SUPERIOR COURT
OF THE DISTRICT OF COLUMBIA

HUNTER HORTON,
on behalf of herself and
all others similarly situated,
2515 13th St., NW
Washington, DC 20009,

NATHANAEL COFFEY AND
DANIEL GOLD,
on behalf of themselves and
all others similarly situated
2515 13th St., NW
Washington, DC 20009,

Plaintiffs,

v.

BERNSTEIN MANAGEMENT
CORPORATION
5301 Wisconsin Ave., NW, Ste. 500
Washington, DC 20015,

Serve on:

HSC Agent Services, Inc.
1775 Eye St., NW, Ste. 1150
Washington, DC 20006,

Defendant.

Case No: 2025-CAB-004502

Judge:

JURY DEMAND

CLASS ACTION COMPLAINT

Plaintiffs Hunter Horton, Nathanael Coffey, and Daniel Gold (Plaintiffs), on behalf of themselves and all others similarly situated, bring this class action to hold Bernstein Management Corporation (Defendant or BMC) accountable

for flouting the District of Columbia's rent stabilization law by charging a prohibited air conditioning fee, which it concealed from lease applications and notices of rent increase. Plaintiffs also seek justice for being subjected to advertising in which Defendant falsely represented that all utilities were included in their rent.

On behalf of themselves and all others similarly situated, Plaintiffs request injunctive and declaratory relief, as well as compensatory, statutory, and punitive damages, for violations of the District of Columbia Consumer Protection Procedures Act (CPPA), D.C. Code § 28-3901 *et seq*.

PARTIES

1. Defendant Bernstein Management Corporation is a District of Columbia company engaged in the development and management of residential property, with its principal place of business at 5301 Wisconsin Ave., NW.

2. Plaintiff Hunter Horton is a natural person and resident of the District of Columbia who leased a rent stabilized unit from Defendant from May 2020 to July 2025.

3. Plaintiffs Nathanael Coffey and Daniel Gold are natural persons and residents of the District of Columbia who have leased a rent stabilized unit from Defendant since April 2025.

JURISDICTION AND VENUE

4. This Court has subject-matter jurisdiction over this action under D.C. Code § 11-921.

5. The Court has personal jurisdiction over Defendant Bernstein Management Corporation under D.C. Code § 13-423 because Defendant conducts business and has caused tortious injury in the District of Columbia.

6. Venue is proper because the events that gave rise to this Complaint occurred in the District of Columbia.

INTRODUCTION

7. Defendant Bernstein Management Corporation is a sophisticated real estate development and management company that owns and manages a portfolio of approximately 5,800 apartments across the Washington metropolitan area, including twenty-three rent-stabilized, multifamily properties (the Rent Stabilized BMC Properties) in the District of Columbia (District).

8. Defendant claims on its website that one of its core values is to "strive to act with integrity always." But for more than a decade, Defendant has boosted its profits through the assessment of an air conditioning fee (AC Fee) that allowed it to collect rent in excess of the legal maximum amount under the District's rent stabilization law.

9. Defendant routinely obfuscated the true cost of rent stabilized apartments subject to the AC Fee (AC Fee Units) in advertisements, which

omitted any mention of the AC Fee or represented that all utilities were included in the advertised rent.

10. Defendant concealed the AC Fee and additional rent (e.g., pet fees) from both its lease application and the District's designated disclosure form, in which Defendant included only the base rent.

11. Defendant waited until after prospective tenants had expanded resources on the lease application, and sometimes hundreds of dollars, to reveal the AC Fee in approval letters or lease agreements.

12. This latent-disclosure practice, which combined the predatory tactics of "drip pricing"[1] and "partitioned pricing,"[2] violated Defendant's statutory obligation to disclose the entire rent amount when prospective tenants filed their lease applications.

13. Whom Defendant charged the AC Fee was a matter of chance. Many tenants across the Rent Stabilized BMC Properties were permitted to keep and use the AC units in their apartments at no extra charge, through a fee waiver that Defendant offered (AC Concession). Others were subject to a discounted AC Fee, while the unluckiest were on the hook for the full AC Fee.

14. Defendant's inconsistent treatment of its tenants did not end there: even where it charged the AC Fee year-round, Defendant saddled some

[1] "Drip pricing" refers to the business practice of advertising a low rate but adding on supplemental fees throughout the transaction.

[2] "Partitioned pricing" refers to the business practice of advertising a total price for a good or service when, in fact, a separate cost applies.

tenants with the additional cost year-round while charging others only part of the year — typically around summertime.

15. Defendant's *ad hoc* charging practice was more than unfair; it also constituted an illegal rent increase. That is because District law caps the percentage increase that Defendant can impose on rent stabilized units during any given rental year. Once the applicable limit is reached, Defendant is prohibited from collecting one cent more in rent for such units.

16. Nevertheless, Defendant misrepresented its right to assess AC Fee in lease agreements that made its payment mandatory, and in demands for the AC Fee from tenants whose leases did not mention an AC Fee.

17. Acting on this self-dealt authority, Defendant charged tenants residing across sixteen Rent Stabilized BMC Properties with an AC Fee, bilking some tenants out of tens of thousands of dollars over the years.

18. Defendant extended its deceitful practices to the formal process of raising the cost of rent stabilized units, by disclosing false information on the notices of rent increase that it provided tenants and shared with the District's Rental Accommodations Division (RAD).

19. Indeed, Defendant's notices of rent increase omitted the AC Fee from the current (pre-increase) rent charged and new total monthly rent disclosed, hiding the fact that Defendant's AC Fee exceeded the legal limit.

20. The purpose behind Defendant's scheme was as simple as the explanation its employees gave Plaintiff Horton in writing: the AC Fee permitted Defendant to bring rent stabilized units closer to market rate.

21. The data supported this explanation. Defendant's portfolio of District properties included ten market-rate residential buildings and twenty-three Rent Stabilized BMC Properties. Yet Defendant only charged the AC Fee in the latter, making units intended to be affordable less so.

22. Defendant's practices caused financial injury to Plaintiffs and similarly situated persons, for which Plaintiffs seek declaratory and injunctive relief, along with compensatory damages.

23. Defendant's conduct has been persistent, outrageous, or grossly fraudulent. And it reflects a willful disregard for Plaintiffs' rights as tenants of rent stabilized units, and as consumers entitled to fair dealings in the marketplace. Defendant also has used trickery or deceit to extract from Plaintiffs more rent than District law permitted. This warrants the assessment of punitive damages, which Plaintiffs request here.

D.C. HOUSING LAW

24. The Rental Housing Act of 1985 (RHA or rent stabilization law) was passed, among other purposes, to "protect low- and moderate-income tenants from the erosion of their income from increased housing costs;" "protect the existing supply of rental housing from conversion to other uses;" and "prevent the erosion of moderately priced rental housing while providing housing providers and developers with a reasonable rate of return on their investments." *See* D.C. Code § 42–3501.02.

25. Housing providers must disclose to tenants and applicants the "rent charged" in rent stabilized units, among other information, using "RAD

Form 3" (Application Disclosure), which is the form designated by the District. This disclosure is required when a prospective tenant applies for a rental unit or, if an application is not required, when entering into a lease agreement.

26. The Rental Housing Commission is tasked with determining, on an annual basis, the permissible adjustment in the rent charged across rent stabilized units, under the Washington, D.C., Standard Metropolitan Statistical Area Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W Process). *See* D.C. Code § 42–3502.06(b).

27. However, in no circumstance can the adjustment of general applicability exceed 10 percent. *Id*. Also, the total amount of adjustments from May 1, 2023 through April 30, 2025 must not exceed the amount of legal rent charged on April 30, 2023, plus 8 percent if the tenant is elderly or disabled, or 12 percent for all other tenants. D.C. Code § 42–3502.08(j).

28. The rent stabilization law establishes four other means to increase the cost of rent stabilized units: using a capital improvement petition process, with permission from the Rent Administrator, through a hardship petition process, and by voluntary agreement with a 70 percent majority of tenants in the building concerned. *See* D.C. Code §§ 42–3502.10; 42–3502.11; 42–3502.12; 42–3502.15.

29. Outside of those methods, "no housing provider of any rental unit … may charge or collect rent for the rental unit in excess of the amount computed by adding to the base rent not more than all rent increases authorized after April 30, 1985[.]" D.C. Code § 42–3502.06(a).

30. In addition, housing providers "shall not impose on a tenant a mandatory fee for any service or facility that has not been approved," unless one of two exceptions applies. D.C. Code § 42–3502.11a(a); *see* D.C. Code §§ 42-3502.11 (Rent Administrator permission); 42-3502.15 (voluntary agreement).

31. To increase the base rent of a rent stabilized unit, housing providers must comply with other requirements that generally relate to registration, notice, and housing conditions. *See* D.C. Code § 42–3502.08.

