

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

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ENRIQUETA LUNA, DESMOND HILL,
JOSE L.S. GARCIA and STACEY SANCHEZ
individually, and on behalf of all others
similarly situated,

Index No:

SUMMONS

Plaintiffs,

SKYC MANAGEMENT LLC a/k/a GREISMAN
MANAGEMENT and a/k/a B. GREISMAN
REALTY, 161 HOLDING LTD, POST LLC, ABBY
ASSOCIATES, 2275 HOLDING LTD, 22 HOLDING
CORP., CHAMA HOLDING CORP., 346 HOLDING
CORP., STEB REALTY CORP., 674 HOLDING
LTD, 666 HOLDING LLC, 116 WEST CORP.,
DBPB HOLDING CORP., HELBOR REALTY
CORP., BRAGREIS REALTY CORP., S&S GROUP
HOLDINGS, LLC, BRONX RIVER ASSOC. LLC,
WALTON AVENUE REALTY ASSOC LLC,
TOWNSEND AVENUE REALTY LLC, 1820
HOLDING LTD., HENNESSY REALTY LLC,
GLEASON LLC, 2246 HOLDING CORP., 2188
REALTY LTD, 2195 GRAND CONCOURSE
REALTY LLC; 2472 WEBSTER REALTY LLC,
2281-85 REALTY LLC, 2395-97 REALTY LLC,
UNIVERSITY REALTY HOLDINGS LLC, 2522
REALTY LLC, and HEIGHTS REALTY CO. LLC.,

Defendants.

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TO THE ABOVE NAMED DEFENDANTS:

YOU ARE HEREBY SUMMONED to answer the Verified Complaint in this action and to serve a copy of your answer, or, if the complaint is not served with this summons, to serve a notice of appearance, on Plaintiff's Attorneys within twenty (20) days after the service of this summons, exclusive of the date of service (or within thirty (30) days after the service is complete if this summons is not personally delivered to you within the State of New York); and in case of your failure to answer or appear, judgment will be taken against you by default for the relief demanded in the complaint.

Dated: February 27, 2017
New York, New York

RAPAPORT LAW FIRM, PLLC

By: 

Marc A. Rapaport

Attorney for Plaintiffs

Enriqueta Luna, Desmond Hill,

Jose L.S. Garcia and Stacey Hill

individually and on behalf of all

others similarly situated

One Penn Plaza, Suite 2430

New York, NY 10119

Telephone: (212) 382-1600

Facsimile: (212) 382-0920

mraperaport@rapaportlaw.com

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

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ENRIQUETA LUNA, DESMOND HILL,
JOSE L.S. GARCIA and STACEY SANCHEZ
individually, and on behalf of all others
similarly situated,

Index No:

CLASS ACTION COMPLAINT

Plaintiffs,

SKYC MANAGEMENT LLC a/k/a GREISMAN
MANAGEMENT and a/k/a B. GREISMAN
REALTY, 161 HOLDING LTD, POST LLC, ABBY
ASSOCIATES, 2275 HOLDING LTD, 22 HOLDING
CORP., CHAMA HOLDING CORP., 346 HOLDING
CORP., STEB REALTY CORP., 674 HOLDING
LTD, 666 HOLDING LLC, 116 WEST CORP.,
DBPB HOLDING CORP., HELBOR REALTY
CORP., BRAGREIS REALTY CORP., S&S GROUP
HOLDINGS, LLC, BRONX RIVER ASSOC. LLC,
WALTON AVENUE REALTY ASSOC LLC,
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REALTY LLC; 2472 WEBSTER REALTY LLC,
2281-85 REALTY LLC, 2395-97 REALTY LLC,
UNIVERSITY REALTY HOLDINGS LLC, 2522
REALTY LLC, and HEIGHTS REALTY CO. LLC.,

Defendants.

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Enriqueta Luna, Desmond Hill, Jose L.S. Garcia and Stacey Sanchez

(collectively, "Plaintiffs" or "Representative Plaintiffs"), by their attorneys, Rapaport

Law Firm, PLLC, for their Complaint against Defendants, allege as follows:

INTRODUCTION

1. Plaintiffs bring this class action on behalf of themselves and all other persons
similarly situated (hereinafter referred to as the "Class Members," the "Class") who are,
or have been, tenants in Defendants' approximately 48 rent stabilized apartment

buildings throughout Manhattan and the Bronx (the “Buildings”) within the applicable statutory periods. Defendants have approximately 1,872 total apartment units in the Buildings that serve as residences for thousands of largely low income, immigrant families. As a single integrated enterprise (the “Greisman Enterprise”),¹ Defendants manage, own and/or control the Buildings that are currently known to be the subject of this Complaint, which are listed in Schedule A hereto.

2. As matter of policy and practice, Defendants unlawfully, willfully and pervasively (1) charged and held security deposits in excess of one month’s rent in blatant disregard of rent stabilization laws, (2) commingled security deposits with non-security funds, and (3) charged “key money” (*i.e.*, committing the crime known as rent gouging) as a condition to entering into a lease with new tenants.

3. Defendants’ violations require that Defendants disgorge and return the security deposits, illegal key money payments, and overcharges with statutory interest to Representative Plaintiffs, as well as to all of the approximately 1,872 class members. The Court should also enjoin Defendants from engaging in further violations of security deposit and rent gouging laws. In addition, Defendants should be ordered to pay costs and attorneys’ fees incurred by Plaintiffs and class members in connection with this lawsuit.

4. Defendants’ violation of laws relating to security deposits is one prong of their multi-faceted scheme by which Defendants extract illegal profits from rent stabilized

¹As set forth herein below, the enterprise is referred to in this Complaint as the “Greisman Enterprise,” and it consists of approximately 48 multiple-family buildings located principally in Washington Heights and the Bronx, which uniformly have either “Shimon Greisman” and/or “Boruch Greisman” designated as their CEO and/or “head officer” in their NYC Department of Housing Preservation & Development filings (“DHCR records”), and are under the unified management, control and beneficial ownership of Defendants for a common business purpose. The majority of the apartments in the Buildings are rent stabilized.

tenants of the Buildings. Defendants have also engaged in systemic rent overcharges by filing invalid Annual Rent Registration Statements with the New York State Department of Homes and Community Renewal (“DHCR”) in which Defendants willfully overstate the legal rents chargeable for rent stabilized apartments in the Buildings – a practice that further inflates the amount by which the security deposits exceed the limit of one-month’s legal rent because many tenants’ leases set forth amounts of the security deposits that refer to these illegal-inflated monthly rents.

