

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

In the Matter of the Application of the

PEOPLE OF THE STATE OF NEW YORK, by  
LETITIA JAMES, Attorney General of the State of New  
York, and NEW YORK STATE DIVISION OF  
HOUSING AND COMMUNITY RENEWAL,

Petitioners,

– against –

RAJESH ANTHONY A/K/A TONY SUBRAJ,  
KARRAN SUBRAJ A/K/A KENNETH SUBRAJ, ZARA  
REALTY HOLDING CORP., ZARA CONTROL, LLC,  
JAMAICA MANAGEMENT LLC, 149 ST LLC, 150  
PARK LLC, 162-20 LLC, 164-03 LLC, 166 ST LLC, 195  
ST LLC, 195-24 LLC, 51-25 VAN KLEECK LLC, 57  
ELMHURST, LLC, 8787 HILLSIDE PARK LLC,  
88-05 MERRICK BLVD LLC, 88-15 144 ST LLC, 88-22  
PARSONS BLVD LLC, 89-21 153 LLC, 91-60 LLC,  
BELAIR PARK 5 LLC, BELAIR PARK 8825 LLC,  
HILLSIDE PARK 168 LLC, HILLSIDE PLACE LLC,  
HUDSON HOUSE LLC, JAMAICA ESTATES LLC,  
JAMAICA SEVEN LLC, KING’S PARK 148 LLC,  
KING’S PARK 8809 LLC, NINETY ONE SIXTY ONE  
LLC, ONE NINETY SIXTH ST LLC, PARK HAVEN,  
LLC, PARSONS 88 REALTY LLC, PARSONS MANOR  
LLC, WOODHULL PARK 191 LLC, WOODSIDE  
PROPERTIES 45 ST LLC, 88-05 171 LLC, 88-15 179  
LLC, ASH AVE LLC, and 140-60 BEECH LLC,

Respondents.

**VERIFIED PETITION**

Index No.

Justice:

1. Petitioners, the People of the State of New York through the Office of the New York State Attorney General (“OAG”), and the New York State Division of Housing and Community Renewal (“DHCR”) bring this summary proceeding against the named Respondents for their repeated and persistent overcharging of rent regulated tenants in violation of the Rent

Stabilization Law (hereinafter “RSL”), codified at Chapter 4 of Title 26 of the New York City Administrative Code, and the Rent Stabilization Code (hereinafter “RSC”), Title 9, Subtitle S, Chapter VIII of the New York Codes, Rules and Regulations (hereinafter “N.Y.C.R.R.”).

2. Respondents are owners and managers of rent-stabilized apartments in New York City and are collectively known as “Zara.”

3. This petition concerns two methods Respondents use to repeatedly and persistently overcharge their tenants. First, Respondents take illegal rent increases from tenants who pay all or a portion of their rent through New York City Department of Social Services (“DSS”) housing subsidies. Respondents do this by raising rents to the maximum rents that DSS will pay even when the permissible rents are significantly lower.

4. Second, Respondents disobey Rent Reduction Orders issued by the Office of Rent Administration (“ORA”), the administrative adjudicative body of Petitioner DHCR, due to Respondents diminishing tenant services. These orders require Respondents to reduce the tenants’ rent until the services are determined by ORA to be restored. Respondents have brazenly ignored these orders and continue to collect the higher rent from tenants. They also collect tax abatements from the New York City Department of Finance (“DOF”) as if these orders were not in place, thereby illegally avoiding thousands of dollars in property taxes.

5. Respondents have sued multiple tenants for nonpayment of these unlawful rents, falsely claiming that tenants have failed to pay rents that are owing. As a result of Respondents’ fraudulent conduct, tenants have been or are at risk of being evicted.

6. Petitioners accordingly seek an order against Respondents: (1) enjoining them from charging or collecting any unlawful rent from rent-stabilized tenants; (2) conducting an accounting to identify every rent-stabilized tenant that has been overcharged; (3) refunding all

illegally collected rents from current and past rent-stabilized tenants; (4) imposing treble damages for their willful overcharge; (5) correcting rent registrations with DHCR and issuing leases to tenants with the correct rents; and (6) imposing a penalty of \$250.00 per violation pursuant to [9 N.Y.C.R.R. § 2526.2\(b\)](#).

## PARTIES

7. Petitioner, the People of the State of New York, is represented by its attorney, Letitia James, the Attorney General of the State of New York. The Attorney General has her principal place of business at 28 Liberty Street, New York, New York, 10005, in New York County.

