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CLERK OF DISTRICT COURT
CENTRAL DISTRICT OF CALIF.
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13 **UNITED STATES DISTRICT COURT**
14 **CENTRAL DISTRICT OF CALIFORNIA**

15 HOUSING RIGHTS CENTER; KARLENE
HENRY; THOMAS BROWN; DARRYL
16 WILLIAMS; DIANNE WESLEY; AUBREY
FRANKLIN; MARY YOUNG; ED NELL;
17 JEFFREY HIGH; MARIE DAVIS; ROBIN
STEED; DIXIE MARTIN; SOINO LUGO; LUIS
18 PORTILLO, REINA CALLES, ASHLEY
PORTILLO, a minor, by her guardian ad litem,
19 LUIS PORTILLO, INGRES PORTILLO, a minor,
by her guardian ad litem, LUIS PORTILLO,
20 ANNY KIM and EBONY JONES, as successor to
KANDYNCE JONES; all individually and on
21 behalf of the GENERAL PUBLIC,

22 Plaintiffs,

23 vs.

24 DONALD STERLING, individually, in his
representative capacity as trustee for the Sterling
Family Trust and doing business as Beverly Hills
25 Properties; ROCHELLE STERLING, individually
and in her representative capacity as trustee for the
26 Sterling Family Trust; DONALD T. STERLING
CORPORATION; STERLING FAMILY TRUST;
27 and THE KOREAN LAND COMPANY, L.L.C.

28 Defendants.

CASE NO.: 03-CV-859 DSF (Ex)

**THIRD AMENDED
COMPLAINT**

(And Demand for Jury Trial)

The Honorable Dale S. Fischer
United States District Judge

1 **I. NATURE OF THE CASE**

2 1. This action seeks monetary, declaratory, and injunctive relief against
3 Defendants for their unlawful discrimination against prospective and in-place tenants
4 based on race, national origin and disability in the rental of housing. This action is
5 brought pursuant to the Fair Housing Act, 42 U.S.C. § 3601, *et seq*, as well as related
6 California laws.

7
8 **II. JURISDICTION AND VENUE**

9 2. This Court has jurisdiction pursuant to 28 U.S.C. § 1331 in that the
10 claims alleged herein arise under the laws of the United States, specifically the Fair
11 Housing Act, 42 U.S.C. § 3601-3619. This Court has supplemental jurisdiction
12 pursuant to 28 U.S.C. § 1367 to hear and determine Plaintiffs' state law claims because
13 those claims are related to Plaintiffs' federal law claims and arise out of a common
14 nucleus of related facts.

15 3. Venue is proper in the Central District of California under 28 U.S.C.
16 §1391(b)(2) because the events or omissions giving rise to these claims occurred in this
17 district and the defendants conduct business in this district.

18 4. This Court has authority to grant declaratory and injunctive relief as
19 well as compensatory and punitive damages pursuant to 42 U.S.C. §§ 3612(o)(3), 3613
20 (c)(1) and 28 U.S.C. §§ 2201-02. The Court also has the authority to award reasonable
21 attorneys' fees and costs to a prevailing party pursuant to 42 U.S.C. § 3613 (c) (2).

22
23 **III. PARTIES**

24 5. Plaintiff Housing Rights Center (the "Center" or "HRC") is a non-
25 profit corporation organized under the laws of the state of California with its principal
26 place of business at 520 S. Virgil Ave., Los Angeles, California 90020. The Center's
27 purpose is to actively support and promote freedom of residence to all persons without
28 regard to race, color, religion, gender, national origin, familial status, disability, sexual

1 orientation and source of income. The Center engages in activities to identify barriers to
2 fair housing in the Los Angeles and Ventura Counties and to help counteract and
3 eliminate discriminatory housing practices. To this end, the activities in which the
4 Center engages include, but are not limited to: (1) providing outreach and education to
5 the community regarding fair housing and (2) investigating allegations of
6 discrimination.

7 6. Plaintiffs Karlene Henry, Thomas Brown, Mary Young, Dianne
8 Wesley, Aubrey Franklin, Ed Nell, Marie Davis, Jeffrey High, Dixie Martin, Soino
9 Lugo, Darryl Williams and Anny Kim are all citizens of California and for all times
10 relevant to this matter, were or are residents at Defendants' property located at 691 Irolo
11 St., Los Angeles, California. Plaintiffs Henry, Brown, Wesley, Franklin, Davis, High
12 and Williams are African-Americans. Plaintiffs Young and Martin are Caucasian.
13 Plaintiffs Nell and Lugo are Latino. Plaintiff Kim is Korean-American.

14 7. Plaintiff Kandyne Jones was an African-American, and for all times
15 relevant to this matter, was a resident at Defendants' property located at 445 S. Ardmore
16 Ave., Los Angeles, California. Ms. Jones was also a senior citizen who had severe
17 disabilities. Kandyne Jones died on July 21, 2003. Plaintiff Ebony Jones is the sole
18 heir of Kandyne Jones and the successor to her claims in this action. As Kandyne
19 Jones' successor, Ebony Jones is prosecuting Kandyne Jones' claims alleged herein.
20 Ebony Jones is a resident of Los Angeles, California.

21 8. Plaintiffs Luis Portillo, Reina Isabel Calles, Ashley Portillo, a minor,
22 by her guardian ad litem Luis Portillo, and Ingres Portillo, a minor, by her guardian ad
23 litem Luis Portillo (collectively "Portillo Family") are, and at all relevant times were,
24 residents of Defendants' property located at 411 Catalina Street, Los Angeles,
25 California. The Portillo Family is a Latino family.

26 9. Plaintiff Robin Steed is a citizen of California and an African-
27 American resident of Los Angeles, California.

28

1 10. Each plaintiff represents himself or herself and the General Public
2 pursuant to California Business & Professions Code § 17200 et seq.

3 11. Upon information and belief, Defendant Donald T. Sterling
4 Corporation is a California corporation created at least in part to oversee the property
5 management and ownership of the properties which are involved in this action.
6 Defendant Donald T. Sterling is a resident of Los Angeles and an owner of said
7 corporation.

8 12. Upon information and belief, Beverly Hills Properties is a "doing
9 business as" name or alias used by Donald Sterling and/or the Donald T. Sterling
10 Corporation.