32. The notice to the tenant, in particular, must state the current rent charged for the rental unit and the increase rent charged. *See* D.C. Code § 42–3502.08(f)(1).

33. The District requires housing providers to provide such notice using "RAD Form 8" (Tenant Notice), which contains a number of disclosures and certifications.

34. Housing providers must time service of the Tenant Notice to grant tenants a minimum of 60 calendar days of notice before the implementation of any rent increase. *See* D.C. Code § 42–3509.04(b). Subject to narrow exceptions, rent increases are limited to once within 12 months. *See* D.C. Code § 42–3502.08(g).

35. Housing providers must file with RAD a copy, or a sample copy if multiple rental units are affected, of the Tenant Notice served. 14 D.C.M.R. § 4205.4(d).

36. A "housing provider" means "a landlord, an owner, lessor, sublessor, assignee, or their agent, or any other person receiving or entitled to receive rents or benefits for the use or occupancy of any rental unit within a housing accommodation within the District." D.C. Code § 42–3501.03(15).

37. "Base rent" includes "all rent increases authorized for that rental unit by prior rent stabilization laws or any administrative decision issued under those laws, and any rent increases authorized by a court of competent jurisdiction." D.C. Code § 42–3501.03(4).

38. "Rent" refers "the entire amount of money, money's worth, benefit, bonus, or gratuity demanded, received, or charged by a housing provider as a condition of occupancy or use of a rental unit, its related services, and its related facilities." D.C. Code § 42–3501.03(28).

39. "Rent charged" means "the entire amount of money, money's worth, benefit, bonus, or gratuity a tenant must actually pay to a housing provider as a condition of occupancy or use of a rental unit, its related services, and its related facilities, pursuant to the Rent Stabilization Program." D.C. Code § 42–3501.03(29A).

40. And "related services" refers to "services provided by a housing provider, required by law or by the terms of a rental agreement, to a tenant in connection with the use and occupancy of a rental unit, including … air conditioning[.]" D.C. Code § 42–3501.03(27).

D.C. CONSUMER PROTECTION LAW

41. The CPPA is a remedial statute that is to be construed broadly. It prohibits merchants from engaging in a wide variety of unfair and deceptive trade practices against consumers, involving consumer goods and services that are or would be purchased, leased, or received in the District. D.C. Code § 28-3904. It covers landlord-tenant relations. D.C. Code § 28-3905(k)(6).

42. Consumers are protected by the CPPA regardless of whether the trade practice at issue actually misled, deceived, or damaged them. D.C. Code § 28-3904. But those who do suffer damages may bring an action and recover the greater amount between treble damages and $1,500.00 per violation, punitive damages, attorneys' fees, and other appropriate relief. D.C. Code § 28-3905(k)(1)-(2).

43. D.C. Code § 28-3904 provides a non-exhaustive list of unfair and deceptive trade practices under which it is unlawful to:

> (e) misrepresent as to a material fact which has a tendency to mislead;
>
> (e-1) represent that a transaction confers or involves rights, remedies, or obligations which it does not have or involve, or which are prohibited by law;
>
> (f) fail to state a material fact if such failure tends to mislead; and
>
> …
>
> (h) advertise or offer goods or services without the intent to sell them or without the intent to sell them as advertised or offered; and
>
> …

> (r) make or enforce unconscionable terms or provisions of sales or leases; in applying this subsection, consideration shall be given to …
>
> (3) gross disparity between the price of the property or services sold or leased and the value of the property or services measured by the price at which similar property or services are readily obtainable in transactions by like buyers or lessees[.]

44. A fact is "material" if:

> (a) a reasonable [person] would attach importance to its existence or nonexistence in determining [their] choice of action in the transaction in question; or
>
> (b) the maker of the representation knows or has reason to know that its recipient regards or is likely to regard the matter as important in determining [their] choice of action, although a reasonable [person] would not so regard it.
>
> *Grayson v. AT & T Corp.*, 15 A.3d 219, 25, n. 105 (D.C. 2011) (citing Restatement (Second) of Torts § 538(2) (Am. Law Inst. 1977)).

45. A trade practice that violates any statute, regulation, rule of common law, or other law of the District of Columbia is also unfair or deceptive under the CPPA. D.C. Code § 28-3905(k)(1)(A).

46. The term "consumer" includes a "person who, other than for purposes of resale, does or would purchase, lease (as lessee), or receive consumer goods or services … or does or would otherwise provide the economic demand for a trade practice." D.C. Code § 28-3901(a)(2)(A).

47. A "merchant" is a "person, whether organized or operating for profit or for a nonprofit purpose, who in the ordinary course of business does or would sell, lease, or transfer, either directly or indirectly, consumer goods or services." D.C. Code § 28-3901(a)(3)(A)

48. And consumer "goods and services" means "any and all parts of the economic output of society, at any stage or related or necessary point in the economic process, and includes consumer credit, franchises, business opportunities, real estate transactions, and consumer services of all types." D.C. Code § 28-3901(a)(7).

FACTUAL BACKGROUND

A. Defendant charged AC Fees in Rent Stabilized BMC Properties.

49. Although the Rent Stabilized BMC Properties that Defendant managed had various owners, Defendant performed almost all duties related to their daily operation, including staffing, maintenance, and management.

50. Defendant's responsibilities included setting lease terms, executing leases as the landlord and agent of the property owner, paying for certain utilities, assessing and collecting rents, communicating with applicants and tenants, and referring tenants for eviction.

51. At all times relevant, the Rent Stabilized BMC Properties that Defendant managed included the sixteen buildings below:

a. **1630 Park**
1630 Park Rd., NW
Washington, DC 20010

b. **2100 Connecticut Avenue**
2100 Connecticut Ave., NW
Washington, DC 20008

c. **2231 Ontario**
2231 Ontario Rd., NW
Washington, DC 20009

d. **4115 Wisconsin Avenue**
4115 Wisconsin Ave., NW
Washington, DC 20016

e. **The August**
2147 O St., NW
Washington, DC 20037

f. **The Belvedere**
1301 Massachusetts Ave., NW
Washington, DC 20005

g. **Castle Manor**
2515 13th St., NW
Washington, DC 20009

h. **Cathedral Mansions**
3000 Connecticut Ave., NW
Washington, DC 20008

i. **The Chalfonte**
1601 Argonne Pl., NW
Washington DC 20009

j. **Connecticut Gardens**
1915 Kalorama Rd., NW
Washington, DC 20009

k. **Highview**
2505 13th St., NW
Washington, DC 20009

l. **Kew Gardens**
2700 Q St., NW
Washington, DC 20007

m. **The Melwood**
1803 Biltmore St., NW
Washington, DC 20009

n. **The Paramount**
829 Quincy St., NW
Washington, DC 20011

o. **Park Crest**
2324 41st St., NW
Washington, DC 20007

p. **The President Madison**
1908 Florida Ave., NW
Washington, DC 20009

52. At all times relevant, Defendant charged an AC Fee to tenants in at least these sixteen buildings (AC Fee BMC Properties).

53. The AC Fee BMC Properties counted approximately 1,458 units.

54. The AC Fee Units were similar to apartments for which Defendant completely waived the AC Fee.

B. Defendant concealed the AC Fee from online advertising.

55. At all times relevant, Defendant advertised each of the AC Fee BMC Properties on bmcproperties.com (BMC Website).

56. At all times relevant, Defendant also advertised each of the AC Fee BMC Properties on the following websites (collectively, Property Websites):

a. 1630park.com (1630 Park Website);

b. 2100connecticut.com (2100 Connecticut Website);

c. 2231ontariodc.com (Ontario Website);

d. 4115wisconsinavedc.com (4115 Wisconsin Website);

e. theaugustdc.com (August Website);

f. belvederedc.com (Belvedere Website);

g. highviewandcastlemanordc.com (Highview and Castle Manor Website);

h. cathedralmansionsdc.com (Cathedral Mansions Website);

i. chalfontedc.com (Chalfonte Website);

j. connecticutgardensdc.com (the Connecticut Gardens Website);

k. kewgardensdc.com (Kew Gardens Website);

l. themelwood.com (Melwood Website);

m. theparamountdc.com (Paramount Website);

n. parkcrestdc.com (Park Crest Website); and

o. thepresidentmadison.com (President Madison Website).

