresno County, and Lori E. Frugoli, District Attorney of Marin County bring this action in the public interest and in the name of THE PEOPLE OF THE STATE OF CALIFORNIA and hereby allege:

2. The People bring this action to, among other things, enjoin Defendant from violating Business and Professions Code sections 17200 *et seq.*, and to impose civil penalties against Defendant.

3. The People may bring a civil action to enjoin any person who engages, has engaged, or proposes to engage in unfair competition, as defined in Business and Professions Code section 17200, and may seek civil penalties for each act of unfair competition. (Business and Professions Code sections 17203, 17204, 17206.)

4. The People bring this action without prejudice to any other action or claim that the People may have based on separate, independent, and unrelated violations arising out of matters or allegations that are not set forth in this Complaint.

II.

DEFENDANTS

5. Defendant HARMONY COMMUNITIES INC., a corporation, is, and at all times relevant herein was, engaged in the business of property management located in Stockton, California.

6. Defendant PARTNERS REAL ESTATE, INC., a corporation, is, and at all times relevant herein was, engaged in the business of real estate brokerage, located in Stockton, California.

8. Whenever in this Complaint reference is made to any act of Defendants, such allegation shall be deemed to mean that Defendants and their officers, agents, employees, or representatives, did or authorized acts while actively engaged in the management, direction, or

1 control of the affairs of said Defendants, and while acting within the course and scope of their duties.

2 9. All Defendants at all times acted as agents of one another. With regard to the conduct
3 and omissions alleged in this Complaint, each of the Defendants ratified the actions of the other
4 Defendants.

5 **III.**

6 **JURISDICTION AND VENUE**

7 10. Venue is proper in this county pursuant to Business and Professions Code section
8 17204 in that the violations alleged in the Complaint occurred in San Joaquin County and through the
9 State of California.

10 11. This court has jurisdiction pursuant to article 6, section 10 of the California
11 Constitution and Code of Civil Procedure section 393.

12 12. The Defendants transact business within San Joaquin County and elsewhere
13 throughout the State of California. The alleged violations of the law, hereinafter described, have
14 been carried out within San Joaquin County and elsewhere throughout the State of California. The
15 alleged actions of the Defendants and each of them, jointly and separately, as set out below, are in
16 violation of the law and public policy of the State of California. Unless enjoined and restrained by
17 an order of this court, the Defendants will continue to retain the means to engage in unlawful actions
18 and practices and courses of conduct set out below.

19 **IV.**

20 **ENFORCEMENT AUTHORITY**

21 13. Business and Professions Code section 17206 imposes civil liability for any act of
22 unfair competition, as defined in Business and Professions Code section 17200.

23 14. Business and Professions Code section 17203 authorizes the Court to issue an order
24 that enjoins any person who engages, has engaged, or proposes to engage in unfair competition, as
25 defined in Business and Professions Code section 17200.

26 **V.**

27 **GENERAL ALLEGATIONS**

28 15. The Mobile Residency Law (MRL) is the landlord-tenant law for mobilehome parks,

1 found in the California Civil Code, beginning at section 798. The MRL spells out the rights and
2 obligations of the park owner and Mobilehome residents relating to issues such as notices, rental
3 agreements, resale of a home in the park, or termination of a tenancy.

4 16. At all times relevant hereto and continuing from and after the date of filing of this
5 Complaint, Defendant HARMONY was engaged in operating and managing over 50 mobilehome
6 parks within the State of California.

7 17. The multiple listing service (MLS) in California is a facility that allows real estate
8 agents and appraisers to cooperate, share listing information about properties for sale, and offer
9 compensation. The MLS laws are in the California Code, beginning at section 1086.

10 18. At all times relevant hereto and continuing from and after the date of filing this
11 Complaint, Defendant PARTNERS was engaged as a brokerage that listed properties for sale using
12 MLS.

13 **VI.**

14 **CAUSES OF ACTION**

15 **FIRST CAUSE OF ACTION**

16 **VIOLATION OF BUSINESS AND PROFESSIONS CODE SECTIONS 17200 *ET SEQ.***
17 **(UNLAWFUL AND/OR UNFAIR COMPETITION)**
18 **(Defendant HARMONY COMMUNITIES, INC.)**

19 19. Plaintiff realleges and incorporates herein by reference paragraphs 1 through 18 of
20 this complaint as though they were set forth here in their entirety.

21 20. The MRL requires that if park management collects a fee from a prospective
22 purchaser of a Mobilehome in order to obtain a financial report, the full amount of the fee shall be
23 credited back toward payment of the first month's rent. (Civ. Code §798(f).)

24 21. Beginning on an exact date unknown to Plaintiff, but within four years prior to the
25 filing of this Complaint, HARMONY engaged in unfair competition as defined in California's Unfair
26 Competition Law, Business and Professions Code section 17200. Such acts and practices included
27 failing to credit back background fees collected from approved tenants toward the payment of the
28

1 first month's rent.