PARTIES AND JURISDICTION

Plaintiffs:

5. Plaintiff Enriqueta Luna (“Luna”) is a residential tenant residing in Apartment 4D at 321 Edgecombe Avenue in New York, New York.

6. Plaintiff Desmond Hill (“Hill”) is a residential tenant residing in Apartment 2E at 321 Edgecombe Avenue in New York, New York.

7. Plaintiff Jose L.S. Garcia (“Garcia”) is a residential tenant residing in Apartment 6H at 657 West 161 Street in New York, New York.

8. Plaintiff Stacey Sanchez (“Sanchez”) is an adult natural person residing in Bronx County, New York.

9. Sanchez was a residential tenant residing in Apartment 6H at 3604 Olinville Avenue in Bronx, New York from in or about May 2016 until in or about the first week of November, 2016.

10. The Plaintiff Class, on whose behalf this action is brought, consists of all persons who are or were rent-stabilized residential tenants in the Buildings within the applicable statutory period and from whom Defendants unlawfully (i) extracted and held security

deposits in excess of one month's rent, (ii) took security deposits and commingled those deposits with other funds, and/or (iii) charged "key money" as a condition for entering into a lease.

Defendants:

11. Upon information and belief, and at all times herein relevant, SKYC Management a/k/a Greisman Management and a/k/a B. Greisman Realty is a New York corporation doing business in the County of Kings, State of New York.

12. Upon information and belief, Shimon Greisman holds the title of "Chief Executive Officer" and/or serves as the most senior corporate officer and/or managing member of all the entities that comprise the Greisman Enterprise and/or effectively exercises control over such entities, including, but not limited to: SKYC Management LLC (SKYC); 161 Holding Ltd.; Post LLC; Abby Associates; 2275 Holding Ltd; 22 Holding Corp.; Chama Holding Corp.; 346 Holding Corp.; Steb Realty Corp.; 674 Holding Ltd; 666 Holding LLC; 116 West Corp.; DBPB Holding Corp.; Helbor Realty Corp.; Bragreis Realty Corp.; S&S Group Holdings, LLC; Bronx River Assoc. LLC; Walton Avenue Realty Assoc LLC; Townsend Avenue Realty LLC; 1820 Holding Ltd.; Hennessy Realty LLC; Gleason LLC; 2246 Holding Corp.; 2188 Realty Ltd; 2195 Grand Concourse Realty LLC; 2472 Webster Realty LLC; 2281-85 Realty LLC; 2395-97 Realty LLC; University Realty Holdings LLC; 2522 Realty LLC; and Heights Realty Co. LLC. (See Schedule A).

13. Gary Gartenberg ("Gartenberg") is an individual who, upon information and belief, has an office address at 1419 60th Street, Brooklyn, New York 11219, and resides at 8 Villa Ln, Monsey, New York 10952. Gartenberg exercised control over the

operations of SKYC, 161 Holding Ltd., and the Buildings, and he was particularly involved in Defendants' policies with respect to security deposits and leasing.

14. Upon information and belief, Gartenberg has described his role within the Greisman Enterprise as that of "service manager," and exercises control over the leasing, security deposit, and rent policies and practices of one or more of the entities that comprise the Greisman Enterprise.

15. Upon information and belief, at all times herein relevant, the foregoing entities (listed in ¶ 12 hereinabove) that comprise the Greisman Enterprise are corporations or limited liability companies organized under the laws of the State of New York, and they all have their principal place of business at 1419 60th Street, Brooklyn, New York 11219.

16. The Greisman Enterprise, and the entities of which it is comprised (as set forth in ¶ 12 hereinabove), constitute a single integrated enterprise, with common ownership, management, control, general business and rental policies, bank accounts, and inextricably intertwined operations and functioning as follows.

17. The Greisman Enterprise is structured as follows: SKYC is the entity and trade name that the Greisman Enterprise utilizes to describe the Greisman Enterprise's management functions, and also to serve as the legally-designated managing agent for the majority of the Buildings; and (b) the other entities listed in ¶ 12 hereinabove hold title to the Buildings and are signatories to residential leases.

18. Upon information and belief, the Buildings listed in Schedule A hereto and entities identified in ¶ 12 hereinabove operate under common ownership, with shared management, employees, policies and procedures, in particular the policies and procedures relating to the unlawful conduct complained of herein.

19. Upon information and belief, SKYC Management LLC is a corporation duly organized under the laws of the State of New York, with a principal address for the conduct of business at 1419 60th Street, Brooklyn, New York 11219, and its operations, management, business and rental policies, and ownership are interrelated with the other entities set forth in ¶ 12 hereinabove.

20. Upon information and belief, 161 Holding Ltd. is a corporation duly organized under the laws of the State of New York, with a principal address for the conduct of business at 1419 60th Street, Brooklyn, New York 11219, and its operations, management, business and rental policies, and ownership are interrelated with the other entities set forth in ¶ 12.

21. Upon information and belief, Post LLC is a limited liability company duly organized under the laws of the State of New York, with a principal address for the conduct of business at 1419 60th Street, Brooklyn, New York 11219, and its operations, management, business and rental policies, and ownership are interrelated with the other entities set forth in ¶ 12 hereinabove.

22. Upon information and belief, Abby Associates is a corporation duly organized under the laws of the State of New York, with a principal address for the conduct of business at 1419 60th Street, Brooklyn, New York 11219, and its operations, management, business and rental policies, and ownership are interrelated with the other entities set forth in ¶ 12 hereinabove.

23. Upon information and belief, 2275 Holding Ltd is a corporation duly organized under the laws of the State of New York, with a principal address for the conduct of business at 1419 60th Street, Brooklyn, New York 11219, and its operations,

management, business and rental policies, and ownership are interrelated with the other entities set forth in ¶ 12 hereinabove.

24. Upon information and belief, 22 Holding Corp. is a corporation duly organized under the laws of the State of New York, with a principal address for the conduct of business at 1419 60th Street, Brooklyn, New York 11219, and its operations, management, business and rental policies, and ownership are interrelated with the other entities, set forth in ¶ 12 hereinabove that comprise the Greisman Enterprise.