57. In addition, Defendant advertised some AC Fee BMC Properties on the website apartments.com, including at the online addresses below:

a. apartments.com/1630-park-apartments-washington-dc/h5018z3/ (Apartments.com 1630 Park Page);

b. apartments.com/the-chalfonte-washington-dc/e2xvzvn (Apartments.com Chalfonte Page);

c. apartments.com/kew-gardens-washington-dc/sdenwh4 (Apartments.com Kew Gardens Page);

d. apartments.com/the-melwood-washington-dc/kbt1zq8 (Apartments.com Melwood Page);

e. apartments.com/the-paramount-washington-dc/4szpm7l (Apartments.com Paramount Website);

f. apartments.com/park-crest-apartments-washington-dc/2cjm3n8 (Apartments.com Park Crest Page); and

g. apartments.com/president-madison-washington-dc/k95fs1c (Apartments.com President Madison Page)

58. In online advertising, Defendant routinely stated or implied that it did not charge utilities in the AC Fee BMC Properties — for example:

1630 Park

59. In the Amenities section of the 1630 Park Website, Defendant stated: "Once you're settled, you'll start noticing some of the all-time favorites, which include a laundry facility, package room and all utilities included."

60. The 1630 Park Website did not mention AC Fees.

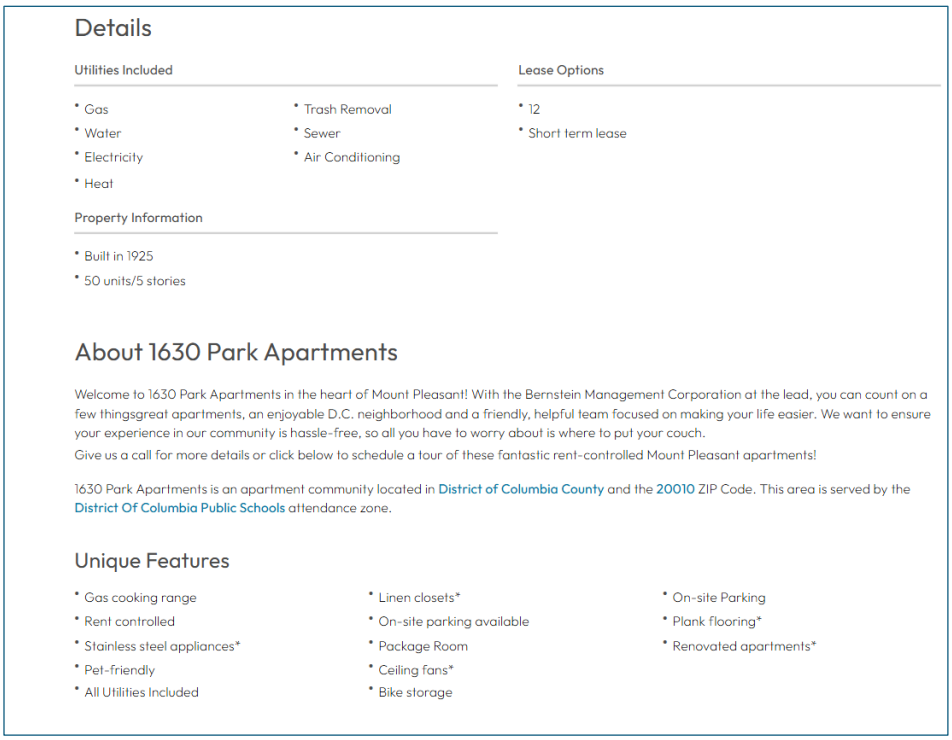
61. On the BMC Website page for 1630 Park, Defendant stated: "Our studio, one- and two-bedroom floor plans are pet-friendly with all utilities included."

62. The BMC Website page for 1630 Park did not disclose AC Fees.

63. On the Apartments.com 1630 Park Page, Defendant listed "Air Conditioning" under "Utilities Included."

64. On the same page, Defendant added "All Utilities Included" under the building's "Unique Features."

65. The Apartments.com 1630 Park Page did not disclose AC Fees.



Details

Utilities Included

- Gas
- Water
- Electricity
- Heat
- Trash Removal
- Sewer
- Air Conditioning

Lease Options

- 12
- Short term lease

Property Information

- Built in 1925
- 50 units/5 stories

About 1630 Park Apartments

Welcome to 1630 Park Apartments in the heart of Mount Pleasant! With the Bernstein Management Corporation at the lead, you can count on a few thingsgreat apartments, an enjoyable D.C. neighborhood and a friendly, helpful team focused on making your life easier. We want to ensure your experience in our community is hassle-free, so all you have to worry about is where to put your couch.
Give us a call for more details or click below to schedule a tour of these fantastic rent-controlled Mount Pleasant apartments!

1630 Park Apartments is an apartment community located in District of Columbia County and the 20010 ZIP Code. This area is served by the District Of Columbia Public Schools attendance zone.

Unique Features

- Gas cooking range
- Rent controlled
- Stainless steel appliances*
- Pet-friendly
- All Utilities Included
- Linen closets*
- On-site parking available
- Package Room
- Ceiling fans*
- Bike storage
- On-site Parking
- Plank flooring*
- Renovated apartments*

2100 Connecticut Avenue

66. In the Amenities section of the 2100 Connecticut Avenue Website, Defendant stated: "We have all the basics covered with cat-friendly apartments, select homes with renovated interiors, and all utilities included."

67. And in the list of apartment amenities below that statement, Defendant again stated: "All utilities included."

68. The 2100 Connecticut Avenue Website did not disclose AC Fees.

69. The BMC Website page for 2100 Connecticut Avenue also did not disclose AC Fees.

2231 Ontario

70. In the Amenities section of the Ontario Website, Defendant listed air conditioning, but did not otherwise mention AC Fees.

71. The BMC Website page for 2231 Ontario did not disclose AC Fees.

4115 Wisconsin Avenue

72. The 4115 Wisconsin Avenue Website did not disclose AC Fees.

73. The BMC Website page for 4115 Wisconsin Avenue also did not disclose AC Fees.

The August

74. The August Website did not disclose AC Fees.

75. The BMC Website page for the August did not disclose AC Fees.

The Belvedere

76. On the BMC Website page for the Belvedere, Defendant stated: "Our studio, one-, and two-bedroom floor plans are pet-friendly with all utilities included."

77. On the same page, Defendant reiterated: "Our pet friendly Logan Circle apartments include all utilities, so you can move right in and start enjoying your new home."

78. The BMC Website page for the Belvedere did not disclose AC Fees.

79. In the Amenities section of the Belvedere Website, Defendant said again: "The Belvedere apartments puts (sic) good living within your reach. We have all the basics covered with pet-friendly apartments, select homes with renovated interiors, and all utilities included."

80. The Belvedere Website did not disclose AC Fees.

Cathedral Mansions

81. On the BMC Website page for Cathedral Mansions, Defendant stated: "Our studio, one-, and two-bedroom floor plans are pet-friendly with all utilities included."

82. The BMC Website page for Cathedral Mansions did not disclose AC Fees.

83. In the Amenities section of the Cathedral Mansions Website, Defendant stated: "We have all the basics covered with pet-friendly residences, select homes with renovated interiors and all utilities included."

84. The Cathedral Mansions Website did not disclose AC Fees.

The Chalfonte

85. In the Amenities section of the Chalfonte Website, Defendant enumerated amenities available in the units, listing in second place: "All utilities included."

86. The Chalfonte Website did not disclose AC Fees.

87. The BMC Website page for the Chalfonte did not disclose AC Fees.

88. On the Apartments.com Chalfonte Page, Defendant identified "Air Conditioning" on the list of "Utilities Included."

89. On the same page, Defendant added "All Utilities included" to the building's "Unique Features."

90. The Apartments.com Chalfonte Page did not disclose AC Fees.

Connecticut Gardens

91. On the BMC Website page for Connecticut Gardens, Defendant

stated: “Our studio, one-, and two-bedroom floor plans are cat-friendly with all utilities included.”

92. On the same page, Defendant added: “And if that wasn’t enough, wait until you hear that we’ve included all the utilities in the rent, so you have one less thing to worry about.”

93. The BMC Website page for Connecticut Gardens did not disclose AC Fees.

94. In the Amenities section of the Connecticut Gardens Website, Defendant stated: “We have all the basics covered with cat-friendly apartments, select homes with renovated interiors, and all utilities included.”

95. And under the list of apartment amenities below that statement, Defendant listed: “All utilities included.”

96. On the same page, Defendant repeated: “Get comfortable in any of our rent controlled apartments in DC with all utilities included.”