11 13. Upon information and belief, Defendant Sterling Family Trust holds
12 title to and owns the properties located at 691 Irolo St., 411 S. Catalina Ave., 445 S.
13 Ardmore Ave, 535 S. Alexandria Ave., 500 S. Gramercy Place, 344 S. Manhattan Place,
14 114 S. Oxford St., 430 S. Hobart St., 535 S. Hobart St., 122 St. Andrews, 410 S. Hobart
15 St., 450 S. Oxford St., 338 S. Ardmore St., 310 S. Mariposa St. and 720 S. Hobart St.

16 14. Upon information and belief, Defendants Donald T. Sterling and
17 Rochelle Sterling are, and at all relevant times were, trustees of Defendant Sterling
18 Family Trust, and are sued herein in both their individual capacities and their
19 representative capacities as trustees of the Sterling Family Trust.

20 15. Upon information and belief, Defendant The Korean Land Company,
21 L.L.C. is a California limited liability company created at least in part to oversee the
22 property management and ownership of the properties referenced in Paragraph 13 which
23 are involved in this action and holds title to and owns the property located at 440 S.
24 Catalina Ave.

25 16. Upon information and belief, Plaintiffs allege that there was, and is, a
26 unity of interest and ownership between (1) Donald T. Sterling and the Donald T.
27 Sterling Corporation, and (2) Donald T. Sterling and the Korean Land Company, L.L.C.
28 such that they are alter egos of each other. Upon further information and belief,

1 Plaintiffs allege that Donald T. Sterling holds himself out as the owner of, and
2 dominates and controls the Donald T. Sterling Corporation and the Korean Land
3 Company, L.L.C. to such an extent that any individuality among them has ceased.
4 Plaintiffs are further informed and believe, and therefore allege that the Donald T.
5 Sterling Corporation and the Korean Land Company L.L.C. are mere shells or fronts
6 used by Donald Sterling, and others, as conduits and pure agents for the conduct of their
7 business, property and affairs and without observance of, and with complete disregard
8 for, proper corporate formalities.

9 17. Upon information and belief, Plaintiffs allege that the Donald T.
10 Sterling Corporation, at all relevant times, has had little or no assets.

11 18. Upon information and belief, Plaintiffs allege that at all relevant
12 times, the Donald T. Sterling Corporation and the Korean Land Company L.L.C. have
13 had no board of directors or employees and that both corporations are housed in the
14 same office as Donald T. Sterling's office.

15 19. Upon information and belief, Plaintiffs allege that the activities and
16 business of the Donald T. Sterling Corporation and the Korean Land Company L.L.C.
17 were carried out without holding directors' or shareholders' meetings, without
18 maintaining minutes of any corporate proceedings and Donald Sterling and his
19 employees did not separate or distinguish the business of Donald Sterling himself from
20 that of the Donald T. Sterling Corporation and Korean Land Company L.L.C. It is
21 therefore appropriate to pierce the corporate veils of the Donald T. Sterling Corporation
22 and the Korean Land Company, L.L.C. and impose liability on Defendant Donald
23 Sterling individually for the obligations of such corporations.

24 20. Defendant Rochelle Sterling is, and at all relevant times was, a
25 trustee of defendant Sterling Family Trust and, Plaintiffs are informed and believe, was
26 an agent of the other defendants. As alleged more fully below, Defendant Rochelle
27 Sterling personally participated in and acted in furtherance of Defendants'

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1 discriminatory policies and practices alleged herein. Plaintiffs are informed and believe
2 that Mrs. Sterling is a resident of Los Angeles, California.

3 21. Plaintiffs are informed and believe that each Defendant was the
4 agent, employee, partner, co-conspirator, or other authorized representative of the other,
5 and, in committing the acts and omissions alleged hereinafter, were acting within the
6 scope of their agency, employment, partnership, conspiracy, or other authorized
7 representation. Whenever and wherever reference is made in this complaint to any acts
8 of Defendants, such allegations and references shall also be deemed to mean the acts of
9 each Defendant acting individually, jointly, or severally.

10 22. Plaintiffs are informed and believe that beginning on or before
11 January 2002, each Defendant entered into a conspiracy and agreement with the other
12 Defendants or subsequently joined said conspiracy and ratified the prior acts and
13 conduct of the Defendants who had previously entered into said conspiracy. Plaintiffs
14 are currently unaware of when each defendant joined said conspiracy but, on
15 information and belief, allege that all defendants have knowingly, maliciously, and
16 willfully entered into said conspiracy which continues to this day. The purposes of said
17 ongoing conspiracy include, but are not limited to, the creation, maintenance, and
18 implementation of discriminatory housing practices at the subject properties, all in
19 knowing violation of state and federal law, and the knowing concealment of those
20 discriminatory practices in an effort to perpetuate those policies and practices. All of
21 Defendants' acts and failures to act alleged herein were perpetrated in furtherance of
22 said ongoing conspiracy.

23 23. Defendants' rental property at 691 Irolo St. is a large apartment
24 complex consisting of at least 225 apartments and constitutes a dwelling within the
25 meaning of 42 U.S.C. § 3602(b).

26 24. Defendants' rental property at 445 S. Ardmore Ave. is a large
27 apartment complex consisting of at least 129 apartments and constitutes a dwelling
28 within the meaning of 42 U.S.C. § 3602(b).

1 25. Defendants' rental property at 411 S. Catalina Ave. is a large
2 apartment complex consisting of at least 84 apartments and constitutes a dwelling
3 within the meaning of 42 U.S.C. § 3602(b).

4 26. In addition to the properties in which the named tenant-plaintiffs
5 have resided, plaintiffs are informed and believe that Defendants own and manage at
6 least one hundred other large rental properties.

7
8 **IV. FACTS**

9 **A. Introduction**

10 27. Before plaintiffs brought this action, Defendant Donald Sterling
11 made his plans to engage in a policy of housing discrimination in the area Defendants
12 refer to as "Koreatown" known to his employees. He explained to a managing
13 employee that he had decided to buy apartments in or near "Koreatown" because he
14 believed that Korean tenants would live in whatever conditions he provides and still pay
15 rent without complaint. He further explained that once he bought the buildings in
16 "Koreatown" he wanted only Korean tenants in those buildings. Mr. Sterling and his
17 companies then proceeded to act on those discriminatory policies. On information and
18 belief, Defendants currently own sixteen buildings in the area they refer to as
19 "Koreatown."