8. Petitioner, DHCR, is an enforcement agency of the Executive Department of the State of New York, established to administer and enforce New York State's Rent Regulation laws. DHCR has a principal place of business located at 641 Lexington Avenue, New York, New York, 10022, in New York County.

### *Individual Respondents*

9. Respondent Rajesh Anthony a/k/a Tony Subraj ("Tony") is an individual residing in Nassau County. Tony receives rent or is entitled to receive rent from the residential properties discussed in this petition. He is an agent and owner of the companies that are owners and managers of the residential properties discussed in this petition.

10. Respondent Karran Subraj a/k/a Kenneth Subraj ("Kenneth") is an individual residing in Nassau County. Kenneth receives rent or is entitled to receive rent from the residential properties discussed in this petition. He is an agent and owner of the companies that are owners and managers of the residential properties discussed in this petition.

### *Zara Family Controlling Entity Respondents*

11. Respondent Zara Control LLC is a domestic limited liability company duly organized and doing business under the laws of the State of New York and has its principal place of business at 166-07 Hillside Avenue, Jamaica, New York 11432, in Queens County. *See* Zara LLC Operating Agreements attached to the petition as Exhibit A.

12. Respondent Zara Realty Holding Corp. is a domestic business corporation duly organized and doing business under the laws of the State of New York and has its principal place of business at 166-07 Hillside Avenue, Jamaica, New York 11432, in Queens County. *See* Exhibit A. Zara Realty Holding Corp. acts as both a managing agent for a majority of the Zara properties and owns and/or controls the Landlord LLCs. Respondent Zara Realty Holding Corp. is also the owner of residential real property located at 148-14 90th Avenue, Jamaica, New York and 91-61 193rd Street, Jamaica, New York, in Queens County.

13. Respondent Belair Park 5 LLC is a domestic limited liability company duly organized and doing business under the laws of the State of New York and has its principal place of business at 166-07 Hillside Avenue, Jamaica, New York 11432, in Queens County. *See* Exhibit A. Belair Park 5 LLC manages residential properties located at: 148-48 88th Avenue, Jamaica, New York; 191-11 Woodhull Avenue, Jamaica, New York; 88-09 148th Street, Jamaica, New York; 91-59 191st Street, Jamaica, New York; 88-25 148th Street, Jamaica, New York; 150-01 88th Avenue, Jamaica, New York; 150-03 88th Avenue, Jamaica, New York; 150-05 88th Avenue, Jamaica, New York; 150-07 88th Avenue, Jamaica, New York; 150-09 88th Avenue, Jamaica, New York; 150-77 88th Avenue, Jamaica, New York; 162-20 89th Avenue, Jamaica, New York; 51-25 Van Kleeck Street, Elmhurst, New York; and 164-03 89th Avenue, Jamaica, New York, all in Queens County.

14. Respondent Jamaica Management LLC is a domestic limited liability company duly organized and doing business under the laws of the State of New York and has its principal place of business at 166-07 Hillside Avenue, Jamaica, New York 11432, in Queens County. *See* Exhibit A. Jamaica Management LLC manages residential properties located at 88-22 Parsons Boulevard, Jamaica, New York, and 89-21 153rd Street, Jamaica, New York, both in Queens County.

***Single Purpose Entity Respondents***

15. Respondent 149 ST LLC is a domestic limited liability company duly organized and doing business under the laws of the State of New York and has its principal place of business located at 166-07 Hillside Avenue, Jamaica, New York 11432, in Queens County. *See* Exhibit A. 149 ST LLC is the owner of residential real property located at 90-10 149th Street, Jamaica, New York, in Queens County.

16. Respondent 150 Park LLC is a domestic limited liability company duly organized and doing business under the laws of the State of New York and has its principal place of business at 166-07 Hillside Avenue, Jamaica, New York 11432, in Queens County. *See* Exhibit A. 150 Park LLC is the owner of residential real property located at: 150-01 88th Avenue, Jamaica, New York; 150-03 88th Avenue, Jamaica, New York; 150-05 88th Avenue, Jamaica, New York; 150-07 88th Avenue, Jamaica, New York; 150-09 88th Avenue, Jamaica, New York; and 150-11 88th Avenue, Jamaica, New York, in Queens County.