97. The Connecticut Gardens Website did not disclose AC Fees.

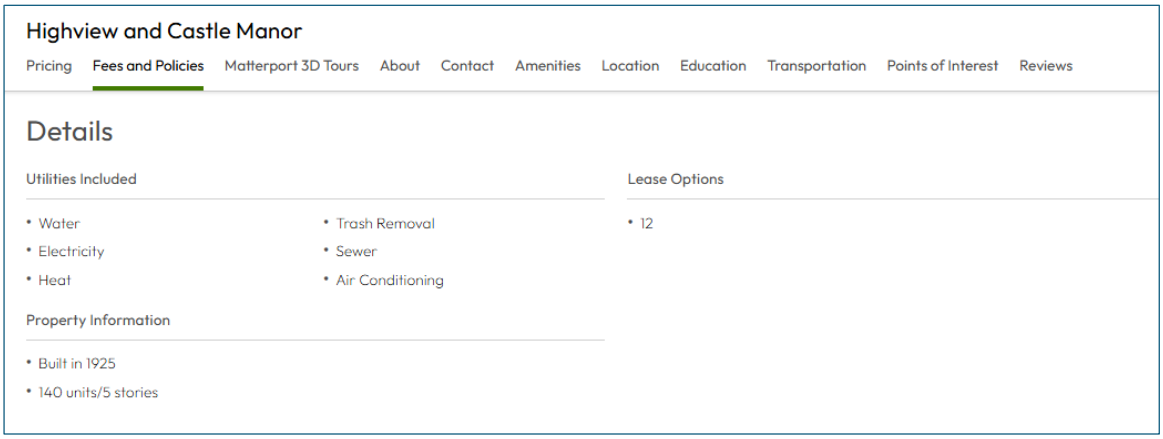
Highview and Castle Manor

98. The BMC Website page for Highview and Castle Manor did not disclose AC Fees.

99. The Highview and Castle Manor Website did not disclose AC Fees.

100. The Apartments.com Highview and Castle Manor Page identified “Air Conditioning” on the list of “Utilities Included.”

101. The Apartments.com Highview and Castle Manor Page did not disclose AC Fees.



Kew Gardens

102. On the BMC Website page for Kew Gardens, Defendant stated: "Our studio, one-, and two-bedroom floor plans are pet-friendly with all utilities included."

103. The BMC Website page for Kew Gardens did not disclose AC Fees.

104. In the Amenities section of the Kew Gardens Website, Defendant stated: "We have all the basics covered with pet-friendly spaces, select homes with renovated interiors, and all utilities included."

105. Below that statement, Defendant listed "All utilities included" among the apartment amenities.

106. And under that, Defendant reiterated: "To complete this dreamy picture, all utilities are included in the bill, and we're both rent controlled and pet-friendly, so our apartments in Georgetown are a true catch."

107. The Kew Gardens Website did not disclose AC Fees.

108. On the Apartments.com Kew Gardens Page, Defendant included "Air Conditioning" on the list of "Utilities Included."

109. On the same page, Defendant added "All Utilities Included" to the

list of building's "Unique Features."

110. The Apartments.com Kew Gardens Page did not disclose AC Fees.

The Melwood

111. On the BMC Website page for the Melwood, Defendant stated: "Our studio, one-, and two-bedroom floor plans are pet-friendly with all utilities included."

112. The BMC Website page for the Melwood did not disclose AC Fees.

113. In the Amenities section of the Melwood Website, Defendant reiterated: "We have all the basics covered with pet-friendly apartments, select homes with renovated interiors, and all utilities included."

114. And on the same page, Defendant added: "As an added bonus, all utilities are included at The Melwood, for your convenience and peace of mind."

115. The Melwood Website did not disclose AC Fees.

116. On the Apartments.com Melwood Page, Defendant listed "Air Conditioning" in the "Utilities Included."

117. On the same page, Defendant added "All Utilities Included" to the building's "Unique Features."

118. The Apartments.com Melwood Page did not disclose AC Fees.

The Paramount

119. On the BMC Website page for the Paramount, Defendant stated: "Our studio, one-, and two-bedroom floor plans are pet-friendly with all utilities included."

120. The BMC Website page for the Paramount did not disclose AC Fees.

121. In the Amenities section of the Paramount Website, Defendant added: "We have all the basics covered with pet-friendly apartments, select homes with renovated interiors, and all utilities included."

122. Under the list of apartment amenities below that statement, Defendant again listed: "All utilities included."

123. The Paramount Website did not disclose AC Fees.

124. On the Apartments.com Paramount Page, Defendant listed "Air Conditioning" in the "Utilities Included."

125. On the same page, Defendant added "All Utilities Included" to the building's "Unique Features."

126. The Apartments.com Paramount Page did not disclose an AC Fee.

127. On a large advertisement inside the nearby Georgia Ave-Petworth station, Defendant reinforced the representation that utilities were included.

Park Crest

128. On the BMC Website page for Park Crest, Defendant stated: "All utilities are conveniently included, ensuring a hassle-free living experience."

129. The BMC Website page for Park Crest did not disclose AC Fees.

130. In the Amenities section of the Park Crest Website, Defendant listed: "All utilities included."

131. The Park Crest Website did not disclose AC Fees.

132. On the Apartments.com Park Crest Page, Defendant also listed "Air Conditioning" in the "Utilities Included."

133. On the same page, Defendant added "All Utilities Included" to the building's "Unique Features."

134. The Apartments.com Park Crest Page did not disclose AC Fees.

The President Madison

135. On the BMC Website page for the President Madison, Defendant stated: "Our studio, one-, and two-bedroom floor plans are pet-friendly with all utilities included."

136. The BMC Website page for the President Madison did not disclose AC Fees.

137. In the Amenities section of the President Madison Website, Defendant added: "We have all the basics covered with pet-friendly apartments, select homes with renovated interiors, and all utilities included."

138. Under the list of apartment amenities below that statement, Defendant again listed: "All utilities included."

139. The President Madison Website did not disclose AC Fees.

140. On the Apartments.com President Madison Page listed "Air Conditioning" in the "Utilities Included."

141. On the same page, Defendant added "All Utilities Included" to the building's "Unique Features."

142. The Apartments.com President Madison Page did not disclose AC Fees.

C. Defendant disclosed the partial rent of AC Fee Units at application.

143. Prospective tenants often reached Defendant's leasing application after landing on the Property Websites or through the BMC Website, which all linked to an online lease application for apartments in the AC Fee BMC Properties.[3]

144. Before prospective tenants could complete a lease application, Defendant required them to sign a two-page, single-spaced document titled "DC Applicant Eligibility Criteria." This document described Defendant's income requirements and accepted sources of verifiable income, its tenant screening process, and conditions of leasing its apartments.

145. Sometime between April 2020 and April 2025, Defendant modified the DC Applicant Eligibility Criteria document to add two lines at the end, "encourag[ing] all applicants to visit https://www.bmcproperties.com/feesandavailability prior to submitting an

[3] The Apartments.com property pages did not provide prospective tenants a direct means to apply and instead routed them to the Property Websites.

application for information on fees [and] deposits."

146. Prospective tenants who clicked on bmcproperties.com/feesandavailability (the Fees and Availability Page) were directed to a chart that displayed all the District properties in which Defendant assessed fees and described their nature, total amount or range, and in some circumstances, their frequency and refundability.

147. But the Fees and Availability Page contained information that was false, misleading, and incomplete.

148. First, the Fees and Availability Page represented that Defendant charged an AC Fee between $75.00 to $225.00 in the AC Fee BMC Properties.

149. This statement was false. Defendant charged tenants with AC Fees that ranged between zero and, in at least one instance, $600.00 per month.

150. Second, the Fees and Availability Page implied that the AC Fee was a one-time charge. Defendant did so by placing the word "monthly" in front of the pet fee to make clear that it recurred on this basis. Conversely, Defendant omitted the word "monthly" from its description of the five one-time fees disclosed throughout the chart (the application fee, holding fee, move-in pet fee, amenity fee, and security deposit). But when it came to the AC Fee, Defendant again omitted the word "monthly" or any other temporal qualifier. This suggested that the AC Fee was also a one-time fee.

151. In reality, Defendant's AC Fees were recurring, with some tenants subjected to the AC Fee year-round, including during cold months and other periods of non-usage, and other tenants assessed the AC Fee seasonally.

152. Third, the Fees and Availability Page withheld critical information about which apartments were AC Fee Units and the exact amount Defendant intended to charge in the unit underlying the lease application.

153. In any event, many of the tenants who ended up being charged the AC Fee never saw the Fees and Availability Page at the time of their lease application for at least three reasons.

154. Because Defendant only began to link to the Fees and Availability Page in the DC Applicant Eligibility Criteria document after April 2020, prospective tenants who applied to AC Fee Units before that change did not see the Fees and Availability Page at the time of application.

155. Even after Defendant added the Fees and Availability Page link to the DC Applicant Eligibility Criteria document, Defendant did not compel applicants to see its substance at the time of the lease application, in contrast with Defendant's requirement that the DC Applicant Eligibility Criteria document be signed applicants could access the online lease application.

156. Also, the Fees and Availability Page was not directly accessible from the menus of the BMC Website and the Property Websites.

157. Prospective tenants who applied to AC Fee Units could thus only see the Fees and Availability Page if they followed Defendant's "encouragement" to click on the link, or somehow already knew that it existed.

158. After prospective tenants completed the lease application, Defendant emailed them a print-ready copy that reflected, at the top of the first page, the base rent for the unit sought. That rent amount excluded any applicable AC Fee.