20 28. During at least one day in May of 2002, Defendant Donald Sterling
21 was on-site at his newly-acquired 225-unit apartment building on 691 Irolo St. in Los
22 Angeles. The name of the building at that time was the Mark Wilshire Towers. On the
23 day of his visit, Defendant Sterling gathered the Mark Wilshire Towers staff for a
24 meeting to discuss new management policies and procedures.

25 29. Dixie Martin, a Caucasian, was at that time the resident manager.
26 She lived at and had been a manager for the Mark Wilshire Towers for seven years.

27

28

1 30. Ray Henson, an African-American and the head of security at the
2 Mark Wilshire on behalf of Prestige American, had worked at the building for two
3 years.

4 31. During the management meeting, Defendant Sterling told Ms.
5 Martin, Mr. Henson and approximately four other staff persons that he preferred
6 "Korean" tenants and wanted his staff to rent his apartments to only those tenants who
7 are Korean. He stated that he preferred Korean tenants because he believed that they
8 pay their rent on time and do not cause problems. He said this preference would
9 require a Korean staff. He also said that he did not like "hispanics" or "blacks" as
10 tenants, telling his surprised onlookers that "hispanics smoke, drink and just hang
11 around the building." On at least one other occasion, he had told management staff that
12 he believed that "black tenants smell and attract vermin."

13 32. At that May 2002 meeting, Defendant Sterling also informed his
14 staff at Irolo St. that he planned to change the name of the building from the Mark
15 Wilshire Towers to Korean World Towers.

16 33. At this meeting and on at least one other occasion, Plaintiff Martin
17 informed Defendant Sterling that she did not agree with his views regarding race and
18 tenants. Mr. Sterling told her that he did not agree with her and made her feel
19 intimidated and threatened because he sensed her resistance to his policies. He later
20 made it clear that there were "a lot of Koreans who would like to be manager here."

21 34. Defendants Donald Sterling and Rochelle Sterling and Sterlings'
22 various companies quickly implemented these preferences and directives at the subject
23 property located at 691 Irolo St., 445 S. Ardmore Avenue and 411 S. Catalina Avenue.
24 First, and by the end of the summer of 2002, Ms. Martin and Mr. Henson, along with
25 nearly all of the non-Korean staff-members at the Irolo Street property, were forced to
26 leave their employment. A Korean-American manager informed Mr. Henson that
27 Defendants were replacing his security company with a Korean-American security
28

1 company because Defendants "want people who look like us," referring to people of
2 Korean or Asian descent.

3 35. Second, Defendants and their agents harassed, attempted to evict
4 without cause, and withheld repairs for African-American and Latino tenants.
5 Defendants also refused to accept rent from African-American and Latino tenants and
6 then would follow that refusal with a lawsuit against the tenant for failure to pay the
7 rent. Defendant Rochelle Sterling personally participated in this campaign of
8 harassment of African-American and Latino tenants at the subject properties.

9 36. Third, management's information meetings or those facilitated by
10 management with tenants were announced only to Korean-American tenants.

11 37. Fourth, the names of the buildings at the Irolo Street and Ardmore
12 Avenue properties were changed to Korean World and Wilshire Korean Towers to
13 reflect defendants' preferences based on race and national origin.

14 38. Fifth, Defendants continued an egregious employment discrimination
15 scheme that had already prevented African-Americans and Latinos from securing any
16 of the one-hundred plus management jobs in the Donald Sterling Corporation or
17 Beverly Hills Properties. On direct orders from Donald Sterling himself to never hire an
18 African-American as a supervisor or an on-site resident manager, Defendants and their
19 agents conducted a series of "cattle call" evenings. Offering luxury apartments, salaries
20 and bonuses in *Los Angeles Times* display advertisements, Defendants invited Los
21 Angeles residents to their headquarters in the evening (on many occasions) and apply
22 for a job. However, Defendants required that applicants bring photographs of
23 themselves. Using the photographs and group interviews, some of which were
24 conducted by Donald Sterling, Defendants were able to screen out all African-American
25 and Latino applicants.

26 39. Sixth, regarding prospective tenants, managers at the Irolo St.
27 property began lying about the non-availability of apartments to callers who were
28 perceived (by virtue of accent or name) to be African-American or Hispanic. At least

1 one witness overheard the manager at the Ardmore property lying about the non-
2 availability of apartments to Latino applicants. In addition, Plaintiff Luis Portillo heard
3 Defendants' managing employees at the Catalina Street property telling Latino
4 applicants that no apartments were available when in fact there were vacancies at the
5 building.

6 40. Seventh, Defendants also have instituted a discriminatory scheme in
7 advertising available units at the subject properties. Advertisements in the Korean
8 language provide more information than found elsewhere about vacancies, rent, number
9 of bedrooms, amenities, building facilities, the neighborhood profile, etc. For example,
10 large banners in the Korean language posted at each of the subject properties provide
11 more information about vacancies, rent, number of bedrooms, amenities, and building
12 facilities.

13 41. Defendants' name-changes, advertising schemes, discriminatory
14 employment practices, and deliberate lies about the availability of units kept prospective
15 African-American and Latino tenants out of Defendants' properties.

16 42. With these practices, Defendants have isolated, alienated, and
17 humiliated the now dwindling populations of African-American and Latino tenants still
18 living at the defendants' properties. The non-Korean-American plaintiff-tenants were
19 treated by Defendants as though they were no longer welcome in their own home
20 because of their race.

21 43. Beyond the intentional discriminatory housing practices described
22 above, defendants' negligent failure to provide sufficient management and fair housing
23 training to their 200 plus employees at over 100 properties has resulted in various fair
24 housing violations at many other properties owned by defendants. Many of these
25 violations occur at the expense of disabled residents. Such widespread negligence in
26 training and supervision unfairly taxes and thus injures the fair housing organizations,
27 city offices, legal aid programs, and independent living centers of Los Angeles and
28 Santa Monica.