25. Upon information and belief, Chama Holding Corp. is a corporation duly organized under the laws of the State of New York, with a principal address for the conduct of business at 1419 60th Street, Brooklyn, New York 11219, and its operations, management, business and rental policies, and ownership are interrelated with the other entities set forth in ¶ 12 hereinabove.

26. Upon information and belief, 346 Holding Corp. is a corporation duly organized under the laws of the State of New York, with a principal address for the conduct of business at 1419 60th Street, Brooklyn, New York 11219, and its operations, management, business and rental policies, and ownership are interrelated with the other entities set forth in ¶ 12 hereinabove.

27. Upon information and belief, Steb Realty Corp. is a corporation duly organized under the laws of the State of New York, with a principal address for the conduct of business at 1419 60th Street, Brooklyn, New York 11219, and its operations, management, business and rental policies, and ownership are interrelated with the other entities set forth in ¶ 12 hereinabove.

28. Upon information and belief, 674 Holding Ltd is a corporation duly organized under the laws of the State of New York, with a principal address for the conduct of business at 1419 60th Street, Brooklyn, New York 11219, and its operations, management, business and rental policies, and ownership are interrelated with the other entities set forth in ¶ 12 hereinabove.

29. Upon information and belief, 666 Holding LLC is a limited liability company duly organized under the laws of the State of New York, with a principal address for the conduct of business at 1419 60th Street, Brooklyn, New York 11219, and its operations, management, business and rental policies, and ownership are interrelated with the other entities set forth in ¶ 12 hereinabove.

30. Upon information and belief, 116 West Corp. is a corporation duly organized under the laws of the State of New York, with a principal address for the conduct of business at 1419 60th Street, Brooklyn, New York 11219, and its operations, management, business and rental policies, and ownership are interrelated with the other entities set forth in ¶ 12 hereinabove that comprise the Greisman Enterprise.

31. Upon information and belief, DBPB Holding Corp. is a corporation duly organized under the laws of the State of New York, with a principal address for the conduct of business at 1419 60th Street, Brooklyn, New York 11219, and its operations, management, business and rental policies, and ownership are interrelated with the other entities set forth in ¶ 12 hereinabove that comprise the Greisman Enterprise.

32. Upon information and belief, Helbor Realty Corp. is a corporation duly organized under the laws of the State of New York, with a principal address for the conduct of business at 1419 60th Street, Brooklyn, New York 11219, and its operations,

management, business and rental policies, and ownership are interrelated with the other entities set forth in ¶ 12 hereinabove.

33. Upon information and belief, Bragreis Realty Corp. is a corporation duly organized under the laws of the State of New York, with a principal address for the conduct of business at 1419 60th Street, Brooklyn, New York 11219, and its operations, management, business and rental policies, and ownership are interrelated with the other entities set forth in ¶ 12 hereinabove.

34. Upon information and belief, S&S Group Holdings, LLC is a limited liability company duly organized under the laws of the State of New York, with a principal address for the conduct of business at 1419 60th Street, Brooklyn, New York 11219, and its operations, management, business and rental policies, and ownership are interrelated with the other entities set forth in ¶ 12 hereinabove.

35. Upon information and belief, Bronx River Assoc. LLC is a limited liability company duly organized under the laws of the State of New York, with a principal address for the conduct of business at 1419 60th Street, Brooklyn, New York 11219, and its operations, management, business and rental policies, and ownership are interrelated with the other entities set forth in ¶ 12 hereinabove that comprise the Greisman Enterprise.

36. Upon information and belief, Walton Avenue Realty Assoc LLC is a limited liability company duly organized under the laws of the State of New York, with a principal address for the conduct of business at 1419 60th Street, Brooklyn, New York 11219, and its operations, management, business and rental policies, and ownership are interrelated with the other entities set forth in ¶ 23 hereinabove

37. Upon information and belief, Townsend Avenue Realty LLC is a limited liability company duly organized under the laws of the State of New York, with a principal address for the conduct of business at 1419 60th Street, Brooklyn, New York 11219, and its operations, management, business and rental policies, and ownership are interrelated with the other entities set forth in ¶ 12 hereinabove.

38. Upon information and belief, 1820 Holding Ltd. is a corporation duly organized under the laws of the State of New York, with a principal address for the conduct of business at 1419 60th Street, Brooklyn, New York 11219, and its operations, management, business and rental policies, and ownership are interrelated with the other entities set forth in ¶ 12 hereinabove.

39. Upon information and belief, Hennessy Realty LLC is a limited liability company duly organized under the laws of the State of New York, with a principal address for the conduct of business at 1419 60th Street, Brooklyn, New York 11219, and its operations, management, business and rental policies, and ownership are interrelated with the other entities set forth in ¶ 12 hereinabove.

40. Upon information and belief, Gleason LLC is a limited liability company duly organized under the laws of the State of New York, with a principal address for the conduct of business at 1419 60th Street, Brooklyn, New York 11219, and its operations, management, business and rental policies, and ownership are interrelated with the other entities set forth in ¶ 12.

41. Upon information and belief, 2246 Holding Corp. is a corporation duly organized under the laws of the State of New York, with a principal address for the conduct of business at 1419 60th Street, Brooklyn, New York 11219, and its operations,

management, business and rental policies, and ownership are interrelated with the other entities, set forth in ¶ 12 hereinabove that comprise the Greisman Enterprise.

42. Upon information and belief, 2188 Realty Ltd is a corporation duly organized under the laws of the State of New York, with a principal address for the conduct of business at 1419 60th Street, Brooklyn, New York 11219, and its operations, management, business and rental policies, and ownership are interrelated with the other entities, set forth in ¶ 12 hereinabove that comprise the Greisman Enterprise.

43. Upon information and belief, 2195 Grand Concourse Realty LLC is a limited liability company duly organized under the laws of the State of New York, with a principal address for the conduct of business at 1419 60th Street, Brooklyn, New York 11219, and its operations, management, business and rental policies, and ownership are interrelated with the other entities set forth in ¶ 12 hereinabove that comprise the Greisman Enterprise.

44. Upon information and belief, 2472 Webster Realty LLC is a limited liability company duly organized under the laws of the State of New York, with a principal address for the conduct of business at 1419 60th Street, Brooklyn, New York 11219, and its operations, management, business and rental policies, and ownership are interrelated with the other entities set forth in ¶ 12 hereinabove that comprise the Greisman Enterprise.

