

PUBLIC INTEREST LAW CENTER
By: Dan Urevick-Ackelsberg, Esquire
Atty. ID No.: 307758
dackelsberg@pubintl.org
By: George A. Donnelly, Esquire
Atty. ID No.: 321317
gdonnelly@pubintl.org
1709 Benjamin Franklin Parkway, 2nd Floor
Philadelphia, PA 19103
215-627-7100

BALLARD SPAHR LLP
By: Matthew A. White
Atty. ID No.: 55812
whitema@ballardspahr.com
1735 Market Street, 51st Floor
Philadelphia, PA 19103-7599
215-665-8500
Attorneys for Plaintiffs

ROSA CORREA
7110 Grays Avenue
Philadelphia, PA 19143

MICHAEL HAMILTON
7110 Grays Avenue
Philadelphia, PA 19143

Plaintiffs,

v.

ABC CAPITAL INVESTMENTS LLC
1218 N. Marshall Street
Philadelphia, PA 19122

ABC CAPITAL REALTY LLC
1218 N. Marshall Street
Philadelphia, PA 19122

SAAT INVESTMENTS LLC
1218 N. Marshall Street
Philadelphia, PA 19122

Defendants.

This is not an arbitration case.

Jury Trial Demanded

COURT OF COMMON PLEAS
PHILADELPHIA COUNTY
CIVIL DIVISION
NOVEMBER TERM, 2018
NO.

NOTICE TO DEFEND

NOTICE TO DEFEND

You have been sued in Court. If you wish to defend against the claims set forth in the following pages, you must take action within twenty (20) days after this Complaint and Notice are served, by entering a written appearance personally or by an attorney and filing in writing with the Court your defenses or objections to the claims set forth against you. You are warned that if you fail to do so the case may proceed without you and a judgment may be entered against you by the Court without further notice for any money claimed in the Complaint or for any other claim or relief requested by the plaintiff. You may lose money or property or other rights important to you.

YOU SHOULD TAKE THIS PAPER TO YOUR LAWYER AT ONCE. IF YOU DO NOT HAVE A LAWYER OR CANNOT AFFORD ONE, GO TO OR TELEPHONE THE OFFICE SET FORTH BELOW TO FIND OUT WHERE YOU CAN GET LEGAL HELP.

Philadelphia Bar Association
Lawyer Referral and Information Service
1101 Market Street, 11th Floor
Philadelphia, Pennsylvania 19107-2911
Telephone: (215) 238-6333

AVISO

Lo(a) han demandado a usted en la corte. Si usted quiere defenderse de estas demandas expuestas en las páginas siguientes, usted tiene veinte (20) días de plazo al partir de la fecha de la demanda y la notificación. Hace falta asentar una comparecencia escrita o en persona o con un abogado y entregar a la corte en forma escrita sus defensas o sus objeciones a las demandas en contra de su persona. Sea avisado que si usted no se defiende, la corte tomará medidas y puede continuar la demanda en contra suya sin previo aviso o notificación. Además, la corte puede decidir a favor del demandante y requiere que usted cumpla con todas las provisiones de esta demanda. Usted puede perder dinero o sus propiedades u otros derechos importantes para usted.

LLEVE ESTA DEMANDA A UN ABOGADO INMEDIATAMENTE. SI NO TIENE ABOGADO O SI NO TIENE EL DINERO SUFICIENTE DE PAGAR TAL SERVICIO, VAYA EN PERSONA O LLAME POR TELÉFONO A LA OFICINA CUYA DIRECCIÓN SE ENCUENTRA ESCRITA ABAJO PARA AVERIGUAR DONDE SE PUEDE CONSEGUIR ASISTENCIA LEGAL.

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Philadelphia, Pennsylvania 19107-2911
Teléfono: (215) 238-6333

COMPLAINT—CIVIL ACTION
INTRODUCTORY STATEMENT

1. Throughout low-income neighborhoods in Philadelphia, many landlords and their property managers fail to make necessary repairs to properties, forcing families to live in squalid, hazardous housing conditions.

2. These hazardous conditions often include a lack of access to basic utilities, such as electricity and running water, and unsafe living conditions, such as broken doors, windows, and burst sewage pipes.

3. Often times landlords and property managers promise to make repairs after repeated requests from tenants but fail to follow through, causing properties to deteriorate to the point that tenants must abandon their homes to find safe housing.