1 **B. The Plaintiff Tenants' Complaints**

2 **1. Discrimination based on National Origin, Race, and**
3 **Disability by Defendants at the 691 Irolo Street Property**

4 44. Plaintiffs Henry, Brown, Wesley, Franklin, Davis, Young, Lugo,
5 Nell, High, Kim, Martin and Williams were tenants at 691 Irolo St, and each and all
6 lived at the property before and after defendants acquired it in May of 2002. Plaintiffs
7 Henry, Brown, Wesley, Franklin, Davis, Young, Lugo and Williams currently reside at
8 the property. Plaintiffs Kim, Martin and High left the property after it was acquired by
9 Defendants.

10 45. In May of 2002, Defendant Donald Sterling instructed his employees
11 that he preferred "Koreans" as tenants and that he wanted his staff to rent his units only
12 to Korean tenants. Defendant Donald Sterling further stated that he preferred Korean
13 tenants because he believed that they pay their rent on time and do not cause problems.
14 On another occasion Defendant Donald Sterling told a managing employee that he had
15 decided to buy apartments in or near "Koreatown" because he believed that Korean
16 tenants would live in whatever conditions he provides and still pay rent without
17 complaint. He further stated that once he bought the buildings in "Koreatown" he
18 wanted only Korean tenants in those buildings.

19 46. At that same meeting in May of 2002, Defendant Sterling also stated
20 that he did not like "black and hispanics" as tenants.

21 47. After and because of Defendant Sterling's instructions, the
22 defendants implemented the following practices:

- 23 a. Defendants changed the name of the Irolo Street property from Mark
24 Wilshire Towers to Korean World Towers to reflect the owner's
25 racial or national origin preference (becoming the first apartment
26 building in Los Angeles to adopt a name with any racial or national
27 origin preference);

- 1 b. Defendants fired or demoted all African-American, Latino or
2 Caucasian management staff and some non-management staff,
3 including building security staff;
- 4 c. Defendants' employees ignored requests for repairs by African-
5 American and Latino tenants, but continued to respond to similar
6 requests by Korean-American tenants;
- 7 d. Although defendants responded to Korean-American tenants
8 individual requests for repairs, Defendants exploited Korean tenants
9 (who, in Donald Sterling's view, would accept any building
10 conditions without complaint) by failing to provide basic facilities
11 and services (like working elevators and adequate security) at the
12 buildings they purchased in "Koreatown";
- 13 e. Defendants harassed African-American tenants by instructing
14 resident managers to refuse to accept rent from African-American
15 tenants and then, based on alleged "non-payment" of rent (which
16 resulted from Defendants' employees refusing to accept the rent
17 checks submitted), Defendants sued those tenants in an inconvenient
18 and improper venue to recover the very rent Defendants' employees
19 had refused to accept;
- 20 f. Defendants and their agents harassed African-American and Latino
21 tenants by conducting or attempting to conduct what defendants
22 represented to be "city" apartment inspections (during at least one of
23 these attempts, Defendant Rochelle Sterling falsely represented
24 herself to be a city official). These inspections did not comply with
25 the requirements of California Civil Code § 1954 and were not in
26 fact inspections by any city official but were instead simply
27 discrimination by Defendants' agents. A managing employee of the
28

1 defendants has stated that one purpose of these inspections was to
2 determine the race of the tenants;

- 3 g. Defendants' doormen opened the lobby entrance doors for Korean-
4 American tenants, but walked away from the door when they saw
5 African-American tenants approaching;
- 6 h. African-American tenants were repeatedly asked to sign in by front
7 desk security (after the African-American head of security was fired
8 because Defendants "want people who look like [people of Asian
9 descent]"), as though these tenants were suddenly guests;
- 10 i. The resident manager facilitated or invited tenants to an
11 informational meeting about a wave of crime and security problems,
12 but the invitation was provided only in the Korean language and was
13 not sent to any African-American tenants;
- 14 j. In February of 2003, Defendants required that all tenants inform
15 defendants of their place of birth, immigration status, and numbers
16 and balances. Plaintiffs are informed and believe that this
17 information was not required at any of the defendants' properties
18 outside of the area that Defendants call "Koreatown."

19 48. The practices set forth above occurred over the objections of Dixie
20 Martin, who expressly objected to Defendants' race-based policies. Ms. Martin was
21 soon forced to leave her apartment and her job to be replaced by a Korean-American
22 assistant manager.

23 49. Defendants have also discriminated against tenants on the basis of a
24 disability by refusing to make reasonable accommodations in rules, policies, practices or
25 services, when such accommodations were necessary to afford such disabled tenants
26 equal opportunity to use and enjoy their residence. For example:
27
28

- 1 a. Dianne Wesley, who is a person with a disability, asked for a much-
2 needed reasonable accommodation regarding her vehicle and parking
3 space and this request was denied without discussion or inquiry.
- 4 b. On December 19, 2002, The Westside Center for Independent Living
5 sent an accessibility expert (who is also a wheelchair user) to the
6 property. Based on the Westside Center's eighteen-page, fifty-two
7 point survey, Plaintiffs have information and belief that the building
8 is not accessible to wheelchair users or other persons with mobility
9 impairments. The defendants' property failed each and every one of
10 the fifty-two points on the Westside Center's survey. Among the
11 many deficiencies is the fact that the building provides no disabled
12 parking spots for tenants or guests.

13
14 **2. Discrimination Based on National Origin, Race, Disability,**
15 **and Source of Income by Defendants at the 445 Ardmore**
16 **Avenue Property**

17 50. As alleged above, in May of 2002, Defendant Donald Sterling
18 instructed his employees that he preferred "Koreans" as tenants and that he wanted his
19 staff to rent his units only to Korean tenants.

20 51. At that same meeting in May of 2002, Defendant Sterling also stated
21 that he did not like "black and hispanics" as tenants.

22 52. After and because of Defendant Sterling's instructions, the
23 defendants implemented the following practices at the Ardmore Avenue property:

- 24 a. Defendants changed the name of the building to the Wilshire Korean
25 Towers, and a sign was place in front of the building with the new
26 name. This sign and name not only alienated the non-Korean tenants
27 of the building, but it was also seen by plaintiff Robin Steed, a
28 potential rental applicant, and once she saw it, she felt and believed

1 she would not be welcome there and was forced to consider other
2 options;

- 3 b. The resident manager informed Latino rental applicants that there
4 were no vacancies when in fact there were vacancies;
- 5 c. Requests for repairs by African-American and Latino tenants were
6 ignored by Defendants' employees, while those same employees
7 continued to respond to like requests by Korean-American tenants;
- 8 d. Resident managers were instructed to not accept rent from African-
9 American and Latino tenants, including Kandynce Jones.