45. Upon information and belief, 2281-85 Realty LLC is a limited liability company duly organized under the laws of the State of New York, with a principal address for the conduct of business at 1419 60th Street, Brooklyn, New York 11219, and its operations,

management, business and rental policies, and ownership are interrelated with the other entities set forth in ¶ 12 hereinabove that comprise the Greisman Enterprise.

46. Upon information and belief, 2395-97 Realty LLC is a limited liability company duly organized under the laws of the State of New York, with a principal address for the conduct of business at 1419 60th Street, Brooklyn, New York 11219, and its operations, management, business and rental policies, and ownership are interrelated with the other entities, set forth in ¶ 12 hereinabove that comprise the Greisman Enterprise.

47. Upon information and belief, University Realty Holdings LLC is a limited liability company duly organized under the laws of the State of New York, with a principal address for the conduct of business at 1419 60th Street, Brooklyn, New York 11219, and its operations, management, business and rental policies, and ownership are interrelated with the other entities set forth in ¶ 12 hereinabove that comprise the Greisman Enterprise.

48. Upon information and belief, 2522 Realty LLC is a limited liability company duly organized under the laws of the State of New York, with a principal address for the conduct of business at 1419 60th Street, Brooklyn, New York 11219, and its operations, management, business and rental policies, and ownership are interrelated with the other entities set forth in ¶ 12 hereinabove that comprise the Greisman Enterprise.

49. Upon information and belief, Heights Realty Co. LLC is a limited liability company duly organized under the laws of the State of New York, with a principal address for the conduct of business at 1419 60th Street, Brooklyn, New York 11219, and its operations, management, business and rental policies, and ownership are interrelated

with the other entities set forth in ¶ 12 hereinabove that comprise the Greisman Enterprise.

50. Upon information and belief, SKYC and the entities (listed hereinabove at ¶ 37) that hold title to the Buildings operate under common ownership, and the Defendants share employees, the Buildings are managed by the same individuals, and the Defendants subject their tenants to the same policies and procedures, in particular policies and procedures relating to the violations alleged in this Complaint. Defendants own, operate, and control the Greisman Enterprise as one interrelated and unified operation.

51. Personal jurisdiction exists as to each of the Defendants because each Defendant is domiciled in the State of New York or regularly transacts business in the State of New York.

52. The Defendants' actions that are complained of herein relate to the Buildings, which are situated in New York and Bronx Counties, and the relief sought by Plaintiffs is to be effectuated in New York and Bronx Counties.

LAW AND FACTS COMMON TO ALL CLAIMS

53. Upon information and belief, the rent-stabilized tenants at Defendants' Buildings have identical legal issues and virtually identical facts as the Representative Plaintiffs with respect to Defendants' unlawful security deposit and key money practices.

Excess Security Deposits

54. The Rent Stabilization Law ("RSL") is codified at Chapter 4 of Title 26 of the New York City Administrative Code ("NYC Admin. Code"), and the Rent Stabilization Code ("RSC") is codified at Title 9, Subtitle S, Chapter VIII of the New York Codes, Rules and Regulation ("NYCRR").

55. When an apartment is rent stabilized, the RSC prohibits a landlord from demanding, receiving or retaining a security deposit in excess of one month's rent. 9 NYCRR § 2525.4. A landlord must deposit security in an interest bearing account. 9 NYCRR § 2525.4(a). At the tenant's option, interest may be applied to rent, paid to the tenant annually, or held in trust until repaid. 9 NYCRR § 2525.4(c).

56. Pursuant to GOL 7-103(2), the landlord must notify the tenant of the name and address of the banking organization in which the deposit of the security is made, and the amount of such deposit – a requirement that Defendants violated and continue to violate.

57. Where, as here, a landlord receives and retains a security deposit in excess of one month's rent, the tenant is entitled to return of the excess security, with statutory interest on the excess. Defendants may be ordered to pay costs and attorneys' fees.

58. As a matter of practice, at Defendants' Buildings, Defendants routinely demanded, received and retained security deposits from rent-stabilized tenants in excess of the legal limit of one month's rent, and their foregoing violations are readily apparent from the face of the Representative Plaintiffs' leases.

59. As alleged in *Reynoso v. 161 Holding Ltd., et al.*, Index No. 150880/2017 (New York County, Supreme Court), Defendants have fraudulently escalated rents such that the purported legal rents as filed with the New York State Department of Housing Preservation and Development (DHCR) and/or stated on tenants' leases are frequently above the allowable legal rents. Therefore, Defendants' security deposit overcharges are even more egregious than they appear on the face of the Representative Plaintiffs' leases because they often refer to legal rents that have been inflated as result of Defendants' filing of inflated annual rent registration statements with the DHCR.

Commingling Security Deposits

60. General Obligations Law § 7-103(1) provides that money deposited by a tenant as security for the performance of the terms of a lease are trust funds which may not be commingled with other funds of the landlord. If a landlord commingles a security deposit with other funds, the landlord is guilty of conversion and the effect is that the landlord forfeits the right to security.

61. Where a landlord commingles funds in violation of GOL § 7-103(1), the tenants are entitled to return of all of the commingled security deposits. Defendants may be ordered to pay costs and attorneys' fees.

62. Upon information and belief, as a matter of practice, Defendants routinely commingling security deposits from tenants.

Conversion of Security Deposits

63. Upon tenants' vacating apartments, Defendants had a policy and practice of refusing to return tenants' security deposits and wrongfully retaining the security funds to reap unjust and illegal profits. In this manner, Defendants unlawfully and willfully inflicted financial harm upon thousands of low-income New Yorkers.

Rent Gouging and Overcharges by Extracting "Key Money"

64. Under the New York Penal Law §§ 180.55, 180.56, 180.57, it is unlawful for any person to solicit, accept or agree to accept from one or more persons payments other than lawful rent or other lawful charges in connection with the leasing, rental or use of rent-regulated apartments.

65. Rent gouging is a form of extortion and bribe receiving by a person involved in renting property. It is unlawful rent gouging for a landlord to solicit, accept or agree to accept an excessive or unlawful fee in order to obtain or renew the lease of the property.

66. "Key money" is an illegal fee or bonus in excess of allowable rents that is charged to a prospective tenant for the right to lease the apartment. Extracting "key money" is a form of rent gouging under the Penal Code and constitutes a willful overcharge under the RSC and inflicts unlawful harm on low-income families in New York City by creating an unlawful barrier to affordable housing.