4. While many landlords comply with rules and regulations, the Defendants, and others like them, engage in these deceptive and illegal activities unabated because the vast majority of tenants in the city lack legal representation against landlords who so blatantly abuse their power. *See, e.g., Jake Blumgart, Philadelphia renters just scored a courtroom win, PLANPHILLY, Jan. 25, 2018, at <http://planphilly.com/articles/2018/01/25/philadelphia-renters-just-scored-a-courtroom-win>.*

5. Rosa Correa and Michael Hamilton were victimized by such illegal conduct when renting a property managed by ABC Capital Investments LLC and ABC Capital Realty LLC.

6. Ms. Correa and Mr. Hamilton had rented a property that, unbeknownst to them, violated Philadelphia licensing requirements and building codes and had serious habitability issues.

7. At different times during their tenancy, their home lacked running water and was filled with raw human waste.

8. Ms. Correa and Mr. Hamilton repeatedly asked the landlord and property manager to make the necessary repairs to their home. Rather than make those repairs, the landlord and property manager instead tried to evict Ms. Correa and Mr. Hamilton.

9. Ultimately, the conditions in their home became so horrible that Ms. Correa and Mr. Hamilton were forced to abandon the property as soon as they could save up the money necessary to move and find a new place to live.

10. Ms. Correa and Mr. Hamilton now bring suit, under Pennsylvania and Philadelphia law, to recover damages exceeding \$50,000, for past rent paid, out-of-pocket expenses, emotional distress, consequential damages, punitive damages, attorneys' fees and costs, and any other such relief the court deems appropriate.

PARTIES

11. Plaintiff Rosa Correa is a low-income Philadelphia resident who currently lives at 7110 Grays Avenue, Philadelphia, PA 19143.

12. Plaintiff Michael Hamilton is a low-income Philadelphia resident who currently lives at 7110 Grays Avenue, Philadelphia, PA 19143.

13. Upon information and belief, defendant SAAT Investments LLC ("SAAT") is a limited liability company incorporated in the Commonwealth of Pennsylvania whose registered address is 1218 North Marshall Street, Philadelphia, PA 19122.

14. SAAT is the owner of record for the residential property located at 3853 North Sydenham Street, Philadelphia, PA 19140 ("the Property"), having purchased the Property on April 22, 2013.

15. Upon information and belief, defendants ABC Capital Investments LLC and ABC Capital Realty LLC (collectively referred to as “ABC Capital”) are each a limited liability company incorporated in the Commonwealth of Pennsylvania with a principal place of business at 1218 North Marshall Street, Philadelphia, PA 19122.

16. Upon information and belief, ABC Capital Investments LLC and ABC Capital Realty LLC are alter-egos of each other.

17. Upon information and belief, ABC Capital manages hundreds of properties in Philadelphia, offering investors “10% ROI Passive Income with Turn-Key Rental Investments” in properties located in the poorest neighborhoods of the city. *See* “Hands Off Rental Property,” Home Page, www.abccapitalinvestments.com (last accessed November 8, 2018).

18. Upon information and belief, ABC Capital, with the same address as SAAT, is simply an alter-ego of SAAT. At all times during Plaintiffs’ tenancy, ABC Capital was the party with whom the Plaintiffs dealt with respect to the Property.

FACTS

Ms. Correa and Mr. Hamilton Move into 3853 N. Sydenham St.

19. Ms. Correa and Mr. Hamilton first found a listing for the Property online in Spring of 2016.

20. Shortly thereafter, Mr. Hamilton toured the Property with Melissa Castillo, who, upon information and belief, is an employee of ABC Capital and/or SAAT.

21. During that tour, Ms. Castillo promised Mr. Hamilton that the Property would be cleaned and repairs would be made before Ms. Correa and Mr. Hamilton moved in. Specifically, Ms. Castillo promised that ABC Capital and/or SAAT would remove the refrigerator in the house that had rotten food inside of it, clean the broken glass off of the roof, install smoke

detectors, open up the cabinets that had been painted shut, and repair several doors in the Property.

22. Relying in part on Ms. Castillo's promise that the Property would be repaired and cleaned, in May 2016, Ms. Correa and Mr. Hamilton paid \$850 for first month's rent and an additional \$1,700 security deposit to take the Property off the market.

23. In sum, Ms. Correa and Mr. Hamilton paid \$2,550 to move into the Property.

24. The couple signed a lease with SAAT at ABC Capital's offices and moved into the Property in June 2016. *See* Ex. A.

25. Neither SAAT nor ABC Capital provided a Certificate of Rental Suitability to Ms. Correa and Mr. Hamilton at any point during their tenancy.