10 53. In addition to the foregoing actions, defendants also took the
11 following discriminatory actions against Kandynce Jones. Before her death in July,
12 2003, Kandynce Jones was a longtime tenant at the Ardmore property and lived at the
13 property before and after defendants acquired it in November of 2001. On July 12,
14 2002, Ms. Jones was under the threat of eviction by Defendants even though she had
15 never missed a rent payment. Ms. Jones, who is a senior citizen and a person with a
16 disability, suffered a stroke caused by the stress caused by Defendants' housing
17 practices. On July 21, 2003, Ms. Jones passed away as result of that stroke.

18 54. The defendants' response to the fact of Ms. Jones' disabling stroke
19 was to take her parking space away from her and give it to a Korean-American tenant.
20 In support of the decision to take Ms. Jones parking space away, Defendants' agent
21 stated that Ms. Jones was disabled and no longer needed parking. Ms. Jones' guests or
22 In-Home-Support-Services (IHSS) caregivers no longer had a place to park, even
23 though her rent was not reduced accordingly.

24 55. Plaintiffs have information and belief that the building is not
25 accessible to wheelchair users or other persons with mobility impairments. The
26 building provides no disabled parking spots for tenants or guests.

27 56. Defendants have also stated that they will no longer rent to persons
28 who use federal housing subsidies as part of their income. An agent of Donald Sterling

1 met with Ms. Jones' housing authority caseworker and told the caseworker that Sterling
2 would no longer accept rent from Ms. Jones and wanted to end the defendant's contract
3 with the City of Los Angeles's Housing program.

4
5 **C. Discrimination Based on National Origin and Race by**
6 **Defendants at the 411 South Catalina Avenue Property**

7 57. The members of the Portillo Family are long-time residents of 411
8 South Catalina Avenue, and resided there before and after defendants purchased the
9 property in February of 2002.

10 58. As alleged above in Paragraphs 22-28, in May of 2002, Donald
11 Sterling made statements to his employees regarding his stated preference for Korean
12 tenants and his desire to not have African-American or Latino tenants. In addition,
13 while touring the Ardmore Avenue property Defendant Rochelle Sterling was overheard
14 by a managing employee and a tenant commenting that "Hispanic tenants [are] filthy."

15 59. Defendants have carried out the policy embodied in Defendant
16 STERLING's discriminatory statements at the 411 South Catalina property by the
17 following acts:

- 18 a. Defendants placed banners outside the building indicating the
19 availability of apartments for rent and those banners were only
20 written in the Korean language;
- 21 b. Defendants' residential managers were overheard by plaintiff Luis
22 Portillo telling Latino rental applicants that there were no vacancies
23 when there were vacant apartments available for rent;
- 24 c. Defendants and their agents harassed Latino tenants, including the
25 Portillo Family, by conducting what Defendants represented to be
26 "city" inspections of those tenants' apartments. These inspections
27 violated California Civil Code § 1954 and were not inspections by
28 any city official but were instead simply improper discrimination by

1 Defendants' agents. In fact, Defendant Rochelle Sterling repeatedly
2 – sometimes three times a week and sometimes without knocking
3 and without prior notice – “inspected” the Portillo Family’s
4 apartment to harass the family, telling them that she wanted them to
5 leave their apartment and, on occasion, threatening to evict them,
6 yelling and using profanity in front of the children;

- 7 d. Defendants demanded information regarding place of birth, familial
8 status and naturalization dates before giving tenants mailbox keys;
9 e. Defendants and their agents refused to accept rent from Latino
10 tenants and then, based on alleged “non-payment” of rent, sued those
11 tenants in an inconvenient and improper venue to recover the very
12 rent Defendants’ employees had refused to accept. (Defendant
13 Rochelle Sterling was personally involved in this conduct – she
14 attempted to unlawfully increase the Portillo Family’s rent and then,
15 when the Portillo Family attempted to pay the unlawfully increased
16 rent, building managers were instructed to refuse to accept the
17 Portillo Family’s rent payments.); and
18 f. Defendants withheld repairs from Latino tenants, including the
19 Portillo Family.
20

21 **D. The Center’s Complaint**

22 60. The Center is committed to ensuring freedom of residence and equal
23 availability of housing to all persons without regard to familial status, race, religion,
24 gender, disability, sexual orientation and source of income. HRC seeks to eliminate
25 prejudice and discriminatory housing practices, and defend human and civil rights by
26 law.

27 61. With respect to the facts set forth in this complaint, HRC has devoted
28 resources and efforts to respond to community requests for assistance in investigating

1 the discriminatory practices alleged herein. Those efforts include a substantial amount
2 of hours spent by various HRC staff members surveying the tenants at the subject
3 properties, educating all the residents and tenants at Irolo Street and Ardmore Avenue
4 subject properties regarding fair housing rights in order to counteract the discriminatory
5 housing practices, surveying Defendants' advertisements which contained no African-
6 American or Latino human models, testing the Irolo St. property and legal research by
7 staff attorneys.

8 62. Pursuant to the Center's investigation and review of property
9 records, Defendants own or manage at least a hundred large apartment complexes in
10 Los Angeles County. Over the last two years, the Center, the city of Los Angeles, the
11 city of Santa Monica, and local advocacy organizations have received numerous
12 complaints from African-American, Latino and disabled tenants residing at the
13 defendant's numerous properties. The claims range from discrimination, uninhabitable
14 dwellings, harassment, coercion, intimidation and hostile living environments based on
15 a variety of protected classes, including but not limited to the protected classes involved
16 here.

17 63. By review of a transcript of a deposition taken of Donald Sterling
18 (during his attempt to sue an African-American tenant at one of his Santa Monica
19 properties) and by interviews with other advocates in Los Angeles County, the Center is
20 informed and believes that Defendant Sterling and his fellow defendants have no
21 property management training, that they hire only inexperienced resident managers, and
22 that they then fail to provide resident managers with any training regarding property
23 management or fair housing.

