

STATE OF MINNESOTA

DISTRICT COURT

COUNTY OF RAMSEY

SECOND JUDICIAL DISTRICT

Case Type: Other Civil
(Consumer Protection)State of Minnesota, by its Attorney General,
Keith Ellison,

Court File No. _____

Plaintiff,

COMPLAINT

vs.

Venkata Ram Paleti and Minnesota
Realty Group, LLC,

Defendants.

The State of Minnesota, by its Attorney General, Keith Ellison, for its Complaint against Defendants Venkata Ram Paleti and Minnesota Realty Group LLC, (hereinafter, "Defendants") alleges as follows:

INTRODUCTION

1. In response to the ongoing COVID-19 pandemic, on March 23, 2020, Governor Tim Walz issued Emergency Executive Order 20-14, which prohibits landlords and property owners from terminating residential leases during the pendency of the Order, with only narrow exceptions. The purpose of Executive Order 20-14 is to allow Minnesota tenants to remain sheltered for the duration of the peacetime emergency in furtherance of public health and safety. Despite the Governor's Executive Order, Defendants have proceeded with their efforts to terminate the residential lease of a tenant residing at the property they own and/or manage located at 2800 Hamline Avenue North, Apartment 248 in Roseville, Minnesota. Indeed, Defendants have stated in writing that Tenant's residential lease terminates on April 30, 2020,

and that he must vacate their property on or before that date. When Tenant explained he could not find alternative housing as a result of the COVID-19 pandemic and requested to shelter-in-place at least until the end of May, Defendants refused unless tenant agreed to enter a new written lease under which he would be required to pay double his current monthly rent. Defendants' conduct violates Executive Order 20-14. Attorney General Keith Ellison has authority to enforce Executive Order 20-14, and brings this action to enjoin and remediate Defendants' violations described herein.

PARTIES

2. Keith Ellison, the Attorney General of the State of Minnesota, is authorized under Minnesota Statutes chapter 8 and has common law authority, including *parens patriae* authority, to bring this action to enforce Minnesota's laws, including but not limited to Executive Order 20-14, to vindicate the State's sovereign and quasi-sovereign interests, and to remediate all harm arising out of—and provide full relief for—violations of Minnesota's laws.

3. Defendant Venkata Ram Paleti resides at 42148 Gatewood Street in Fremont, California, 94538. Paleti owns the residential property located at 2800 Hamline Avenue North, Apartment 248 in Roseville, Minnesota, 55113.

4. Defendant Minnesota Realty Group LLC is a corporation whose principal executive office is located at 1056 Highway 96 East, #270583, Vadnais Heights, MN 55127. Minnesota Realty Group LLC is engaged in the business of managing and renting residential property in Roseville, Minnesota, including the unit located at 2800 Hamline Avenue North, Apartment 248 in Roseville, Minnesota, 55113.

JURISDICTION AND VENUE

5. This Court has subject matter jurisdiction over this action pursuant to Minnesota Statutes sections 8.01, 8.31, Executive Order 20-14, and under common law.

6. This Court has personal jurisdiction over Paleti because he owns property in Minnesota, and rents to and has committed acts causing injury to Minnesota residents.

7. This Court has personal jurisdiction over Minnesota Realty Group LLC because it manages property in Minnesota, is headquartered in Minnesota, and has committed acts causing injury to Minnesota residents.

8. Venue in Ramsey County is proper under Minnesota Statutes section 542.09 because the cause of action arose in Ramsey County.

FACTUAL BACKGROUND

9. On March 13, 2020, Governor Tim Walz declared a peacetime emergency as a result of the COVID-19 pandemic. Subsequently, on March 23, 2020, Governor Walz issued Executive Order 20-14, which prohibits landlords and property owners from in any way terminating residential leases during the pendency of the Order, with only narrow exceptions for when a tenant seriously endangers the safety of other residents or is engaged in criminal activity in violation of 504B.171.

10. Executive Order 20-14 was promulgated by the Governor under the authority of Minnesota Statutes section 12.21, subdivision 3, clause (1), was approved by the Executive Council, and filed in the Office of the Secretary of State. Thus, pursuant to Minnesota Statutes section 12.32, Executive Order 20-14 has “the full force and effect of law” during the peacetime emergency. Executive Order 20-14 took effect on March 24, 2020, at 5:00 p.m., and authorizes the Attorney General to enforce its provisions and seek any relief available pursuant to

Minnesota Statutes section 8.31. Moreover, willful violations are subject to criminal penalties of a misdemeanor conviction and up to a \$1,000 fine.

11. Defendants own, rent, and manage the property located at 2800 Hamline Avenue North, Apartment 248 in Roseville, Minnesota, 55113 to [REDACTED] (“Tenant”). Tenant has lived at the property since July 2018.

12. On January 28, 2020, Defendants brought an eviction action against Tenant in Ramsey County.¹ On March 4, 2020, the Court issued an order that did not result in the eviction of Tenant, but rather ordered that Tenant pay rent in the amount of \$3,900 to Defendants, and further ordered that Tenant had a month-to-month lease with Defendants in the amount of \$650 per month due on the first of each month.