26. Defendants did not have a legal right to collect rent from Plaintiffs at any point during their tenancy.

27. Moreover, the Property had no rental license at the time Plaintiffs moved in.

28. The lack of rental license also precluded Defendants from collecting rent from Ms. Correa and Mr. Hamilton during their tenancy.

29. Also, the Philadelphia Department of Licenses & Inspections ("L&I") had cited the Property for numerous code violations in June 2014.

30. The L&I citations directed SAAT to repair or replace portions of the house's drainage system, alter the windows to make them "rodent-proof," repair handrails along the internal staircase, and clean the garbage that was strewn throughout the Property.

31. As of June 2016, at the time of the lease signing and move-in, Defendants had not remedied these violations -- in fact, these violations continued unabated throughout the entirety of Plaintiffs' tenancy.

32. When Plaintiffs moved into the Property, it had not been cleaned and was filled with an unbearable stench because there was rotten food in the refrigerator left from previous tenants. In addition, upstairs windows and the home's front door were badly broken.

33. None of the necessary repairs promised by Ms. Castillo had been made.

34. Despite the habitability issues, Ms. Correa and Mr. Hamilton had no choice but to move into the Property because they had spent all of their available cash to pay for first month's rent and the security deposit and had nowhere else to stay.

35. For the first two weeks of Plaintiffs' tenancy, Defendants failed to make the promised repairs to the Property.

36. While Defendants eventually made minor repairs in July 2016, they did not address several major habitability issues, including, but not limited to, the broken windows and front door.

ABC Capital Refuses to Take Necessary Steps Regarding the Water Bill and the City Shuts Off Water to the Property

37. Plaintiffs' lease required Plaintiffs to go to the Philadelphia Water Department (the "Water Department") to transfer the water bill for the Property to their name.

38. In or around June 2016, Ms. Correa went to the Water Department where she was told that the Water Department was unable to put the water bill in her name because the bill was in a previous tenant's name and there was no rental license on the Property.

39. Ms. Correa contacted ABC Capital and informed them that the lack of rental license and the previous tenant's bill were preventing her from transferring the water bill to her name, and asked them to rectify the situation.

40. An employee at ABC Capital told Ms. Correa that they would take the necessary steps to rectify the situation.

41. Defendants did nothing.

42. Four months later, in the fall of 2016, the Water Department shut off the water at the Property due to unpaid bills.

43. After signing the lease and moving in, Plaintiffs had been unable to pay the water bill because Defendants' failure to secure a rental license for the Property prevented the Water Department from transferring the bill to Ms. Correa's name. Moreover, the vast majority of the unpaid bills that led to the water shutoff were incurred during the previous tenant's occupancy of the Property.

44. Ms. Correa again visited the Water Department several times in an attempt to get the water turned back on. Plaintiffs offered to pay the portion of the water bill that had accrued during their tenancy, but the Water Department did not permit Plaintiffs to pay only part of the outstanding bill for the Property.

45. Ms. Correa eventually convinced the Water Department to turn the water back on.

46. Ms. Correa called ABC Capital numerous times to complain about the water shutoff, each time reiterating that the reason Plaintiffs were unable to transfer the bill to their name was because there was no rental license for the Property and the bill was in the previous tenant's name.

47. On one occasion, an employee at ABC Capital blamed Ms. Correa, saying, "You use it, you pay it," not acknowledging that the majority of the unpaid water bills were incurred during the previous tenancy.

48. Additionally, the employee at ABC Capital did not acknowledge that Ms. Correa and Mr. Hamilton could not pay for the bill since it was not in their name.

49. Defendants continued to do nothing to rectify the circumstances that prevented Plaintiffs from paying their water bill. Accordingly, the water was shut off again a month later.

50. Plaintiffs again eventually convinced the Water Department to turn the water back on. But when the water was turned back on for the second time, the water pressure throughout the Property was weak and Plaintiffs could not use the shower and bathroom sink at the same time.

51. Overall, Ms. Correa made over a dozen trips to the Water Department between June 2016 and February 2017 in an attempt to have the water bill put in her name.

52. Throughout their tenancy, Plaintiffs made several complaints to Defendants that, despite Plaintiffs' willingness and desire to pay their portion of the water bill, they were unable to do so and repeatedly requested that Defendants rectify the situation.

53. At one point, an employee of L&I warned Plaintiffs that L&I would have to force Plaintiffs to vacate the Property if the water were turned off a third time.