17. Respondent 162-20 LLC is a domestic limited liability company duly organized and doing business under the laws of the State of New York and has its principal place of business at 166-07 Hillside Avenue, Jamaica, New York 11432, in Queens County. *See* Exhibit

A. 162-20 LLC is the owner of residential real property located at 162-20 89th Avenue, Jamaica, New York, in Queens County.

18. Respondent 164-03 LLC is a domestic limited liability company duly organized and doing business under the laws of the State of New York and has its principal place of business at 166-07 Hillside Avenue, Jamaica, New York 11432, in Queens County. *See Exhibit*

A. 164-03 LLC is the owner of residential real property located at 164-03 89th Avenue, Jamaica, New York in Queens County.

19. Respondent 166 ST LLC is a domestic limited liability company duly organized and doing business under the laws of the State of New York and has its principal place of business at 166-07 Hillside Avenue, Jamaica, New York 11432, in Queens County. *See Exhibit*

A. 166 ST LLC is the owner of residential real property located at 166-01 to 166-05 88th Avenue, Jamaica, New York, in Queens County.

20. Respondent 195 ST LLC is a domestic limited liability company duly organized and doing business under the laws of the State of New York and has its principal place of business at 166-07 Hillside Avenue, Jamaica, New York 11432, in Queens County. *See Exhibit*

A. 195 ST LLC is the owner of residential real property located at 91-50 through 91-56 195th Street, Jamaica, New York, in Queens County.

21. Respondent 195-24 LLC is a domestic limited liability company duly organized and doing business under the laws of the State of New York and has its principal place of business at 166-07 Hillside Avenue, Jamaica, New York 11432, in Queens County. *See Exhibit*

A. 195-24 LLC is the owner of residential real property located 195-24 through 195-30 Jamaica Avenue, Jamaica, New York, in Queens County.

22. Respondent 51-25 Van Kleeck LLC is a domestic limited liability company duly organized and doing business under the laws of the State of New York and has its principal place of business at 166-07 Hillside Avenue, Jamaica, New York 11432, in Queens County. *See* Exhibit A. 51-25 Van Kleeck LLC is the owner of residential real property located at 51-25 Van Kleeck Street, Elmhurst, New York, in Queens County.

23. Respondent 57 Elmhurst, LLC, is a domestic limited liability company duly organized and doing business under the laws of the State of New York and has its principal place of business located at 166-07 Hillside Avenue, Jamaica, New York 11432, in Queens County. *See* Exhibit A. 57 Elmhurst, LLC is the owner and manager of the residential real property located at 94-25 57<sup>th</sup> Avenue, Elmhurst, New York, in Queens County.

24. Respondent 8787 Hillside Park LLC is a domestic limited liability company duly organized and doing business under the laws of the State of New York and has its principal place of business at 166-07 Hillside Avenue, Jamaica, New York 11432, in Queens County. *See* Exhibit A. 8787 Hillside Park LLC is the owner of residential real property located at 87-87 171st Street, Jamaica, New York, in Queens County.

25. Respondent 88-05 Merrick Blvd LLC is a domestic limited liability company duly organized and doing business under the laws of the State of New York and has its principal place of business at 166-07 Hillside Avenue, Jamaica, New York 11432, in Queens County. *See* Exhibit A. 88-05 Merrick Blvd LLC is the owner of residential real property located at 88-05 Merrick Boulevard, Jamaica, New York, in Queens County.

26. Respondent 88-15 144 ST LLC is a domestic limited liability company duly organized and doing business under the laws of the State of New York and has its principal place of business at 166-07 Hillside Avenue, Jamaica, New York 11432, in Queens County. *See*

Exhibit A. 88-15 144 ST LLC is the owner of residential real property located at 88-15 144th Street, Jamaica, New York, in Queens County.

27. Respondent 88-22 Parsons Blvd LLC is a domestic limited liability company duly organized and doing business under the laws of the State of New York and has its principal place of business at 166-07 Hillside Avenue, Jamaica, New York 11432, in Queens County. *See* Exhibit A. 88-22 Parsons Blvd LLC is the owner of residential real property located at 88-22 Parsons Boulevard, Jamaica, New York, in Queens County.

28. Respondent 89-21 153 LLC is a domestic limited liability company duly organized and doing business under the laws of the State of New York and has its principal place of business at 166-07 Hillside Avenue, Jamaica, New York 11432, in Queens County. *See* Exhibit A. 89-21 153 LLC is the owner of residential real property located at 89-21 153rd Street, Jamaica, New York, in Queens County.