13. On March 4, 2020, Defendants’ attorney in the eviction case, Travis Thompson, wrote a letter on behalf of Defendants to Tenant terminating the month-to-month lease ordered by the court pursuant to Minn. Stat. § 504B.135. The letter also offered to allow Tenant to stay in the unit April 30, 2020, provided that Tenant paid \$650 to Defendants by April 1, 2020.

14. On March 27, 2020, Tenant sent the \$650 payment to Paleti. Tenant is currently residing in 2800 Hamline Avenue North, Apartment 248 in Roseville, Minnesota, 55113.

15. On March 27, 2020, Defendants’ eviction attorney responded to Tenant that “[t]o continue your tenancy for any reason is not agreeable EXCEPT under a 3-month written lease agreement beginning April 1, 2020 for a rate of \$1300.00 per month. . . .” The attorney warned that Tenant should “[b]e advised: any attempt to negotiate the simply terms expressed above will be treated as a ‘no’ leading your tenancy expire, [sic] without further discussion or consideration, on April 30, 2020, without exception.” Due to the pandemic, Tenant has been unable to locate

¹ Court file number [REDACTED]

alternative housing, and cannot afford to pay the drastically increased monthly rent amount demanded by Defendants. Thus, Tenant does not wish to vacate the unit or terminate his month-to-month lease for \$650 per month at least for the pendency of the ongoing COVID-19 peacetime emergency, and has informed Defendants that he wishes to stay.

16. On March 28, 2020, the Attorney General's Office contacted Defendants' eviction attorney, Travis Thompson, and asked Thompson if Defendants would—consistent with Executive Order 20-14—suspend its residential tenancy termination action against Tenant and allow Tenant to remain in the unit during the peacetime emergency. Thompson, on behalf of Defendants, refused. Thompson further indicated that his clients would continue their tenancy termination actions, and suggested that the Attorney General's Office file a lawsuit if it disagreed.

COUNT I
VIOLATION OF EXECUTIVE ORDER 20-14

17. Plaintiff re-alleges all prior paragraphs of this Complaint.

18. Paragraph 2 of Executive Order 20-14 provides in relevant part:

Beginning no later than March 24, 2020, at 5:00 pm, and continuing for the duration of the peacetime emergency declared in Executive Order 20-01 or until this Executive Order is rescinded, all residential landlords must cease terminating residential leases during the pendency of the emergency, except where the termination is due to the tenant seriously endangering the safety of other residents or for violations of Minnesota Statutes 2019, section 504B.171, subdivision 1.

19. Defendants are attempting to terminate Tenant's month-to-month lease and force him to vacate their property on or before April 30, 2020. Defendants have stated Tenant is expected to be moved out by April 30, 2020. Defendants have indicated that they will continue to take actions to terminate their residential leases irrespective of Executive Order 20-14.

20. Defendants' conduct, practices, and actions described in this Complaint constitute multiple violations of Executive Order 20-14.

PRAYER FOR RELIEF

WHEREFORE, the State of Minnesota, by its Attorney General, Keith Ellison, respectfully asks this Court to award judgment against Defendant as follows:

1. Declaring that Defendants' actions, as set forth above, constitute violations of Executive Order 20-14, and that the current tenants may continue to reside at 2800 Hamline Avenue North, Apartment 248 in Roseville, Minnesota, 55113 for the duration of the peacetime emergency pursuant to Executive Order 20-14;

2. Enjoining Defendants and their employees, officers, directors, agents, successors, assignees, affiliates, merged or acquired predecessors, parents or controlling entities, subsidiaries, and all other persons acting in concert or participation with them, from engaging in any conduct in violation of Executive Order 20-14;

3. Enjoining Defendants and their employees, officers, directors, agents, successors, assignees, affiliates, merged or acquired predecessors, parents or controlling entities, subsidiaries, and all other persons acting in concert or participation with them, from terminating the residential leases of and sending lease terminations to Defendants' tenants for the duration of the peacetime emergency pursuant to Executive Order 20-14;

4. Awarding judgment against Defendants for restitution under the *parens patriae* doctrine, the general equitable powers of this Court, Minnesota Statutes section 8.31, and any other authority, for all persons injured by Defendants' acts as described in this Complaint;

5. Awarding judgment against Defendants for civil penalties of up to \$25,000 pursuant to Minnesota Statutes section 8.31, subdivision 3, for each separate violation of Executive Order 20-14;

6. Awarding the State of Minnesota its costs, including litigation costs, costs of investigation, and attorneys' fees, as authorized by Minnesota Statutes section 8.31, subdivision 3(a); and

7. Granting such further relief as provided by law or equity or as the Court deems appropriate and just.

Dated: April 28, 2020

KEITH ELLISON
Attorney General
State of Minnesota

/s/Noah Lewellen

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MINN. STAT. § 549.211 ACKNOWLEDGMENT

The party on whose behalf the attached document is served acknowledges through its undersigned counsel that sanctions, including reasonable attorney fees and other expenses, may be awarded to the opposite party or parties pursuant to Minn. Stat. § 549.211.

/s/Noah Lewellen
NOAH LEWELLEN