159. Defendant also provided the applicant with an Application Disclosure that stated the amount of rent charged for the unit and the amount of monthly rent surcharges the applicant would be required to pay.

160. For AC Fee Units, Defendants provided Application Disclosures that contained a "rent charged" that excluded any applicable AC Fee.

D. Defendant's practice of charging AC Fees under different leases.

161. Over the last few decades, the apartment leases that Defendant has offered prospective tenants of AC Fee Units have evolved at least twice.

Defendant has charged AC Fees to tenants who were subject to leases that did not make them responsible for such fees.

162. Upon information and belief, during at least the 1990s, Defendant offered lease agreements that made tenants responsible for paying only for cooking gas service (Gas-Only Lease), and did not mention an AC Fee.

163. Upon information and belief, Defendant has charged AC Fees to tenants while their Gas-Only Leases remained in effect.

Defendant has charged AC Fees to tenants who were subject to leases that made the AC Fee mandatory additional rent.

164. Upon information and belief, during at least the 2010s, Defendant offered lease agreements (2010s Lease) that stated: "An air conditioning fee is payable directly to the Landlord in the amount of $ _____ per month."

165. The 2010s Lease stated that tenants "**shall** pay to Landlord as additional Rent … the utility charges listed" in the lease agreement (emphasis added).

166. Under the 2010s Lease, a tenant's failure to pay any rent entitled Defendant to immediately terminating the lease or tenant's right of possession, and taking measures to evict the tenant.

167. The 2010s Lease also prohibited tenants from installing their own air conditioning units "except as otherwise agreed to" by Defendant.

168. For tenants of AC Fee Units who were subject to a 2010s Lease and did not have a separate agreement with Defendant, relieving them of the AC Fee, the AC Fee was mandatory.

169. Upon information and belief, during at least the 2020s, Defendant offered prospective tenants a lease agreement (2020s Lease) that was accompanied by a cover page titled "Summary of Key Lease Information."

170. Each Summary of Key Lease Information associated with an AC Fee Unit disclosed the base rent and AC Fee amounts, then summed the two charges on a "Total" line.

171. Defendant presented some prospective tenants with a Summary of Key Lease Information that contained an additional line labeled "A/C Concession," purporting to subtract all or part of the disclosed AC Fee.

172. The 2020s Lease stated: "An air conditioning fee is payable directly to the Landlord in the amount of $____ per month[.]"

173. The 2020s Lease added that the tenant "**shall** make a full or pro-rated air conditioning fee payment at the Lease signing or after the Landlord's Lease approval" (emphasis added).

174. The 2020s Lease provided that tenants "**shall** pay to Landlord, as Additional Rent … the utility charges listed" in the lease agreement or other applicable addenda (emphasis added).

175. The 2020s Lease included "Additional Rent" in its definition of rent and clarified that "Additional Rent includes all payments required of Tenant to Landlord … including, without limitation, air conditioning fee, utility fee, periodic Additional Rent, late charges and dishonored check charges/insufficient fund fees."

176. The 2020s Lease also stated that "Additional Rent payments **shall** be due monthly" or as Defendant otherwise specified (emphasis added).

177. The 2020s Lease was accompanied by an addendum ("Exhibit A District of Columbia Jurisdictional Addendum") that permitted Defendant to

"avail itself of all rights and remedies to which it may be entitled" — including eviction — if tenants failed to pay any one of the monthly obligations.

178. The 2020s Lease also prohibited tenants from installing their own AC units "except as otherwise agreed to" by Defendant.

179. For tenants of AC Fee Units who were subject to a 2020s Lease and did not have an agreement with Defendant, relieving them of the AC Fee, the AC Fee was mandatory.

180. Indeed, when one tenant of the Paramount Building emailed Defendant's on-site property manager in 2023, requesting to opt out of the AC Fee and have the AC units removed from the apartment, Defendant's on-site property manager replied: "For the AC, this is mandatory and not optional. As a public residential establishment, we have to provide our tenants with AC and Heat sources all year round."

Defendant still imposed a mandatory monthly fee on tenants whom it permitted to use their own AC Units.

181. Upon information and belief, Defendant assessed a mandatory fee on tenants in AC Fee Units to whom it granted permission to replace Defendant's AC units with their own.

182. Upon information and belief, Defendant required the removal of its AC units if it agreed to let the tenant stop paying the AC Fee.

183. For example, in 2023, Defendant agreed to modify one tenant's apartment lease through an addendum that provided the tenant three options upon becoming effective: (1) keep Defendant's AC units and continue paying a

monthly AC Fee of $225.00; (2) replace Defendant's AC units with the tenant's own *and* pay Defendant a monthly AC Fee of $45.00; or (3) remove Defendant's AC units without replacing them and stop paying an AC Fee.

184. But again, tenants who were offered a total AC Concession could keep and use Defendant's pre-installed AC units at no cost.

E. Defendant served tenants inaccurate notices of increased rent.

185. Defendant formally raised rents in AC Fee Units through the CPI-W Process, which capped the percentage of the increase annually.

186. Upon information and belief, at all times relevant, Defendant did not seek and was not granted permission to increase the base rents of the Rent Stabilized BMC Properties through any means other than the CPI-W Process.

187. Even as Defendant purported to follow the CPI-W Process, its Tenant Notices contained misrepresentations and omissions so critical that Defendant could not be said to have provided any notice at all.

188. The District required Tenant Notices to disclose, among other facts, the "current monthly rent charged," the rent increase as a percentage, the "new total monthly rent," and the "maximum general rent adjustment" for the year.

189. Helpfully, Page 2 of the Tenant Notice stated:

> All rent increases must be calculated based on the rent charged for a rental unit covered by the Rent Stabilization Program. **The Act defines "rent charged" as "the entire amount of money, money's worth, benefit, bonus, or gratuity a tenant must actually pay to a housing provider as a condition of occupancy or use of a rental unit, its related**

> **services, and its related facilities, pursuant to the Rent Stabilization Program."**
>
> (Emphasis in original.)

190. Despite the inclusion of the "rent charged" definition in Tenant Notices, Defendant repeatedly served Tenant Notices that omitted the AC Fee from both the current monthly rent charged and new total monthly rent.

191. To make sure tenants in the AC Fee Units understood their continued responsibility for the AC Fee, despite the Tenant Notice's contrary suggestion, Defendant included a cover letter in its notice package, disclosing the tenant's actual new total rent — AC Fee included — in bold font.

192. The impact of Defendant's misconduct was not limited to tenants; it also misled the District. To keep RAD apprised of cost increases on rent stabilized units, housing providers were required to file with the office a "Certificate of Rent Adjustment" (RAD Notice) and a copy of the corresponding Tenant Notices served on tenants.

193. Among other clauses, the RAD Notice contained a certification that required housing providers to declare:

> I am aware that the Act defines the term "rent charged" as "the entire amount of money, money's worth, benefit, bonus, or gratuity a tenant must actually pay to a housing provider as a condition of occupancy or use of a rental unit, its related services, and its related facilities, pursuant to the Rent Stabilization Program.

194. Even though Defendant made the above certification in connection with each rent increase in the AC Fee BMC Properties, the RAD Notices that it

filed with the District omitted the AC Fee from both the current monthly rent and new total monthly rent.

195. Defendant's submissions to RAD also withheld the cover letters that had accompanied its Tenant Notices, and would have alerted the District of the true rent increases. Instead, RAD received from Defendant forms that chronically understated the rents charged in the AC Fee BMC Properties.

F. All Highview and Castle Manor tenants paid utilities despite Defendant's contrary advertisements on these properties' lawns.

196. The Highview and Castle Manor properties are adjacent buildings.

197. For years, Defendant has displayed a sign on the front lawn of Highview that stated "ALL UTILITIES INCLUDED" in bright white, all-caps and, in smaller font below, listed the address of the Highview and Castle Manor Website. The language on the sign was categorical and did not disclose the possible assessment of an AC Fee or that tenants were responsible for gas service charges.

198. Defendant displayed the same "ALL UTILITIES INCLUDED" sign on the front lawn of Castle Manor.

199. These advertisements were false. As detailed in this Complaint, Defendant charged an AC Fee to certain Highview and Castle Manor tenants.

200. And Defendant required tenants of Highview and Castle Manor to pay their utility provider for gas service.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201. Upon information and belief, all tenants of Highview have likely seen an "ALL UTILITIES INCLUDED" sign because they were and still are, as of the date of this Complaint, placed on the front lawn of the property.

202. Upon information and belief, all tenants of Castle Manor also have likely seen an "ALL UTILITIES INCLUDED" sign because they were and still are, as of the date of this Complaint, placed on the front lawn of the property.