29. Respondent 91-60 LLC is a domestic limited liability company duly organized and doing business under the laws of the State of New York and has its principal place of business at 166-07 Hillside Avenue, Jamaica, New York 11432, in Queens County. *See* Exhibit A. 91-60 LLC is the owner of residential real property located at 91-60 193rd Street, Jamaica, New York, in Queens County.

30. Respondent Belair Park 8825 LLC is a domestic limited liability company duly organized and doing business under the laws of the State of New York and has its principal place of business at 166-07 Hillside Avenue, Jamaica, New York 11432, in Queens County. *See* Exhibit A. Belair Park 8825 LLC is the owner of residential property located at 88-25 148th Street, Jamaica, New York, in Queens County.



31. Respondent Hillside Park 168 LLC is a domestic limited liability company duly organized and doing business under the laws of the State of New York and has its principal place of business at 166-07 Hillside Avenue, Jamaica, New York 11432, in Queens County. *See* Exhibit A. Hillside Park 168 LLC is the owner of residential real property located at 88-15 168th Street, Jamaica, New York, in Queens County.

32. Respondent Hillside Place LLC is a domestic limited liability company duly organized and doing business under the laws of the State of New York and has its principal place of business at 166-07 Hillside Avenue, Jamaica, New York 11432, in Queens County. *See* Exhibit A. Hillside Place LLC is the owner of residential real property located at 87-50 167th Street, Jamaica, New York, in Queens County.

33. Respondent Hudson House LLC is a domestic limited liability company duly organized and doing business under the laws of the State of New York and has its principal place of business at 166-07 Hillside Avenue, Jamaica, New York 11432, in Queens County. *See* Exhibit A. Hudson House LLC is the owner of residential real property located at 166-33 89th Avenue, Jamaica, New York, in Queens County.

34. Respondent Jamaica Estates LLC is a domestic limited liability company duly organized and doing business under the laws of the State of New York and has its principal place of business at 166-07 Hillside Avenue, Jamaica, New York 11432, in Queens County. *See* Exhibit A. Jamaica Estates LLC is the owner of residential real property located at 187-35 Hillside Avenue, Jamaica, New York, in Queens County.

35. Respondent Jamaica Seven LLC is a domestic limited liability company duly organized and doing business under the laws of the State of New York and has its principal place of business at 166-07 Hillside Avenue, Jamaica, New York 11432, in Queens County. *See*

Exhibit A. Jamaica Seven LLC is the owner of residential real property located at: 144-06 88th Avenue, Jamaica, New York; 89-15 144th Avenue, Jamaica, New York; 148-15 Lowe Court, Jamaica, New York; 90-36 149th Street, Jamaica, New York; 88-18 150th Street, Jamaica, New York; 89-11 153<sup>rd</sup> Street, Jamaica, New York; 87-84 165th Street, Jamaica, New York; and 187-35 Hillside Avenue, Jamaica, New York, in Queens County.

36. Respondent King's Park 148 LLC is a domestic limited liability company duly organized and doing business under the laws of the State of New York and has its principal place of business at 166-07 Hillside Avenue, Jamaica, New York 11432, in Queens County. *See* Exhibit A. King's Park 148 LLC is the owner of residential real property located at 148-48 88th Avenue, Jamaica, New York, in Queens County.

37. Respondent King's Park 8809 LLC is a domestic limited liability company duly organized and doing business under the laws of the State of New York and has its principal place of business at 166-07 Hillside Avenue, Jamaica, New York 11432, in Queens County. *See* Exhibit A. King's Park 8809 LLC is the owner of residential real property located at 88-09 148th Street, Jamaica, New York, in Queens County.

38. Respondent Ninety One Sixty One LLC is a domestic limited liability company duly organized and doing business under the laws of the State of New York and has its principal place of business at 166-07 Hillside Avenue, Jamaica, New York 11432, in Queens County. *See* Exhibit A. Ninety One Sixty One LLC is the owner of residential real property located at 91-61 193<sup>rd</sup> Street, Jamaica, New York, in Queens County.

39. Respondent One Ninety Sixth ST LLC is a domestic limited liability company duly organized and doing business under the laws of the State of New York and has its principal place of business at 166-07 Hillside Avenue, Jamaica, New York 11432, in Queens County. *See*

Exhibit A. One Ninety Sixth ST LLC is the owner of residential real property located at 92-04 to 92-06 to 92-07 196<sup>th</sup> Street, Hollis, New York, in Queens County.