The Property's Inhumane Conditions and Defendants' Illegal Conduct

54. In January 2017, the L&I cited SAAT for six more Philadelphia Code violations at the Property, including a faulty plumbing system, broken doors, and shattered windows.

55. Plaintiffs told ABC Capital about these problems and also told it about a pipe that had started leaking in the bathroom, causing a constant leak from the dining room ceiling that was never fixed.

56. Ms. Correa attempted to make repair requests via phone and email, and made numerous additional in-person requests at the ABC Capital office because ABC Capital rarely answered the phone or email messages.

57. For two months in early 2017, Ms. Correa and Mr. Hamilton withheld rent in an attempt to force Defendants into making repairs.

58. In response, ABC Capital continued to demand rent from Plaintiffs, even though none was due under Philadelphia law, via “past due notice[s]” sent via email, and threatened Ms. Correa and Mr. Hamilton with eviction.

59. Frightened that they could end up homeless, Ms. Correa and Mr. Hamilton paid \$2,550 to cover the current and back rent ABC Capital claimed was due after one of its employees promised that ABC Capital would send people out to make repairs and provide Plaintiffs with the rental license for the Property.

60. However, Defendants never made these promised repairs and did not provide Plaintiffs with the Property’s rental license.

61. To make matters worse, in early 2017, the sewage pipe in the Property’s basement burst and filled the basement with raw human waste.

62. Ms. Correa again went down to ABC Capital’s office and, in person, told ABC Capital about the raw sewage in the basement that had come from a broken pipe.

63. The basement remained filled with raw sewage until the end of Plaintiffs’ tenancy, as ABC Capital never repaired the broken pipe.

64. In response to the dangerous conditions of the Property, Ms. Correa and Mr. Hamilton were forced to begin looking for new housing.

65. The couple worked diligently to find a new home and save up the money required to move.

66. In September of 2017, ABC Capital filed for eviction against Ms. Correa and Mr. Hamilton on behalf of an entity that did not own the Property, claiming \$370.48 in unpaid water bills and breach of the lease.

67. The case was withdrawn without prejudice after Plaintiffs filed a counterclaim for a return of all rent paid to Defendants.

68. Despite having no right to collect rent under Philadelphia law, and the fact that they claimed no back rent in the eviction complaint, ABC Capital continued to demand thousands of dollars in rent and purported late fees via “past due notice[s]” emailed to Plaintiffs.

69. Plaintiffs searched for a new home for months, saving up money for a security deposit.

70. Ms. Correa and Mr. Hamilton moved out of the Property on December 1, 2017, as soon as they were able to save up the money and find a home.

COUNT I: CONSTRUCTIVE EVICTION
(Rose Correa and Michael Hamilton v. ABC Capital Investments LLC, ABC Capital Realty LLC, and SAAT Investments LLC)

71. Ms. Correa and Mr. Hamilton incorporate paragraphs 1 through 70 by reference as if fully set forth herein.

72. Constructive eviction occurs when a landlord so interferes with its tenants’ possession of a leased property that it deprives the tenants of the beneficial enjoyment of part or the whole of the property, forcing them to vacate.

73. ABC Capital’s and SAAT’s conduct caused the Property to become uninhabitable for Ms. Correa and Mr. Hamilton.

74. Defendants then filed an illegal, meritless eviction suit against Plaintiffs.

75. Defendants' conduct deprived Plaintiffs of the beneficial enjoyment of the whole of the Property for the entirety of their tenancy.

76. Defendants' conduct forced Plaintiffs to vacate the Property.

77. Defendants' conduct was intentional, willful, wanton, or reckless.

78. As a result of Defendants' intentional, willful, wanton, or reckless conduct, Plaintiffs suffered harm and damages.

WHEREFORE, Ms. Correa and Mr. Hamilton demand judgment in their favor and against ABC Capital Investments LLC, ABC Capital Realty LLC, and SAAT Investments LLC, including an award of actual damages, punitive damages, reasonable attorneys' fees and costs, and other such relief as the Court deems appropriate.

**COUNT II: UNFAIR TRADE PRACTICES AND CONSUMER PROTECTION LAW -
VIOLATION OF 73 P.S. §§ 200, et seq.
(Rose Correa and Michael Hamilton v. ABC Capital Investments LLC, ABC Capital
Realty LLC, and SAAT Investments LLC)**

79. Ms. Correa and Mr. Hamilton incorporate paragraphs 1 through 78 by reference as fully set forth herein.

80. The Pennsylvania Unfair Trade Practices and Consumer Protection Law ("UTPCPL") prohibits "[p]assing off goods or services as those of another," "[r]epresenting that goods or services have . . . characteristics, . . . uses, [and] benefits . . . that they do not have," "[r]epresenting that goods or services have . . . approval [or] status . . . that they do not have," and "[e]ngaging in . . . fraudulent or deceptive conduct which creates a likelihood of confusion or of misunderstanding." 73 P.S. § 201-2(4).