2 **SECOND CAUSE OF ACTION**

3 **VIOLATION OF BUSINESS AND PROFESSIONS CODE SECTIONS 17500 *ET SEQ.***
4 **(FALSE ADVERTISING)**
5 **(Defendant PARTNERS)**

6 22. Plaintiff realleges and incorporates herein by reference paragraphs 1 through 21 of
7 this complaint as though they were set forth here in their entirety.

8 23. Listing brokers are responsible for the truth of all representations and statements made
9 in an MLS listing of which the broker has knowledge or reasonably should have knowledge. (Civ.
10 Code § 1088.)

11 24. Beginning on an exact date unknown to Plaintiff, but within three years prior to the
12 filing of this Complaint, PARTNERS, with the intent directly or indirectly to induce members of the
13 public to purchase mobilehomes inside HARMONY-managed Mobilehome parks, have made or
14 caused to be made statements in MLS listings that were false or misleading in violation of
15 California's False Advertising Law, Business and Professions Code section 17500.

16 **THIRD CAUSE OF ACTION**

17 **VIOLATION OF BUSINESS AND PROFESSIONS CODE SECTIONS 17200 *ET SEQ.***
18 **(UNLAWFUL AND/OR UNFAIR COMPETITION)**
19 **(Defendant PARTNERS.)**

20 25. Plaintiff realleges and incorporates herein by reference paragraphs 1 through 24 of
21 this complaint as though they were set forth here in their entirety.

22 26. In California, a real estate broker owes a fiduciary duty to their clients and is required
23 to disclose to their clients if they have a financial interest in the property being bought or sold.
24 (*Crogan v. Metz* (1956) 47 Cal.2d 398, 404.)

25 27. Beginning on an exact date unknown to Plaintiff, but within four years prior to the
26 filing of this Complaint, PARTNERS engaged in unfair competition as defined in California's Unfair
27 Competition Law, Business and Professions Code section 17200. Such acts and practices included
28 failing to disclose the financial interest the broker of PARTNERS had in the mobilehomes it

1 marketed to prospective buyers it represented.

2 **VII.**

3 **PRAYER**

4 **WHEREFORE, PLAINTIFF PRAYS FOR THE FOLLOWING RELIEF:**

5 1. Defendant PARTNERS, their officers, directors, employees, agents, representatives,
6 successors, assignees, and all natural persons, corporations, or other entities acting under, by,
7 through, on behalf of, or in concert with them with actual or constructive notice of this injunction, be
8 permanently enjoined and restrained from making false or misleading statements and engaging in
9 acts and practices of unfair competition including the unlawful business acts alleged herein.

10 2. Pursuant to Business and Professions Code section 17206, the Court assess a civil
11 penalty of two thousand five hundred dollars (\$2,500) against each Defendant for each and every
12 violation of Business and Professions Code section 17200 alleged in the First Cause of Action.

13 3. Pursuant to Business and Professions Code section 17536, the Court assess a civil
14 penalty of two thousand five hundred dollars (\$2,500) against each Defendant for each and every
15 violation of Business and Professions Code section 17500 alleged in the Second Cause of Action.

16 4. Pursuant to Business and Professions Code section 17206, the Court assess a civil
17 penalty of two thousand five hundred dollars (\$2,500) against each Defendant for each and every
18 violation of Business and Professions Code section 17200 alleged in the Third Cause of Action.

19 5. For investigative, enforcement, and litigation costs incurred by both the Plaintiff and the
20 investigating agency.

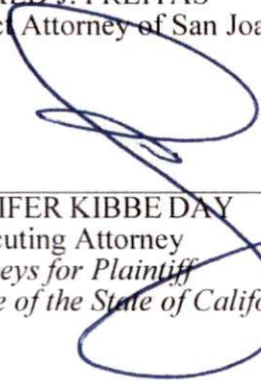
21 6. For such other and further relief to the Plaintiff and investigating agency as the nature of
22 the case may require and that the court deems proper to fully dissipate the effects of the unlawful and
23 unfair acts complained of herein.

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Dated: 5/20/24

Respectfully Submitted,
RONALD J. FREITAS
District Attorney of San Joaquin County



JENNIFER KIBBE DAY
Prosecuting Attorney
Attorneys for Plaintiff
People of the State of California

Dated: 6/4/2024

Respectfully Submitted,
DAN DOW
District Attorney of San Luis Obispo




KENNETH JORCENSEN
Deputy District Attorney
Attorneys for Plaintiff
People of the State of California

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Dated: 6/4/2024

Respectfully Submitted,

LISA A. SMITTCAMP
District Attorney of Fresno




ADAM KOOK
Deputy District Attorney
Attorneys for Plaintiff
People of the State of California

Dated: 6/4/24

Respectfully Submitted,

LORI E. FRUGOLI
District Attorney of Marin



ANDRES H. PEREZ
Deputy District Attorney
Attorneys for Plaintiff
People of the State of California