40. Respondent Park Haven, LLC is a domestic limited liability company duly organized and doing business under the laws of the State of New York and has its principal place of business at 166-07 Hillside Avenue, Jamaica, New York 11432, in Queens County. *See* Exhibit A. Park Haven, LLC is the owner of residential real property located at 153-10 88th Avenue, Jamaica, New York, and 88-25 153rd Street, Jamaica, New York, in Queens County.

41. Respondent Parsons 88 Realty LLC is a domestic limited liability company duly organized and doing business under the laws of the State of New York and has its principal place of business at 166-07 Hillside Avenue, Jamaica, New York 11432, in Queens County. *See* Exhibit A. Parsons 88 Realty LLC is the owner of residential real property located at 88-02 through 88-06 Parsons Boulevard, Jamaica, New York, in Queens County.

42. Respondent Parsons Manor LLC is a domestic limited liability company duly organized and doing business under the laws of the State of New York and has its principal place of business at 166-07 Hillside Avenue, Jamaica, New York 11432, in Queens County. *See* Exhibit A. Parsons Manor LLC is the owner of residential real property located at 80-25 Parsons Boulevard, Jamaica, New York, in Queens County.

43. Respondent Woodhull Park 191 LLC is a domestic limited liability company duly organized and doing business under the laws of the State of New York and has its principal place of business at 166-07 Hillside Avenue, Jamaica, New York 11432, in Queens County. *See* Exhibit A. Woodhull Park 191 LLC is the owner of residential real property located at 91-59 191st Street, Jamaica, New York, and 191-11 Woodhull Avenue, Jamaica, New York, in Queens County.

44. Respondent Woodside Properties 45 ST LLC is a domestic limited liability company duly organized and doing business under the laws of the State of New York and has its principal place of business at 166-07 Hillside Avenue, Jamaica, New York 11432, in Queens County. Woodside Properties 45 ST LLC is the owner of residential property located at 50-23 45th Street, Woodside, New York, in Queens County.

45. Respondent 88-05 171 LLC is a domestic limited liability company duly organized and doing business under the laws of the State of New York and has its principal place of business at 166-07 Hillside Avenue, Jamaica, New York 11432, in Queens County. 88-05 171 LLC is the owner of residential property located at 88-05 171<sup>st</sup> Street, Jamaica, New York, in Queens County.

46. Respondent 88-15 179 LLC is a domestic limited liability company duly organized and doing business under the laws of the State of New York and has its principal place of business at 166-07 Hillside Avenue, Jamaica, New York 11432, in Queens County. 88-15 179 LLC is the owner of residential property located at 88-15 179<sup>th</sup> Street, Jamaica, New York, in Queens County.

47. Respondent Ash Ave LLC is a foreign limited liability company duly organized under the laws of the State of Delaware and has its principal place of business at 166-07 Hillside Avenue, Jamaica, New York 11432, in Queens County. Ash Ave LLC is the owner of residential property located at 140-30 to 140-50 Ash Avenue, Flushing, New York, in Queens County.

48. Respondent 140-60 Beech LLC is a foreign limited liability company duly organized under the laws of the State of Delaware and has its principal place of business at 166-07 Hillside Avenue, Jamaica, New York 11432, in Queens County. 140-60 Beech LLC is the

owner of residential property located at 140-60 Beech Avenue, Flushing, New York, in Queens County.

## **JURISDICTION AND VENUE**

49. This Court has jurisdiction over the proceeding pursuant to Rent Stabilization Law [§ 26-516\(e\)](#), Rent Stabilization Code [§ 2526.3](#), and Public Housing Law [§ 14\(1\)\(x\)](#) which authorize DHCR to commence proceedings in New York State Supreme Court for violations of the Rent Stabilization Law and Code.

50. Additionally, this Court has jurisdiction over the proceeding pursuant to N.Y. [Executive Law § 63\(12\)](#), which authorizes the Attorney General to commence a proceeding in this Court seeking injunctive relief, restitution, damages, disgorgement, and costs on behalf of the People of the State of New York “[w]henver any person shall engage in repeated fraudulent or illegal acts or otherwise demonstrate persistent fraud or illegality in the carrying on, conducting or transaction of business.” [N.Y. Exec. Law § 63\(12\)](#).

51. Venue is properly laid in New York County because Plaintiffs DHCR and the Attorney General have their respective principal offices in New York County.