81. The UTPCPL applies to residential leases.

82. Defendants violated the above provisions by, among other things:

a. demanding rent that was not due under Philadelphia law;

- b. misrepresenting the condition of the Property before Plaintiffs moved in;
- c. promising Plaintiffs that they would make repairs and then failing to make those repairs;
- d. continually and systematically breaching the implied warranty of habitability by failing to make repairs to the Property; and
- e. threatening eviction and filing a meritless eviction complaint.

83. Ms. Correa and Mr. Hamilton reasonably relied on the implied and actual representations of Defendants.

84. As a result of the misrepresentations and deceptive conduct of Defendants, Ms. Correa and Mr. Hamilton suffered ascertainable losses, including, but not limited to, rent paid, loss of their security deposit, lost wages, and out of pocket expenses.

85. The UTPCPL establishes a private right of action which provides for trebled damages and reasonable attorneys' fees and costs. 73 P.S. § 201-9.2(a).

WHEREFORE, Ms. Correa and Mr. Hamilton demand judgment in their favor and against ABC Capital Investments LLC, ABC Capital Realty LLC, and SAAT Investments LLC, including an award of treble damages, reasonable attorneys' fees and costs, and other such relief as the Court deems appropriate.

COUNT III: BREACH OF CONTRACT
(Rose Correa and Michael Hamilton v. SAAT Investments LLC and ABC Capital Investments LLC and ABC Capital Realty LLC, as the alter egos of SAAT Investments LLC)

86. Ms. Correa and Mr. Hamilton incorporate paragraphs 1 through 85 by reference as if fully set forth herein.

87. Ms. Correa and Mr. Hamilton had a written lease for the Property.

88. Implied in each Pennsylvania lease is a warranty of habitability.

89. SAAT breached the implied warranty of habitability when it failed to make the necessary repairs to the Property despite knowledge of the Property's defects.

90. SAAT's breach caused damage to Plaintiffs.

WHEREFORE, Ms. Correa and Mr. Hamilton demand judgment in their favor and against SAAT Investments LLC and ABC Capital Investments LLC and ABC Capital Realty LLC, as the alter egos of SAAT Investments LLC, for economic damages, including foreseeable economic loss as a result of the breach, and other such relief as the Court deems appropriate.

COUNT IV: UNJUST ENRICHMENT
(Rose Correa and Michael Hamilton v. ABC Capital Investments LLC and ABC Capital Realty LLC and SAAT Investments LLC, as the alter ego of ABC Capital Investments LLC and ABC Capital Realty LLC)

91. Ms. Correa and Mr. Hamilton incorporate paragraphs 1 through 90 by reference as if fully set forth herein.

92. ABC Capital received benefits from Ms. Correa and Mr. Hamilton in the form of property management fees retained when Ms. Correa and Mr. Hamilton paid their monthly rent.

93. ABC Capital appreciated these benefits.

94. However, ABC Capital was unjustly enriched as it failed to make repairs, allowed the Property's conditions to deteriorate, and misrepresented its intentions to repair the Property in order to encourage the payment of rent.

WHEREFORE, Ms. Correa and Mr. Hamilton demand judgment in their favor and against ABC Capital Investments LLC and ABC Capital Realty LLC and SAAT Investments LLC, as the alter ego of ABC Capital Investments LLC and ABC Capital Realty LLC, for restitution damages and any other such relief as the Court deems appropriate.

JURY DEMAND

95. Ms. Correa and Mr. Hamilton demand a trial by jury on all appropriate issues.

Dated: November 13, 2018

/s/ George A. Donnelly, Esq.
George A. Donnelly, Esquire
gdonnelly@pubintl.org
Dan Urevick-Ackelsberg
dackelsberg@pubintl.org
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Matthew A. White
whitema@ballardspahr.com
BALLARD SPAHR LLP
1735 Market Street, 51st Floor
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215-665-8500

OF COUNSEL:

Michael R. McDonald
mcdonaldm@ballardspahr.com
BALLARD SPAHR LLP
1735 Market Street, 51st Floor
Philadelphia, PA 19103-7599
215-665-8500
(Admitted in New York; pro hac vice to be filed)