24 64. The Center is informed and believes that the discriminatory patterns
25 that have been identified are part of a larger systemic problem with the management and
26 ownership of the Defendant's properties located throughout Los Angeles County.

27
28

1 **V. INJURY TO PLAINTIFFS**

2 65. As a direct and proximate result of the Defendants' discriminatory
3 conduct and their negligent operation of the rental properties described above, the
4 Plaintiffs have suffered and continue to suffer economic loss, loss of time and effort,
5 loss of money, humiliation, mental anguish, severe emotional distress, attendant bodily
6 and physical injuries and conditions, deprivation of their rights to equal housing
7 opportunities and invasion of private right of occupancy. Two of the tenants were
8 forced to leave their apartments (and in the case of plaintiff Martin, her job) as a result
9 of Defendants' discriminatory practices. Two of the tenants have required
10 hospitalization due to the stress caused by Defendants' discriminatory practices, while
11 one suffered a stroke and passed away as a result. Caucasian and Korean-American
12 tenants living in the buildings have been injured by Defendants' discriminatory
13 practices in that they no longer live in an integrated environment and were denied the
14 same quality facilities and services as Defendants provided at their buildings outside the
15 area Defendants refer to as "Koreatown." Plaintiffs Kim, High and Martin were forced
16 to move out of the building as a result of defendants' discriminatory practices.

17 66. Plaintiffs have suffered other general damages in amounts according
18 to proof. Plaintiffs are also entitled to recover statutory damages up to a maximum of
19 three times the amount of actual damages, but not less than \$4,000 for each violation,
20 plus attorneys' fees, as provided by §52 of the California Civil Code.

21 67. Defendants' discriminatory and negligent actions have caused, and
22 are continuing to cause, harm to Plaintiff Housing Rights Center by frustrating its
23 mission of eliminating discriminatory housing practices through outreach and education
24 to residents and housing providers in Los Angeles and Ventura Counties. Defendants
25 actions have interfered with all of the efforts and programs of HRC by (1) forcing HRC
26 to direct these scarce resources to identifying and counteracting Defendants unlawful
27 practices, and (2) frustrating its mission of eliminating discriminatory housing practices
28 in the Los Angeles and Ventura Counties. Defendants' unlawful acts and practices have

1 caused HRC to suffer economic losses in staff pay, in funds expended in support of
2 volunteer services, and in the inability to prevent other unlawful housing practices.
3 Defendants' actions have set back the HRC's goal of achieving fair housing for
4 prospective and in-place tenants regardless of race, national origin or disability, by
5 impeding their efforts to educate the public about discriminatory housing practices and
6 to provide counseling and referral services to the public about housing discrimination.
7

8 VI. CLAIMS FOR RELIEF

9 FIRST CLAIM FOR RELIEF

10 [FAIR HOUSING ACT]

11 By All Plaintiffs Against All Defendants

12 68. Plaintiffs incorporate by reference each and every allegation
13 contained in paragraphs 1 through 66 above.

14 69. Defendants, by and through a pattern of practice of discrimination on
15 the basis of familial status or race have violated the federal Fair Housing Act, 42 U.S.C.
16 §§ 3601-3619, in that Defendants injured Plaintiffs by engaging in the following
17 discriminatory housing practices. Defendants:

- 18 a. Discriminated in the terms, conditions, and privileges of the rental of
19 a dwelling because of race, national origin or disability (Plaintiffs
20 Wesley and Jones only) in violation of 42 U.S.C. § 3604(b);
- 21 b. Made unavailable or denied a dwelling to Plaintiffs and other persons
22 because of race or national origin, in violation of 42 U.S.C. §
23 3604(a);
- 24 c. Made statements with respect to the rental of a dwelling which
25 indicated a preference, limitation, or discrimination based on race or
26 national origin in violation of 42 U.S.C. § 3604(c);
- 27 d. Lied about the availability of a dwelling because of race or national
28 origin in violation of 42 U.S.C. § 3604(d);

- 1 e. Interfered with Plaintiffs in the exercise or enjoyment of rights
2 guaranteed by the Fair Housing Act and in aiding or encouraging
3 others in the exercise of those rights, in violation of 42 U.S.C. §
4 3617;
- 5 f. Failed to display a Department of Housing and Urban Development
6 (HUD) Fair Housing and Equal Opportunity poster, in violation of
7 24 C.F.R. § 110 *et. seq.*; and
- 8 g. Failed to provide reasonable accommodations to persons with
9 disabilities in violation of 42 U.S.C. 3604(f)(3)(B).

10
11 **SECOND CLAIM FOR RELIEF**

12 **[CALIFORNIA FAIR EMPLOYMENT AND HOUSING ACT]**

13 **By All Plaintiffs Against all Defendants**

14 70. Plaintiffs incorporate by reference each and every allegation
15 contained in paragraphs 1 through 68 above.

16 71. Defendants, by and through a pattern or practice of discrimination on
17 the basis of race, national origin, disability (Plaintiffs Wesley and Jones only), or source
18 of income (Plaintiff Jones only) violated the California Fair Employment and Housing
19 Act, California Government Code § 12955(a)(c)(d)(f)(p) and (m).

20
21 **THIRD CLAIM FOR RELIEF**

22 **[CALIFORNIA UNRUH CIVIL RIGHTS ACT]**

23 **By All Plaintiffs Except Housing Rights Center Against All Defendants**

24 72. Plaintiffs incorporate by reference each and every allegation
25 contained in paragraphs 1 through 70 above, as though fully set forth herein.

26 73. Defendants, by and through a pattern or practice of housing
27 discrimination based on race, national origin, disability or source of income, have
28 violated Plaintiffs' right to fair housing under the Unruh Civil Rights Act, California

1 Civil Code § 51 *et seq*, in that Defendants discriminated against Plaintiffs in the
2 operation of their property, because of Plaintiffs' race, national origin, disability or
3 source of income.

4 74. Pursuant to California Civil Code §52, plaintiffs are entitled to
5 statutory damages, among other remedies, of up to three times their actual damages as
6 determined by the trier of fact, but no less than \$4,000 for each violation by each
7 Defendant. Defendants have committed at least twelve (12) violations of the Unruh
8 Civil Rights Act.