67. A tenant who has paid "key money" is entitled to recover the excess charges.

68. Landlords who overcharge tenants may be ordered to pay costs and attorneys' fees.

69. As a matter of practice, at Defendants' Buildings, Defendants routinely demanded, received and retained "key money" from tenants in excess of lawful rent and in order for tenants to obtain apartments.

70. The New York Consumer Protection Act (the "NYCPA"), NY General Business Law §349, prohibits "deceptive acts or practices in the conduct of any business, trade, or commerce, or in the furnishing of any service in this state." Defendants' conduct violates the NYCPA.

CLASS ALLEGATIONS

71. This action is brought and properly maintained as a class action under the provisions of Article 9 of the CPLR.

72. The Class, as defined above, is so numerous that joinder of all members of the Class, whether otherwise required or permitted, is impracticable.

73. There are questions of law and fact common to the Class that predominate over any questions affecting only individual members of the Class. A principal common question of law is whether Defendants violated the RSL, RSC, GOL, Penal Law and NYCPA by engaging in a practice of (i) unlawfully charging and holding security deposits in excess of one month's rent, (ii) commingling security deposits, (iii) converting security funds for their own unlawful profits; and (iv) extracting "key money" as a condition for entering into a lease. The question impacts all Class members.

74. Representative Plaintiffs' claims are typical of the claims of the other members of the Class. Representative Plaintiffs and all members of the Class are or were residential tenants of Defendants that have been similarly charged excess security and key money and have had their security deposits commingled and converted by Defendants.

75. Representative Plaintiffs have no interests antagonistic to the interests of the other members of the Class. There is no conflict between Plaintiffs and any other members of the Class with respect to this action for the claims for relief herein, and all of the Plaintiffs and Class members have suffered under policies and practices by which they were exploited by the parasitic and unlawful practices of Defendants.

76. Representative Plaintiffs are committed to the vigorous prosecution of this action and have retained competent legal counsel experienced in class action litigation matters for that purpose.

77. Representative Plaintiffs are adequate representatives of the Class and with their attorneys are able to and will fairly and adequately protect the interests of the Class.

78. In addition, a class action is superior to other available methods for the fair, just, and efficient adjudication of the claims asserted herein. Joinder of all members of the

Class is impracticable and, for financial and other reasons, it would be impractical for individual members of the Class to pursue separate claims. Moreover, prosecution of separate actions by individual members of the Class would create the risk of varying and inconsistent adjudications, and would unduly burden the courts.

79. Representative Plaintiffs anticipate no difficulty in the management of this litigation as a class action, and management of this litigation as a class action will present few problems for this Court.

80. The identity of class members is readily ascertainable from Defendants' records.

**DEFENDANTS' WILLFUL VIOLATIONS
AND SECURITY DEPOSIT OVERCHARGES**

(a) As to Plaintiff Hill:

81. Since in or about 2014, Hill has resided in Apartment 2E at 321 Edgecombe Avenue. Hill currently occupies the apartment pursuant to a lease with Defendant 22 Holding Corp., signed on or about December 30, 2015 ("Hill Lease").

82. At all relevant times, Hill's apartment is subject to rent stabilization laws.

83. A true and actual copy of the Hill Lease is annexed hereto as **Exhibit 1**.

84. On its face, the Hill Lease reveals egregious and willful overcharges of security.

85. The Hill Lease states a purported "Legal Rent" as \$1419.86 per month. The Hill Lease requires a security deposit in the amount of \$1600.00, which exceeds the legal limit of one month's rent.

86. Hill is entitled to return of the excess security deposit, plus statutory interest, as well as attorneys' fees and costs.

(b) As to Plaintiff Garcia:

87. Garcia resides in Apartment 6H at 657 West 161 Street. Garcia currently occupies the apartment pursuant to a renewal lease with Defendant 161 Holding Ltd., dated June 24, 2014 (“Garcia Lease”).

88. A true and actual copy of the Garcia Lease is annexed hereto as Exhibit 2.

89. At all relevant times, Garcia’s apartment is subject to rent stabilization laws.

90. On its face, the Garcia Lease reveals willful overcharges of security.

91. The Garcia Lease states the purported allowable rent as \$2,300.00 per month. Yet, the Garcia Lease requires a security deposit in the amount of \$3,000.00, which is far in excess of one month’s rent.

92. As alleged in *Reynoso v. 161 Holding Ltd., et al.*, Index No. 150880/2017 (New York County, Supreme Court), Defendants have a practice of fraudulently escalating monthly rent above the escalations and legal rents permitted by the rent guidelines.

93. With respect to Garcia, Defendants incorrectly treat his apartment as exempt from rent stabilization due to a purported “high rent vacancy”, even though no such triggering event occurred. Based on this fraudulent misrepresentation, Defendants’ lease with Garcia provides for a monthly rent that is far above the valid legal rent chargeable for the apartment. Therefore, the extent of the security deposit overcharge is even more egregious than it would appear based on the face of the Garcia Lease because the legal rent is much lower than the \$2,180 monthly rent that Defendants are charging Garcia.

94. Garcia is entitled to return of the excess security deposit, plus statutory interest, as well as attorneys’ fees and costs.

(c) As to Plaintiff Luna:

95. Commencing on or about July 1, 2012, and continuing to the present, Luna has resided in Apartment 4D at 321 Edgecombe Avenue, New York, NY. Luna currently occupies the apartment pursuant to a renewal lease with Defendant 22 Holding Corp., dated March 1, 2016 ("Luna Lease").

96. A true and actual copy of the Luna Lease is annexed hereto as Exhibit 3.

97. At all relevant times, the Luna apartment is subject to rent stabilization laws.

98. On its face, the Luna Lease reveals egregious and willful overcharges of security.

99. The Luna Lease states that the purported "Legal Rent" for the apartment is \$1496.39 per month. The Luna Lease requires a security deposit in the amount of \$2000.00 - approximately \$500.00 more than one-month's rent.

100. Over and above the \$2,000 security deposit provided by the lease, Defendants demanded that Luna pay an additional sum of \$2,000 as key money, which Luna remitted in cash on or about June 15, 2012 upon her execution of her initial lease for her apartment.