G. Plaintiffs Coffey and Gold are victims of Defendant's AC Fee scheme and false representation that all utilities were included at Castle Manor.

203. In the spring of 2025, Plaintiffs Nathanael Coffey and Daniel Gold were searching for an affordable apartment; in this process, the cost of rent was an important factor to them.

204. During this period, Plaintiff Coffey became interested in a two-bedroom apartment advertised on the Apartments.com Highview and Castle Manor Page.

205. On March 15, 2025, Plaintiff Coffey signed the DC Applicant Eligibility Criteria document that Defendant presented to all prospective tenants before granting them access to the lease application.

206. Plaintiff Coffey's DC Applicant Eligibility Criteria document contained a link to the Fees and Availability Page but he did not click on it.

207. Plaintiff Coffey did not see any other disclosure of an AC Fee at the time of application.

208. That same day, Plaintiff Coffey submitted a complete lease application for the two-bedroom apartment in Castle Manor.

209. Plaintiff Coffey paid Defendant a $51.48 application fee to submit the lease application.

210. In an automated email, Defendant provided Plaintiff Coffey with a print-ready copy of his complete lease application (Coffey-Gold Application).

211. The Coffey-Gold Application disclosed a rent of $2,951.00.

212. In late March 2025, a leasing associate for Defendant told Plaintiff Coffey over the phone that the rent for the apartment had dropped to around $2,750.00 per month.

213. On or around March 27, 2025, Defendant provided Plaintiffs Coffey and Gold with an Application Disclosure, reflecting a "rent charged" of $2,787.00.

214. On April 1, 2025, Defendant notified Plaintiffs Coffey and Gold in writing that their lease application for an apartment in Castle Manor was approved (April 1 Approval Letter).

215. The April 1 Approval Letter contained a chart of money due before move-in day, which disclosed, for the first time, the existence of an additional AC Fee and its precise amount.

216. The April 1 Approval Letter informed Plaintiffs Coffey and Gold that they could now access and sign a lease agreement on the Highview and Castle Manor Website.

217. The one-year lease agreement set the total monthly rent at $3,156.00, which included $2,951.00 in base rent, a $55.00 pet fee, and a $150.00 AC Fee.

218. That evening, Plaintiff Coffey emailed Defendant's leasing associate to ask whether the AC Fee was to buy the AC units in the apartment or a charge for tenants to use their own AC units.

219. Over the phone, Defendant's leasing associate answered that Plaintiffs Coffey and Gold could have the AC units removed and install their

own. But Defendant's leasing associate soon retracted this representation, which he believed to be wrong, after speaking with the on-site property manager for Castle Manor.

220. On April 7, 2025, Defendant's leasing associate emailed Plaintiffs Coffey and Gold a new approval letter (April 7 Approval Letter) that corrected pricing errors in the first approval letter and lease agreement.

221. The April 7 Approval letter reflected the lower base rent of $2,787.00, but again added a $150.00 AC Fee and $55.00 pet rent, increasing the total monthly rent to $2,992.00.

222. The revised one-year lease agreement (Coffey-Gold Lease) updated the total monthly rent to $2,992.00.

223. The Coffey-Gold Lease made Plaintiffs Coffey and Gold responsible for paying for gas service.

224. Plaintiffs Coffey and Gold and Defendant executed the Coffey-Gold Lease that same day.

225. Plaintiffs Coffey and Gold then paid their first AC Fee to Defendant at a pro-rated rate of $100.00.

226. Since then, Defendant has charged Plaintiffs Coffey and Gold a $150.00 AC Fee each month.

227. Plaintiffs Coffey and Gold have seen the signs on the lawn of Castle Manor, stating that rent in their building includes all utilities.

228. But Defendant has collected $550.00 in AC Fees from Plaintiffs Coffey and Gold thus far.

229. And Plaintiffs Coffey and Gold have been responsible for paying for gas service since they signed the Coffey-Gold Lease.

230. Plaintiffs Coffey and Gold likely face future harm because the Coffey-Gold Lease requires them to continue paying the AC Fee or risk default and possible eviction.

231. Plaintiff Coffey and Gold also likely face future harm because Defendant has consistently served tenants in AC Fee Units with annual notices of increased rent that contained false information, implemented rent increases based on these incorrect notices, and continued to charge tenants with an additional AC Fee after implementing the rent increase.

H. Plaintiff Horton is a victim of Defendant's AC Fee scheme.

232. During the spring of 2020, Plaintiff Horton became interested in renting a unit at Castle Manor. The cost of rent, including utilities, was important to her.

233. On April 13, 2020, Plaintiff Horton signed the DC Applicant Eligibility Criteria document that Defendant presented to all prospective tenants before allowing them to complete a leasing application.

234. Plaintiff Horton's DC Applicant Eligibility Criteria did not contain a link to the Fees and Availability Page and Plaintiff Horton did not see any other disclosure of an AC Fee at the time of application.

235. That same day, Plaintiff Horton submitted a complete lease application for a one-bedroom apartment in Castle Manor.

236. Plaintiff Horton paid Defendant a $54.00 application fee and a $300.00 earnest fee in connection with her lease application.

237. In an automated email, Defendant provided Plaintiff Horton a print-ready copy of her complete lease application (Horton Application).

238. The Horton Application disclosed a rent of $1,971.00.

239. On April 21, 2020, an assistant property manager for Defendant emailed Plaintiff Horton an approval letter that omitted an AC Fee, and a one-year lease agreement that did disclose a $150.00 AC Fee (Horton Lease).

240. In her email, the assistant property manager flagged that the Horton Lease reflected a lower rent than the Horton Application, adding: "With the changes DC has placed on restricting increases during this time, this is as close to the market rent as we can get at this time."

241. For context, two weeks earlier, the District of Columbia Council had frozen rents in response to the pandemic. As a result, Defendant was prohibited from charging Plaintiff Horton more than the monthly rent allowed under the last increase on her unit, or a total of $1,763.00.

242. The Horton Lease and Summary of Key Lease Information thus reflected a base rent of $1,763.00. But each document also added a monthly $150.00 AC Fee, increasing her total monthly rent to $1,913.00.

243. Plaintiff Horton replied to the assistant property manager with follow-up questions, including: "Is the A/C fee just a standard part of every month's rent that was included in the initial total, which is now $1,913/month? Is it paid separately or as part of the rent payment?"

244. In response, the assistant property manager underscored the point she had made earlier in the exchange, stating: "The A/C fee is standard part of rent and is included in your monthly amount due. Since we are a rent control building it (sic) technically not included and a way for rent to be adjusted for us to get to market value."

245. On April 22, 2020, Plaintiff Horton and Defendant executed the Horton Lease.

246. Plaintiff Horton soon paid her first AC Fee to Defendant at a pro-rated rate of $135.48.

247. Defendant charged Plaintiff Horton a $150.00 AC Fee each month over the next five years.

248. Plaintiff Horton has seen the signs on the lawn of Castle Manor, stating that rent in the building includes all utilities.

249. But starting in May 2020 through July 2025, Defendant collected approximately $9,435.00 in AC Fees from Plaintiff Horton.

250. And Plaintiff Horton paid for gas service during her entire tenancy at Castle Manor.

251. In 2022, 2023, 2024, and 2025, Defendant served Plaintiff Horton Tenant Notices informing her of forthcoming rent increases, accompanied by cover letters on Defendant's letterhead.

252. Each of Defendant's Tenant Notices excluded the AC Fee from the current amount charged and new total monthly rent.

253. For example, on or about February 28, 2023, Defendant served on Plaintiff Horton a Tenant Notice (2023 Tenant Notice) representing that her current rent charged was $1,872.00.

254. Although this amount was the legal rent, Plaintiff Horton had been paying Defendant a $150.00 AC Fee on top of this base rent, which brought her total rent to $2,022.00. Defendant knew this because it collected the total rent from her each month, including earlier that February.

255. The 2023 Tenant Notice stated that the total new monthly charge would be $2,039.00.

256. But Defendant had every intent to continue charging Plaintiff Horton with a $150.00 AC Fee after implementing the noticed rent increase, as Defendant made in the cover letter that accompanied the 2023 Tenant Notice, which confirmed the new total rent of $2,189.00 in bold font.

257. Between May 1, 2023 and April 30, 2024, Defendant charged and collected from Plaintiff Horton a monthly rent of $2,189.00.

258. The May 2023-April 2024 rent increased the previous legal rent of $1,872.00 by 16.93 percent — in clear excess of the 10 percent maximum increase codified in the rent stabilization law.

259. Because District law capped total amount of adjustments from May 1, 2023 through April 30, 2025 to the legal rent on April 30, 2023 plus 12 percent, Defendant was prohibited from charging Plaintiff Horton more than $2,096.64 through April 30, 2025.

260. But on April 30, 2025, Plaintiff Horton's rent totaled $2,247.00, which was 20 percent more than her legal rent two years earlier.