9
10 **FOURTH CLAIM FOR RELIEF**
11 **[UNFAIR BUSINESS PRACTICES]**

12 **By All Plaintiffs Against all Defendants**

13 75. Plaintiffs incorporate by reference each and every allegation
14 contained in paragraphs 1 through 73 above, as though fully set forth herein.

15 76. In committing the acts herein alleged, Defendants have engaged in a
16 practice of unlawful discrimination, harassment, abuse of process (by deliberately filing
17 its actions against tenants in improper and distant venues), and violations of California
18 Penal Code §§ 146a and 529 and California Civil Code § 1954 in the operation of the
19 subject property, and therefore have engaged in acts of unfair competition or unlawful
20 business practices as defined in § 17200 of the California Business and Professions
21 Code. Defendants have profited from the aforesaid conduct and are consequently
22 required to disgorge their ill-gotten profits by making restitution to all the victims of
23 their conduct.

24 77. In bringing this action for injunctive relief, each plaintiff is acting in
25 the interest of himself, herself, or itself and in the interest of the general public pursuant
26 to the California Business and Professions Code § 17204.

1 **FIFTH CLAIM FOR RELIEF**

2 **[NEGLIGENCE]**

3 **By All Plaintiffs Against All Defendants**

4 78. Plaintiffs incorporate by reference each and every allegation
5 contained in paragraphs 1 through 76 above, as though fully set forth herein.

6 79. Defendants owed Plaintiffs a duty to operate the properties and
7 property management company in a manner that was free from unlawful discrimination,
8 and to hire, train, supervise, and discipline their employees and themselves to fulfill that
9 duty. Defendants' negligence harmed and continues to harm the Center by frustrating
10 its mission and forcing it to divert its scarce resources to combat Defendants' unlawful
11 conduct. Defendants negligently violated that duty by discriminating against in-place
12 and prospective tenants based on race, national origin or disability. Defendants'
13 violation of that duty was the result of negligence, including but not limited to:

- 14 a. Defendants' negligent failure to train their employees and themselves
15 regarding the requirements of state and federal fair housing laws;
16 b. Defendants' negligent failure to hire persons who were familiar with
17 the requirements of state and federal fair housing laws;
18 c. Defendants' negligent failure to supervise their employees regarding
19 compliance with the requirements of state and federal fair housing
20 laws;
21 d. Defendants' negligent failure to discipline or terminate employees
22 who failed to comply with the requirements of state and federal fair
23 housing laws; and,
24 e. Defendants' negligent failure to operate the subject properties in
25 conformity with accepted industry custom and standards.
26
27
28

1 **SIXTH CLAIM FOR RELIEF**

2 **[Breach of the Implied Covenant of Quiet Enjoyment]**

3 **By All Plaintiffs Except Housing Rights Center Against all Defendants**

4 80. Plaintiffs incorporate by reference paragraphs 1 through 78 of
5 the Complaint herein. By doing the acts complained about herein, Defendants breached
6 the implied covenant of quiet enjoyment pursuant to California Civil Code § 1927 with
7 respect to the tenancies of the plaintiff tenants established by their agreements with
8 Defendants.

9
10 **SEVENTH CLAIM FOR RELIEF**

11 **[Civil Rights Act of 1866]**

12 **By All Plaintiffs Except The Housing Rights Center Against All Defendants**

13 81. Plaintiffs incorporate by reference paragraphs 1 through 79 of
14 complaint herein. By doing the acts complained about herein, defendants have violated
15 the plaintiffs' right to fair housing under the Civil Rights Act of 1866, 42 U.S.C. 1982,
16 in that Defendants denied them the opportunity to rent, use or enjoy housing because of
17 their race or national origin.

18
19 **EIGHTH CLAIM FOR RELIEF**

20 **By All Plaintiffs Except the Housing Rights Center and Anny Kim Against All**
21 **Defendants**

22 **[Bane Civil Rights Act]**

23 82. Plaintiffs incorporate by reference paragraphs 1 through 80 of the
24 Complaint herein. By doing the acts complained about herein, Defendants have
25 violated the Plaintiffs' right to fair housing under the Bane Civil Rights Act, California
26 Civil Code §52.1, in that Defendants have coerced and intimidated the plaintiffs' in the
27 exercise of their federally protected rights to be free from such discriminatory
28 interference based on race and national origin.

1 **VII. PRAYER FOR RELIEF**

2 Plaintiffs pray this Court enter judgment as follows:

- 3 1. Declare that the discriminatory practices of the Defendants as set forth
4 above, violate the Fair Housing Act, as amended, 42 U.S.C. § 3601, *et seq.*;
5 California Fair Employment and Housing Act, Cal. Government Code §
6 12955, *et seq.*; California Unruh Civil Rights Act, Cal.Civil Code § 51, *et*
7 *seq.*; Unfair Business Practices Act and Cal. Business and Professions
8 Code § 17200; Civil Rights Act of 1866, 42 U.S.C. 1982 and Bane Civil
9 Rights Act, Cal. Civil Code §52.1.
- 10 2. Enjoin Defendants, their agents, employees, successors, and all other
11 persons in active concert or participation with any of the defendants from
12 continuing to discriminate on the basis of race, national origin, disability or
13 source of income against the Plaintiffs or against any other person who is a
14 tenant at the subject properties or any other properties owned or managed
15 by Defendants or a potential applicant for tenancy in any of the apartment
16 complexes in violation of the above federal and state laws in any aspect of
17 the occupancy of a dwelling.
- 18 3. Order that the Defendants do the following: fair housing training of all 200
19 plus employees and agents, monitored business practices, affirmative and
20 remedial advertising in newspapers, internet and television, produce a
21 website showing availability of units at all properties, implement
22 integration to provide equal housing opportunities to all prospective
23 renters, and set aside 15% of all units for persons using federal housing
24 subsidies.
- 25 4. Award compensatory damages to each Plaintiff other than the Center in the
26 amount according to proof.
- 27 5. Award compensatory damages to the Housing Rights Center in an amount
28 according to proof.