101. The willfulness of Defendants' conduct in overcharging Luna for her security deposit is evidenced by Defendants' prior conduct with respect to Luna's apartment. The prior tenant of Apartment 4D (Victor Hugo Garcia) was also unlawfully overcharged for security, and he only received a credit for the overcharge by filing a complaint with DHCR (DHCR Dkt. No. ZK4100785R).

102. Thus, even after Defendants' were subjected to complaints and indisputably put on legal notice about the illegality of their conduct in charging security in excess of one-month's legal rent, Defendants have continued to glaringly disregard the

law by continuing to collect excess security deposits from Plaintiffs and members of the Class.

103. Luna is entitled to return of the excess security deposit, plus statutory interest, as well as attorneys' fees and costs.

(d) As to Plaintiff Sanchez:

104. From May to November 2016, Reynoso resided in Apartment 6H at 3605 Olinville Avenue. Sanchez occupied the apartment pursuant to a lease with Defendant Heights Realty Co. LLC, dated May 19, 2016 ("Sanchez Lease").

105. Sanchez' apartment is subject to rent stabilization laws.

106. A true and actual copy of the Sanchez Lease is annexed hereto as **Exhibit 4.**

107. On its face, the Sanchez Lease reveals willful overcharges of security.

108. The Sanchez Lease states the purported legal monthly rent as \$1,419.86. The Sanchez Lease requires a security deposit in the amount of \$4,050.00, which Sanchez paid to Heights Realty Co, LLC on or about April 27, 2016. This amount is, on its face, far in excess of one month's rent.

109. In addition to requiring Sanchez to pay three months' of security, Defendants required Sanchez to pay "key money" in an amount equal to one month's rent (\$1,350) as a prerequisite to signing the Sanchez Lease. The requirement of "key money" is illegal rent gouging under New York law. On or about April 27, 2016, Sanchez paid the "key money" that Defendants demanded of her.

110. Defendants' superintendent informed Sanchez that it was Defendants' policy to require payment of "key money" as a pre-condition to signing a lease.

111. Further, upon information and belief, Defendants commingled Sanchez' security deposit with other non-security funds in violation of the GOL.

112. Defendants deposited Sanchez' security deposit and rental payments in the same bank account with Signature Bank instead of complying with the legal requirement that security funds be segregated.

113. Upon information and belief, it is Defendants' practice to commingle security funds.

114. Defendants never returned any portion of Sanchez' security deposit, even though Sanchez vacated the apartment in November 2016. Instead, Defendants' opportunistically and exploitatively converted these security funds for their own use – a practice that Defendants have systematically engaged in for at least the past decade.

CAUSES OF ACTION

FIRST CAUSE OF ACTION

Demanding, Receiving or Retaining Excess Security Deposits in Violation of 9 NYCRR § 2525.4.

115. The Representative Plaintiffs incorporate and re-allege the allegations of paragraphs 1 through 114 as if fully set forth herein.

116. The apartments of Plaintiffs and the Class that are the subject of this cause of action are rent stabilized.

117. When an apartment is rent stabilized, the RSC prohibits a landlord from demanding, receiving or retaining a security deposit in excess of one month's rent. 9 NYCRR § 2525.4.

118. As set forth in hereinabove, as a matter of policy and practice, Defendants have repeatedly and willfully violated 9 NYCRR §§ 2525.4 by demanding, receiving or retaining a security deposit in excess of one month's rent.

119. Representative Plaintiffs and the Class are entitled to compensation, including but not limited to damages, prejudgment interest, costs and attorneys' fees.

SECOND CAUSE OF ACTION
Commingling Security Deposits
in Violation of General Obligations Law § 7-103(1)

120. The Representative Plaintiffs incorporate and re-allege the allegations of paragraphs 1 through 119 as if fully set forth herein.

121. GOL § 7-103(1) provides that money deposited by a tenant as security for a lease are trust funds which may not be commingled with other funds of the landlord.

122. If a landlord commingles a security deposit with other funds, the landlord is guilty of conversion and the effect is that the landlord forfeits the right to security.

123. As set forth hereinabove, upon information and belief, as a matter of policy and practice, Defendants have repeatedly and willfully violated GOL § 7-103(1) by commingling security deposits from tenants with non-security funds.

124. As a result of Defendants' misconduct, Representative Plaintiffs and the Class members are entitled to immediate return of their security deposits, and Defendants may not avail themselves of the security deposit for any purpose.

THIRD CAUSE OF ACTION
Rent Gouging and Overcharges in Violation of New York Penal
Law §§ 180.55, 180.56, 180.57
and General Business Law § 349(h)

125. The Representative Plaintiffs incorporate and re-allege the allegations of paragraphs 1 through 124 as if fully set forth herein.

126. Defendants' conduct in demanding payment of "key money" constitutes rent gouging in violation of New York Penal Law and a deceptive practice pursuant to the NYCPA.

127. Defendants had (and they continue to have) an unlawful policy and practice of requiring that new tenants pay an additional sum equivalent to one-month's rent, over and above security and rent, as a precondition to entering into leases.

128. Representative Plaintiffs and the Class are entitled to injunctive relief restraining Defendants from continuing the foregoing unlawful practice, and damages, prejudgment interest and attorneys' fees.

FOURTH CAUSE OF ACTION
Declaratory Judgment, Injunction and Specific Enforcement

129. Plaintiffs repeat and re-allege each and every allegation contained in paragraphs 1-128 inclusive, with the same force and effect as if set forth at length herein.

130. Despite the RSL's and RSC's limitations on security deposits for rent stabilized apartments and the strict prohibitions against extracting overcharges in the form of "key money," Defendants have, as a matter of policy, charged excess security deposits and demanded "key money." Through their misconduct, Defendants have willfully perpetrated rent overcharges by which they wrongfully exploited Plaintiffs and the Class to obtain profits that they were not entitled to receive.

131. If Defendants' misconduct is not remedied, Defendants will have succeeded in perpetrating a scheme by which they invalidly and fraudulently undermine the rent stabilization laws and security deposit laws intended to protect residential tenants.

132. Rent stabilized tenants have protections and rights that extend far beyond lower rents and security deposit limits and that cannot be remedied solely by an award of monetary damages. For example, family members who reside with tenants in rent stabilized apartments have rights of succession that are not applicable to non-stabilized apartments. In addition, unlike tenants of non-stabilized apartments, tenants of rent-stabilized apartments have rights to renewal leases.