CLASS ACTION ALLEGATIONS

261. This action is brought and may properly proceed as a class action under D.C. Super. Ct. R. Civ. P. 23.

262. Plaintiffs seek to certify the following Classes:

> **AC Fee Class.** All current and former District of Columbia tenants of BMC-managed, rent stabilized properties, from whom Defendant has collected an air conditioning fee, during the three years before the filing of this Complaint.
>
> **Highview and Castle Manor Utility Class.** All current and former tenants of Highview and Castle Manor who paid for utilities in connection with their lease at any time during the period that BMC displayed "ALL UTILITIES INCLUDED" advertisements on the properties, during the three years before the filing of this Complaint.

263. Plaintiffs also seek to certify the following Subclasses:

> **Application Class.** All AC Fee Class Members to whom Defendant provided, during the three years before the filing of this Complaint, a "RAD Form 3" that omitted

the air conditioning fee from the "rent charged" disclosed.

Notice of Rent Increase Subclass. All AC Fee Class members to whom BMC has provided a notice of rent increase that omitted the AC Fee from the rent amount disclosed and a cover letter that included an AC Fee in the rent total, during the three years before the filing of this Complaint.

264. The Classes and Subclasses are collectively the "Classes." The members of the Classes (collectively, Class members) have been subjected to improper charges, deprived of mandatory disclosures, or subjected to false advertising, and, as a result, have experienced unfair, misleading, and deceptive treatment by Defendant.

265. Excluded from the Classes are Defendant's officers and directors and current or former employees of Defendant, and their immediate family members, as well as any judge, justice, or judicial officer presiding over this matter and the members of their immediate families and staff.

266. Numerosity: Upon information and belief, the Classes consist of hundreds of members. Because Defendant's improper fee-charging practices were applied with no discernable pattern, across at least sixteen residential buildings, and because they impacted former tenants, the joinder of all Class members is impracticable. And their exact number can only be determined from information in Defendant's possession and control.

267. Commonality: Defendant has acted or refused to act on grounds that apply generally to the Classes by failing to disclose the total rent in lease applications, overcharging tenants, and making false statements to them in notices of rent increase and advertising materials. Absent certification of the Classes, the relief sought creates the possibility of inconsistent judgments and/or obligations imposed on Defendant. Many common issues of fact and law exist, including, without limitation:

a. Whether Defendant failed to disclose the total rent charged in AC Fee Units in the RAD Form 3 at the time of the lease application;
b. The nature, extent, policies, and procedures of Defendant for disclosing the rent charged in the RAD Form 3;
c. Whether Defendant's air conditioning fee constituted rent in excess of the limits authorized by the rent stabilization law;
d. Whether Defendant's air conditioning fee was mandatory;
e. Whether Defendant's air conditioning fee was material;
f. The nature, extent, policies, and procedures of Defendant for charging air conditioning fees in rent stabilized units;
g. Whether Defendant represented to tenants of Highview and Castle Manor that all utilities were included in their rent;
h. The nature, extent, policies, and procedures of Defendant for advertising Highview and Castle Manor;
i. Whether Defendant's notices of rent increases on AC Fee Units were valid notices;

j. Whether the cover letters that accompanied Defendant's notices of rent of increase were lawful;

k. The nature, extent, policies, and procedures of Defendant for creating notices of rent increase and corresponding cover letters;

l. Whether Defendant's acts and practices, including any misrepresentations and omissions, support punitive damages; and

m. The nature, extent, policies, and procedures of Defendant's misrepresentations or omissions concerning the charge fees in addition to the base rent.

268. Typicality: Plaintiffs' claims are typical, if not identical, to the claims that could be asserted by all members of the Classes. Plaintiffs' claims arose from Defendant's acts and practices applicable to all such Class members.

269. Adequacy: Plaintiffs are all members of the AC Fee Class and of the Highview and Castle Manor Utility Class. They will adequately represent the interests of those class members because there are no conflicts between them and the class members.

270. Plaintiffs Gold and Coffey are also members of the Application Subclass, and will adequately represent the interests of those members because there are no conflicts between them.

271. Plaintiff Horton is also a member of the Notice of Rent Increase Subclass and will adequately represent the interests of those members because there are no conflicts between them.

272. Plaintiffs' counsel have the experience and skill to zealously advocate for the interests of the Class members.

273. Predominance: Common issues predominate over individualized inquiries in this action because Defendant's liability can be established as to all Class members.

274. Superiority: There are substantial benefits to proceeding as a class action that render proceeding as the Classes superior to any alternatives, including that it will provide a realistic means for members of the Classes to recover damages; it would be substantially less burdensome on the courts and the parties than numerous individual proceedings; many Class members may not be aware of their legal recourse for the alleged conduct; and because issues common to Class members can be effectively managed in a single proceeding. Plaintiffs know of no difficulty that could be encountered in the management of this litigation that would preclude its maintenance as a class action.

CAUSE OF ACTION

Count I
Consumer Protection Procedures Act Violations

275. Plaintiffs incorporate by reference and restate the allegations in the paragraphs above.

276. Defendant is a housing provider under the RHA because it is the landlord of, and owner's agent for, rent stabilized residential buildings within

the District of Columbia, including Castle Manor. *See* D.C. Code § 42–3501.03(15).

277. Defendant is a merchant under the CPPA because it leases, directly or indirectly, consumer goods and services, or supplies consumer goods or services in the ordinary course of business. *See* D.C. Code § 28-3901(a)(3).

278. Plaintiffs and the Classes are consumers because they are or were tenants who leased rent stabilized apartments at Castle Manor under leases that were entered in for personal, household, or family purposes. *See* D.C. Code § 28-3901(a)(2).

279. Because air conditioning is a related service under District law, it is part of the total rent under the meaning of the RHA. *See* D.C. Code §§ 42–3501.03(27)-(28).

280. Gas service is a utility. *See* 15 D.C.M.R. § 399.

281. The cost of rent is a material fact because a reasonable person would attach importance to its existence and amount in determining whether to apply to lease, enter into a lease for, or continue renting an apartment. *See Grayson v. AT & T Corp*., 15 A.3d 219, 25, n. 105 (D.C. 2011).

Application Claim

Subcount 1: Failure to Disclose Applicable Rent at Time of Application (Application Subclass)

282. Plaintiffs incorporate by reference and restate the allegations in the paragraphs above.

283. Defendant provided Plaintiffs Coffey and Gold with a RAD Form 3 that disclosed only base rent as the "rent charged."

284. In fact, the rent charged to Plaintiffs Coffey and Gold, and the Application Subclass, included at least an additional air conditioning fee.

285. Defendant's failure to disclose the total applicable rent when prospective tenants applied to lease a rental unit violated D.C. Code § 42–3502.22(b)(1)(A).

286. Defendant thus violated the CPPA's prohibition against trade practices that violate other District laws. Each such act or practice violated the CPPA. D.C. Code §§ 28-3904; 28-3905(k)(1)(A).

AC Fee Charge Claims

Subcount 2: Unlawful Charge of Mandatory Fees (AC Fee Class)

287. Plaintiffs incorporate by reference and restate the allegations in the paragraphs above.

288. Defendant imposed on Plaintiffs and the AC Fee Class an air conditioning fee that was mandatory under their lease agreement.

289. Defendant had not obtained a determination from the Rent Administrator to increase their rent under D.C. Code § 42–3502.11.

290. Defendant also had not entered into a voluntary agreement with 70 percent or more tenants in any of the rent stabilized buildings subject to the air conditioning fee, under D.C. Code § 42–3502.15.

291. So, Defendant's air conditioning fee was a mandatory fee that had

not been approved, in violation of D.C. Code § 42–3502.11a(a).

292. Defendant thus violated the CPPA's prohibition against trade practices that violate other District laws. Each such act or practice violated the CPPA. D.C. Code §§ 28-3904; 28-3905(k)(1)(A).

Subcount 3: Rent Charge or Collection in Excess of Authorized Rent (AC Fee Class)

293. Plaintiffs incorporate by reference and restate the allegations in the paragraphs above.

294. Defendant charged Plaintiffs and the AC Fee Class rents in excess of the legal limits set under D.C. Code § 42–3502.06.

295. But Defendant had not obtained permission to increase their rents in the amount of the air condition fee, by hardship petition, under D.C. Code § 42–3502.12.

296. Defendant also had not obtained a determination from the Rent Administrator to increase their rent under D.C. Code § 42–3502.11.

297. Nor had Defendant obtained permission via capital improvement petition to increase the rents of Plaintiffs and the AC Fee Class, under D.C. Code § 42–3502.12.

298. And Defendant had not entered into a voluntary agreement with 70 percent or more tenants in each of the rent stabilized buildings subject to the air conditioning fee, under D.C. Code § 42–3502.15.