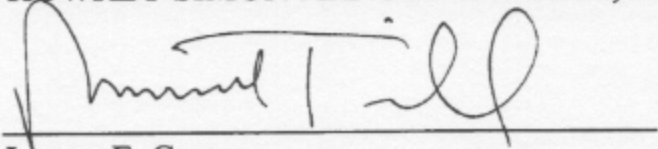
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- 6. Award punitive damages to each Plaintiff.
- 7. Award to Plaintiffs up to three times the amount of actual damages against each defendant pursuant to the Unruh Civil Rights Act.
- 8. Award any other such damages as may be allowed under all the above federal and state statutes.
- 9. Award to Plaintiffs their reasonable attorneys' fees and costs in this action.
- 10. Award all such other relief as the Court deems just.

Dated: May 17, 2004

Respectfully submitted,

HOWREY SIMON ARNOLD & WHITE, LLP



Joanne E. Caruso
Joanne Lichtman
Michael L. Turrill
Attorneys for Plaintiffs

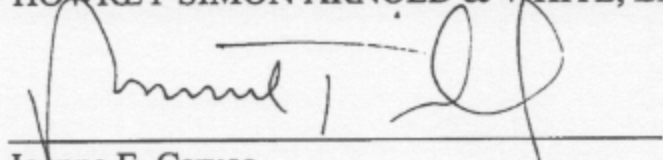
VIII. JURY DEMAND

Pursuant to Rule 38 of the Federal Rules of Civil Procedure, Plaintiffs hereby request a jury trial.

Dated: May 17, 2004

Respectfully submitted,

HOWREY SIMON ARNOLD & WHITE, LLP



Joanne E. Caruso
Joanne Lichtman
Michael L. Turrill
Attorneys for Plaintiffs

LEXSEE 2003 U.S. App. LEXIS 25266

HOUSING RIGHTS CENTER; et al., Plaintiffs - Appellees, v. DONALD STERLING, individually and as owner of the Donald Sterling Corporation; et al., Defendants - Appellants.

No. 03-56548

UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

84 Fed. Appx. 801; 2003 U.S. App. LEXIS 25266

December 8, 2003 **, Submitted

** This panel unanimously finds this case suitable for decision without oral argument. See Fed. R. App. P. 34(a)(2).

December 12, 2003, Filed

NOTICE:

**1 RULES OF THE NINTH CIRCUIT COURT OF APPEALS MAY LIMIT CITATION TO UNPUBLISHED OPINIONS. PLEASE REFER TO THE RULES OF THE UNITED STATES COURT OF APPEALS FOR THIS CIRCUIT.

PRIOR HISTORY:

Appeal from the United States District Court for the Central District of California. D.C. No. CV-03-00859-AHM. A. Howard Matz, District Judge, Presiding. Hous. Rights Ctr. v. Donald Sterling Corp., 274 F. Supp. 2d 1129, 2003 U.S. Dist. LEXIS 13302 (C.D. Cal., 2003)

DISPOSITION:

Affirmed.

COUNSEL:

For HOUSING RIGHTS CENTER, Plaintiff-Appellee: Joanne E. Caruso, Elizabeth A. Carroll, Esq., HOWREY SIMON ARNOLD & WHITE, LLP, Los Angeles, CA.

For HOUSING RIGHTS CENTER, KARLENE HENRY, THOMAS NMI BROWN, DIANNE WESLEY, AUBREY FRANKLIN, KANDYCE JONES, Plaintiffs - Appellees: Felicia ElDorrado Yearwood, WESTERN LAW CENTER FOR DISABILITY RIGHTS, Los Angeles, CA.

For HOUSING RIGHTS CENTER, KARLENE HENRY, THOMAS NMI BROWN, DIANNE WESLEY, AUBREY FRANKLIN, MARY YOUNG, ED NELL, JEFFREY HIGH, MARIE DAVIS, ROBIN STEED, DIXIE MARTIN, SOINO LUGO, Plaintiffs -

Appellees: Danielle Rane Jones, Esq., HOUSING RIGHTS CENTER, Los Angeles, CA.

For HOUSING RIGHTS CENTER, KARLENE HENRY, THOMAS NMI BROWN, DIANNE WESLEY, AUBREY FRANKLIN, KANDYCE JONES, MARY YOUNG, ED NELL, JEFFREY HIGH, MARIE DAVIS, ROBIN STEED, DIXIE MARTIN, SOINO LUGO, Plaintiffs - **2 Appellees: Gary W. Rhoades, Esq., HOUSING RIGHTS CENTER, Los Angeles, CA.

For DONALD STERLING, DONALD STERLING CORPORATION, KOREAN LAND LLC, DONALD STERLING FAMILY TRUST, Defendants - Appellants: William H. Lancaster, Damon C. Anastasia, George E. Preonas, Esq., SAYFARTH & SHAW, Brian J. Kramer, Esq., SEYFARTH SHAW, Los Angeles, CA.

For DONALD STERLING, DONALD STERLING CORPORATION, Defendants - Appellants: J. Gregory Correnti, Esq., SEYFARTH SHAW, Los Angeles, CA.

JUDGES:

Before: GOODWIN, WALLACE and McKEOWN, Circuit Judges.

OPINION:

*801 MEMORANDUM *

* This disposition is not appropriate for publication and may not be cited to or by the courts of this circuit except as provided by Ninth Circuit Rule 36-3.

This preliminary injunction appeal comes to us for review under Ninth Circuit Rule 3-3. We have jurisdic-

tion under 28 U.S.C. § 1292(a)(1), and we affirm.

We subject a district court's order regarding preliminary injunctive relief only to limited review. *Walczak v. EPL Prolong, Inc.*, 198 F.3d 725, 730 (9th Cir. 1999). **3 Our review of an order regarding a preliminary injunction "is much more limited than review of an order involving a permanent injunction, where all conclusions of law are freely reviewable." *Id.* A decision regarding a preliminary injunction is reviewed for abuse of discretion, which occurs only if the district court based its

decision on either an erroneous legal standard or clearly erroneous factual findings. *Id.*

We cannot say that the district court abused its discretion here. We therefore affirm the district court's order granting the preliminary injunction. Our disposition will affect the rights of the parties only until the district court renders final judgment. *Sports Form, Inc. v. UPI*, 686 F.2d 750, 752 (9th Cir. 1982).

AFFIRMED.