133. All residential tenants (both stabilized and non-stabilized) in Defendants' buildings are adversely impacted by Defendants security deposit violations, including commingling and conversion of security funds, that are complained of herein.

134. In summary, rent stabilization protection and laws relating to security deposits provide security, stability and benefits that require equitable relief. By imposing financial costs on prospective and current tenants that are impermissible, Defendants create unlawful barriers to affordable housing that undermine the public policies underlying rent stabilization laws. With each unlawful charge that the Defendants opportunistically impose upon Plaintiffs and the Class, Defendants increase the likelihood that a low-income family will be forced to sacrifice the security and stability provided by living in a rent-stabilized apartment.

135. Plaintiffs neither have, nor will have, adequate remedies at law with respect to the Defendants' aforementioned wrongful conduct.

136. There exists an actual controversy of a justiciable issue between Plaintiffs and the Defendants, within the jurisdiction of this Court, involving the rights and obligations of parties under the Lease.

137. The equities favor Plaintiffs and the Class.

138. By reason of the foregoing, Plaintiffs and the Class are entitled to a judicial declaration that (a) Defendants violated the law by requiring payment of more than one month's security; (b) Defendants violated the law by requiring payment of "key money" as a precondition to obtaining leases; (d) Defendants violated the law by commingling security deposits and (e) Plaintiffs and the Class are entitled to a specific enforcement by issuance of a permanent injunction restraining Defendants from violating their rights, to wit: (i) Restraining Defendants from collecting and/or attempting to collect the invalid, unlawful and excessive security deposits that Defendants have been and continue to charge Plaintiffs and similarly situated persons; and (ii) Restraining Defendants from collecting and/or attempting to collect "key money"; and (ii) With respect to collection of security deposits for future leases, requiring Defendants to provide written disclosure to tenants concerning the name and address of the banking organization in which deposits of security are made.

WHEREFORE, Plaintiffs Desmond Hill, Jose L.S. Garcia, Enriqueta Luna and Stacey Sanchez, individually and on behalf of all other similarly situated persons, respectfully request that a Judgment be entered against Defendants as follows:

1. Designation of this action as a class action pursuant to CPLR § 901 *et seq.*;
2. Designation of Plaintiffs as Representatives of the Class and counsel of record as Class Counsel;
3. A declaration that the acts complained of herein are illegal and in violation of Rent Stabilization Laws, the New York Penal Law, and the New York General Obligations Law;

4. Ordering the return of all security deposits collected by Defendants above the legally-allowable amounts, with statutory interest;
5. Restraining and enjoining Defendants from undertaking any efforts to collect, either through summary nonpayment proceedings or otherwise, the excessive security deposits that are currently provided for under Plaintiffs' respective leases;
6. Returning all "key money" paid by Plaintiffs and the Class to Defendants, with statutory interest;
7. Restraining and enjoining Defendants from undertaking any efforts to extract illegal "key money" and/or similar impermissible payments as a precondition to entering into rent stabilized leases;
8. Returning all security deposits of current residential tenants that Defendants unlawfully commingled, plus statutory interest;
9. Awarding damages to all former residential tenants who ceased occupying residential units during the applicable time period as compensation for Defendants' unlawful conversion of their security deposits, plus statutory interest.
10. Restraining and enjoining Defendants from illegally commingling security deposits and requiring Defendants to provide yearly notices of the bank and location of funds held as security, in compliance with New York General Obligations Law § 7-103(2);
11. A judgment awarding Plaintiffs the costs, disbursements, and legal fees incurred in connection with this action; and
12. For such other, further and different relief as to the Court may seem just and proper;

Dated: New York, New York
February 28, 2017

Yours, etc.

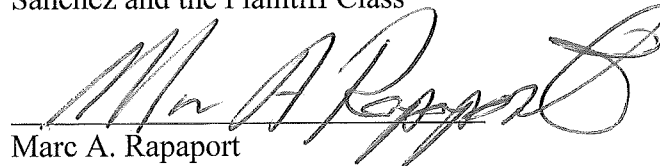
Rapaport Law Firm, PLLC

Attorneys for Plaintiffs Enriqueta Luna,

Desmond Hill, Jose L.S. Garcia and Stacey

Sanchez and the Plaintiff Class

By:

A handwritten signature in black ink, appearing to read "Mr. A. Rapaport", written over a horizontal line.

Marc A. Rapaport

Meredith R. Miller

One Penn Plaza, Suite 2430

New York, New York 10119

Ph: (212) 382-1600

SCHEDULE A**THE GREISMAN ENTERPRISE**

All information is based on the NYC Department of Housing Preservation & Development online resource, HPDOnline, for building-specific information.