299. Therefore, Defendant's charge or collection of rent in excess of the legal rent violated D.C. Code § 42–3502.06.

300. Defendant thus violated the CPPA's prohibition against trade practices that violate other District laws. Each such act or practice violated the CPPA. D.C. Code §§ 28-3904; 28-3905(k)(1)(A).

Subcount 4: Unfair Charge of Unlawful Fee (AC Fee Class)

301. Plaintiffs incorporate by reference and restate the allegations in the paragraphs above.

302. Defendant charged Plaintiffs and the AC Fee Class with monthly air conditioning fees that caused their rents to exceed the legal limits set under D.C. Code § 42–3502.06.

303. Defendant's practice of charging a monthly air conditioning fee caused Plaintiffs and the AC Fee Class substantial financial injury in the amount of unlawful fees that paid Defendant.

304. Plaintiffs and the AC Fee Class could not reasonably avoid the substantial injury because Defendant was a sophisticated property management company with decades of experience in managing District properties subject to the rent stabilization law, and because Defendant set the terms of their leases and charged them for rent accordingly.

305. The injury to Plaintiffs and the AC Fee Class was not outweighed by countervailing benefits to them because each was being charged more rent than District rent stabilization law permitted.

306. The injury to Plaintiffs and the AC Fee Class was not outweighed by countervailing benefits to competition, as other housing providers of rent

stabilized units were required to operate without unlawful imposing fees.

307. Defendant thus engaged in unfair acts or practices against consumers. Each such act or practice violated the CPPA. D.C. Code § 28-3904.

Lease Claims

Subcount 5: Unlawful Representation of Apartment Leases Conferring or Involving Rights or Obligations Prohibited by Law (AC Fee Class)

308. Plaintiffs incorporate by reference and restate the allegations in the paragraphs above.

309. Defendant offered and executed lease agreements that represented to Plaintiffs and the AC Fee Class they were required to pay additional rent in the form of an air conditioning fee.

310. In fact, Defendant was prohibited from charging Plaintiffs and the AC Fee Class any rent above the base rent and increases authorized for each rent stabilized units. D.C. Code § 42–3502.06.

311. Defendant was also barred from charging Plaintiffs and the AC Fee Class an unapproved mandatory fee. *See* D.C. Code § 42–3502.11a(a).

312. Defendant thus represented to Plaintiffs and the AC Fee Class that entering in a lease agreement with Defendant conferred or involved rights or obligations to pay Defendant a fee prohibited by law. Each such act or practice violated the CPPA. D.C. Code § 28-3904(e-1).

Subcount 6: Unlawful Making or Enforcement of Unconscionable Terms in Apartment Leases (AC Fee Class)

313. Plaintiffs incorporate by reference and restate the allegations in

the paragraphs above.

314. Defendant offered and executed lease agreements that contained terms requiring Plaintiffs and the AC Fee Class to pay an air conditioning fee.

315. Defendant's air conditioning fee lease terms were unconscionable because:

a. Defendant waived the entire air conditioning fee for tenants outside the AC Fee Class;
b. the apartments of Plaintiffs and the AC Fee Class were similar to apartments of tenants outside the AC Fee Class;
c. the apartments for which Defendant waived the entire air conditioning fee were readily obtainable by Plaintiffs and the AC Fee Class;
d. members of the AC Fee Class were lessees similar to tenants for whom Defendant waived the entire air conditioning fee; and
e. Defendant's *ad hoc* enforcement of the air conditioning lease terms created a gross disparity between the cost of renting the apartments of the AC Fee Class and their value.

316. Defendant charged and collected air conditioning fees from Plaintiffs and the AC Fee Class.

317. Defendant thus enforced unconscionable lease terms. Each such act or practice violated the CPPA. D.C. Code § 28-3904(r).

Subcount 7: Unlawful Advertisement of Apartments for Lease Without Intent to Sell Them as Advertised (Highview and Castle Manor Utility Class)

318. Plaintiffs incorporate by reference and restate the allegations in the paragraphs above

319. Defendant displayed on the Highview and Castle Manor properties outdoor advertisements that claimed all utilities were included in the rents of tenants who resided in those buildings.

320. But Plaintiffs and the Highview and Castle Manor Utility Class all paid for gas service.

321. Plaintiffs and other AC Fee Class Members within the Highview and Castle Manor Utility Class also paid air conditioning fees.

322. Defendant thus advertised apartments for lease without the intent to lease them as advertised. Each such act or practice violated the CPPA. D.C. Code § 28-3904(h).

Rent Increase Claims

Subcount 8: Service of Incomplete Notices of Rent Increase (Notice of Rent Increase Subclass)

323. Plaintiffs incorporate by reference and restate the allegations in the paragraphs above.

324. Defendant served Plaintiff Horton and the Notice of Rent Increase Subclass with "RAD Form 8" notices of rent increase that omitted the air conditioning fee from the current rent charged or new total monthly rent.

325. As a result, Defendant omitted or misrepresented information that

it was required to disclose to Plaintiff Horton and the Notice of Rent Increase Subclass under D.C. Code § 42–3502.08.

326. Defendant thus violated the CPPA's prohibition against trade practices that violate other District laws. Each such act or practice violated the CPPA. D.C. Code §§ 28-3904; 28-3905(k)(1)(A).

Subcount 9: Misrepresentation of, or Failure to, State a Material Fact in Notices of Rent Increase (Notice of Rent Increase Subclass)

327. Plaintiffs incorporate by reference and restate the allegations in the paragraphs above.

328. Defendant failed to include the air conditioning fee in the rent amounts that it disclosed on the "RAD Form 8" notices of rent increase that it served Plaintiff Horton and the Notice of Rent Increase Subclass, causing the information contained therein to be false.

329. Like other reasonable persons, Plaintiff Horton attached importance to the amount of rent charged in determining whether to continue renting her apartment.

330. Even if a reasonable would not regard the amount of rent charged as important, Defendant knew or had reason to know that Plaintiff Horton, and other recipients of its notices of rent increase, regarded or were likely to regard the rent charged as important in determining their choice of action.

331. Defendant thus misrepresented or failed to state a material fact where such failure tended to mislead consumers. Each such act or practice violated the CPPA. D.C. Code § 28-3904(e), (f).

Subcount 10: Unlawful Representation in Rent Increase Cover Letters of Transaction Conferring Obligations Prohibited by Law (Notice of Rent Increase Subclass)

332. Plaintiffs incorporate by reference and restate the allegations in the paragraphs above.

333. Defendant represented in letters to Plaintiff Horton and the Notice of Rent Increase Subclass that they would remain responsible for paying the air conditioning fee after the implementation of the next rent increase.

334. But the air conditioning fee was unlawful under D.C. Code § 42–3502.11a(a) and D.C. Code § 42–3502.06.

335. Defendant thus represented that the notice of rent of increase conferred an obligation to continue paying an unlawful fee. Each such act or practice violated the CPPA. D.C. Code § 28-3904(e-1).

Subcount 11: Charge or Collection of Increased Base Rent Based on Inaccurate Notices (Notice of Rent Increase Subclass)

336. Plaintiffs incorporate by reference and restate the allegations in the paragraphs above.

337. Defendant served Plaintiff Horton and the Notice of Rent Increase Subclass notices of rent increase that contained false information about the rent charged both before and after the rent increases, in violation of D.C. Code § 42–3502.08(f)(1).

338. Defendant did not rescind the inaccurate notices of rent increase before increasing the rents of Plaintiff Horton and the Notice of Rent Subclass.

339. Defendant also did not serve Plaintiff Horton and the Notice of

Rent Subclass with corrected, accurate notices of rent increase at least 60 calendar days before implementing the applicable rent increases, as required by D.C. Code § 42–3509.04(b).

340. Defendant thus violated the CPPA's prohibition against trade practices that violate other District laws. Each such act or practice constitutes a separate violation of the CPPA. D.C. Code §§ 28-3904; 28-3905(k)(1)(A).

DEMAND FOR RELIEF

Plaintiffs request, on behalf of themselves and the Classes, that the Court:

a. Certify the proposed Classes;

b. Designate Plaintiffs as representatives for the Proposed Classes;

c. Declare that the alleged conduct violates D.C. Code §§ 42-3501.01 *et seq*. and 28-3901 *et seq*., as applicable;

d. Enjoin Defendant from engaging in any unlawful trade practices;

e. Award Plaintiffs and the Classes statutory damages;

f. Award Plaintiffs and the Classes compensatory damages;

g. Award Plaintiffs and the Classes punitive damages;

h. Disgorge Defendant of all money unlawfully obtained;

i. Award reasonable attorneys' fees and costs;

j. Award pre- and post-judgment interest; and

k. Award any other relief the Court deems just and proper.

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Respectfully submitted,

/s/ E. Vanessa Assae-Bille

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