Address of Building	Entity that Holds Title & Address of Entity	Managing Agent	CEO/Head Officer of Owning CORP	Principal of Managing Agent	# of Units per Building
71 Post Ave. Manhattan	POST LLC 1419 60 th St	SKYC MANAGEMENT	GREISMAN SHIMON	GREISMAN SHIMON	20
157 W. 228 th St. Manhattan	ABBY ASSOCIATES 1419 60 th St	SKYC MANAGEMENT	GREISMAN SHIMON	GREISMAN SHIMON	21
163 East 178 th St. Manhattan	2275 HOLDING LTD 1419 60 th St	SKYC MANAGEMENT	GREISMAN SHIMON	GREISMAN SHIMON	58
321 Edgecombe Ave Manhattan	22 HOLDING CORP 1419 60 th St	SKYC MANAGEMENT	GREISMAN SHIMON	GREISMAN SHIMON	119
381 Edgecombe Ave Manhattan	CHAMA HOLDING CORP 1419 60 TH St	SKYC MANAGEMENT	GREISMAN SHIMON	GREISMAN SHIMON	37
385 Edgecombe Ave Manhattan	CHAMA HOLDING CORP 1419 60 TH St	SKYC MANAGEMENT	GREISMAN SHIMON	GREISMAN SHIMON	42
393 Edgecombe Ave Manhattan	CHAMA HOLDING CORP 1419 60 TH St	SKYC MANAGEMENT	GREISMAN SHIMON	GREISMAN SHIMON	25
346 East 9 th Ave Manhattan	346 HOLDING CORP 1419 60 TH St	SKYC MANAGEMENT	GREISMAN SHIMON	GREISMAN SHIMON	22
544-50 Academy St. Manhattan	STEB REALTY CORP 1419 60 th St	SKYC MANAGEMENT	GREISMAN SHIMON	GREISMAN SHIMON	55
601 W. 192 nd St.	No registration info for this site				
657 W. 161 st St. Manhattan	161 HOLDING LTD 1419 60 th St	SKYC MANAGEMENT	GREISMAN SHIMON	GREISMAN SHIMON	49
667 W. 161 st St. Manhattan	161 HOLDING LTD 1419 60 th St	SKYC MANAGEMENT	GREISMAN SHIMON	GREISMAN SHIMON	49
671 W. 162 nd St. Manhattan	161 HOLDING LTD 1419 60 th St	SKYC MANAGEMENT	GREISMAN SHIMON	GREISMAN SHIMON	49
674 W. 161 st St. Manhattan	674 HOLDING LTD 1419 60 TH St	SKYC MANAGEMENT	GREISMAN SHIMON	GREISMAN SHIMON	43
666 East 224 th St. Bronx	666 HOLDING LLC 1419 60 TH St	SKYC MANAGEMENT	GREISMAN SHIMON	GREISMAN SHIMON	47
901 East 217 th St. Bronx	116 WEST CORP 1419 60 TH St	SKYC MANAGEMENT	GREISMAN SHIMON	GREISMAN SHIMON	30
912 Kelly St. Bronx	912 KELLY ST. LLC 254 EAST 125 St	912 KELLY ST. LLC	BELFIORE FELICE	BELFIORE FELICE	17
955 Walton Ave. Bronx	DBPB HOLDING CORP 1419 60 th St	SKYC MANAGEMENT	GREISMAN SHIMON	GREISMAN SHIMON	67
1153-55 Grand	HELBOR REALTY	SKYC	GREISMAN	GREISMAN	58

Concrs. Bronx	CORP 1419 60 TH St	MANAGEMENT	SHIMON	SHIMON	
1174 Sheridan Ave. Bronx	DBPB HOLDING CORP 1419 60 th St	SKYC MANAGEMENT	GREISMAN SHIMON	GREISMAN SHIMON	47
1204 Shakespeare Ave. Bronx	BRAGREIS REALTY CORP 1419 60 TH St	SKYC MANAGEMENT	GREISMAN SHIMON	GREISMAN SHIMON	67
1214 Shakespeare Ave. Bronx	ABBY ASSOCIATES CORP 1419 60 th St	SKYC MANAGEMENT	GREISMAN SHIMON	GREISMAN SHIMON	43
1364 Bronx River Ave. Bronx	S&S GROUP HOLDINGS LLC 1419 60 TH St	SKYC MANAGEMENT	GREISMAN SHIMON	GREISMAN SHIMON	31
1374 Bronx River Ave. Bronx	BRONX RIVER ASSOC LLC 1419 60 TH St	SKYC MANAGEMENT	GREISMAN SHIMON	GREISMAN SHIMON	43
1405 Walton Ave. Bronx	WALTON AVENUE REALTY ASSOC LLC 1419 60 TH St	SKYC MANAGEMENT	GREISMAN SHIMON	GREISMAN SHIMON	39
1406 Townsend Ave. Bronx	TOWNSEND AVENUE REALTY LLC 1419 60 TH St	SKYC MANAGEMENT	GREISMAN SHIMON	GREISMAN SHIMON	31
1551 Sheridan Ave. Bronx	STEB REALTY CORP 1419 60 TH St	SKYC MANAGEMENT	GREISMAN SHIMON	GREISMAN SHIMON	54
1820 Morris Ave. Bronx	1820 HOLDING LTD 1419 60 TH St	SKYC MANAGEMENT	GREISMAN SHIMON	GREISMAN SHIMON	44
1900 Hennessy Place Bronx	HENNESSY REALTY LLC 1419 60 TH St	SKYC MANAGEMENT	Not listed	GREISMAN SHIMON	35
2003-5-9 Gleason Ave.	GLEASON LLC 1419 60 TH St	SKYC MANAGEMENT	GREISMAN SHIMON	GREISMAN SHIMON	80
2005 Grand Ave. Bronx	2246 HOLDING CORP 1419 60 TH St	SKYC MANAGEMENT	GREISMAN SHIMON	GREISMAN SHIMON	31
2188 Creston Ave. Bronx	2188 REALTY LTD 1419 60 TH St	SKYC MANAGEMENT	GREISMAN SHIMON	GREISMAN SHIMON	54
2195 Grand Concrs. Bronx	2195 GRAND CONCOURSE REALTY LLC 1419 60 TH St	SKYC MANAGEMENT	GREISMAN SHIMON	GREISMAN SHIMON	53
2246 Grand Concrs.	2246 HOLDING CORP 1419 60 TH St	SKYC MANAGEMENT	GREISMAN SHIMON	GREISMAN SHIMON	22
2427 Webster Bronx	2472 WEBSTER REALTY LLC 1419 60 TH St	SKYC MANAGEMENT	GREISMAN SHIMON	GREISMAN SHIMON	104
2281-85 University Ave. Bronx	2281-85 REALTY LLC 1419 60 TH St	SKYC MANAGEMENT	GREISMAN SHIMON	GREISMAN SHIMON	57
2395 Grand Ave. Bronx	2395-97 REALTY LLC 1419 60 TH St	SKYC MANAGEMENT	GREISMAN SHIMON	GREISMAN SHIMON	36

2397 Grand Ave.	2395-97 REALTY LLC 1419 60 TH St	SKYC MANAGEMENT	GREISMAN SHIMON	GREISMAN SHIMON	36
2332-36 University Ave. Bronx	UNIVERSITY REALTY HOLIDNGS LLC 1419 60 TH St	SKYC MANAGEMENT	Simcha Applegrad	GREISMAN SHIMON	9
2522 University Ave.	2522 REALTY LLC 1419 60 TH St	SKYC MANAGEMENT	GREISMAN SHIMON	GREISMAN SHIMON	52
2815 Grand Concrs. Bronx	HEIGHTS REALTY CO.LLC 1419 60 TH St	SKYC MANAGEMENT	GREISMAN SHIMON	GREISMAN SHIMON	47
3604 Olinville Ave. Bronx	HEIGHTS REALTY CO.LLC 1419 60 TH St	SKYC MANAGEMENT	GREISMAN SHIMON	GREISMAN SHIMON	49
TOTAL:					1,872