## **REGULATORY FRAMEWORK**

### **I. Enforcement of the Rent Regulation laws**

52. In New York City, the laws regulating rent-stabilized tenancies are set forth primarily in the Rent Stabilization Law (hereinafter “RSL”), codified at Chapter 4 of Title 26 of the New York City Administrative Code, and the Rent Stabilization Code (hereinafter “RSC”), Title 9, Subtitle S, Chapter VIII of the New York Codes, Rules and Regulations (hereinafter “N.Y.C.R.R.”).

53. The New York Rent Stabilization Code was enacted to “. . . prevent the exaction of unjust, unreasonable and oppressive rents and rental agreements, and to forestall profiteering, speculation and other disruptive practices . . . .” [9 N.Y.C.R.R. § 2520.3](#).

54. DHCR promulgates, interprets, and issues regulations and guidance on the Rent Regulation Laws.

55. Under 9 N.Y.C.R.R. [§§ 2527.1](#), [2527.5](#), and [2527.6](#), DHCR’s Office of Rent Administration (hereinafter “ORA”) is DHCR’s adjudicative body that receives, investigates, and renders decisions on complaints filed by tenants and building owners with DHCR. ORA issues final orders and decisions of DHCR, which are binding upon all Respondents.

56. TPU is a unit within DHCR that proactively conducts investigations and seeks administrative and judicial relief to enforce compliance with the Rent Regulation laws, including seeking injunctive relief, investigating violations of the Rent Regulation laws, and educating the public on the Rent Regulation laws.

57. Generally, all buildings in New York City with six (6) or more units built before January 1, 1974 are covered by Rent Stabilization. [9 N.Y.C.R.R. § 2520.11](#).

58. The RSC defines an owner, in part, as a fee owner, or “any other person or entity receiving or entitled to receive rent for the use or occupation of any [apartment], or an agent of any of the foregoing.” [9 N.Y.C.R.R. § 2520.6\(i\)](#).

59. DHCR is empowered to commence proceedings in Supreme Court to enjoin violations of the Rent Regulation laws and generally enforce the law. 9 N.Y.C.R.R. [§ 2526.3](#), Public Housing Law [§ 14\(1\)\(x\)](#).

60. The RSC regulates the rents and fees collectible in units covered by Rent Stabilization. In addition, the RSC regulates the leases and services associated with units covered by rent stabilization.

## II. Rules and Restrictions on the Collection of Rents and Fees Under the RSC

61. The RSC prohibits owners of apartments subject to the RSC from charging, collecting, demanding, and/or receiving any rent in excess of the legal regulated rent. [9 N.Y.C.R.R. § 2525.1](#).

62. The legal regulated rent is set by adding any lawful rent increases and adjustments to the rent on the base date. [9 N.Y.C.R.R. § 2526.7\(c\)](#). The base date is “the date of the most recent reliable annual rent registration statement, filed and served upon a tenant six or more years prior...” [9 N.Y.C.R.R. § 2526.7\(a\)](#). For leases after June 14, 2019, the amount owners can increase the legal regulated rent of a unit based on the issuance of a vacancy or renewal lease is set by the New York City Rent Guidelines Board<sup>1</sup> (“RGB”). [RSL § 26-511\(14\)](#). [9 N.Y.C.R.R. § 2522.8](#). A chart of yearly guidelines increases is attached to the petition as Exhibit B.

63. A “preferential rent” is a rent that is less than the monthly legal regulated rent. [9 N.Y.C.R.R. § 2521.2](#). After June 14, 2019, an owner is no longer allowed to revoke a preferential rent and instead must offer a renewal lease with an applicable guidelines increase based on the preferential rent rather than the higher, legal regulated rent. *Id.*

64. Rent-stabilized owners who collect more than the legal regulated rent are required to pay the tenant a penalty of three times the amount improperly collected unless the owner can show by a preponderance of the evidence that the overcharge was not willful. [9 N.Y.C.R.R. §](#)

---

<sup>1</sup> The New York City Rent Guidelines Board is an agency formed in 1969 that is charged with the establishment of annual rent adjustments for all apartments subject to the Rent Stabilization Law in New York City.

[2526.7\(h\)\(2\)\(i\)\(1\)](#). Where the owner can show that the overcharge was not willful, the penalty will instead be the amount of the overcharge plus interest from the date of the first overcharge at the rate found in [CPLR § 5004](#). *Id.* Overcharge penalties are limited to six years, and the voluntary refund of the rent overcharge is not a factor when considering the willfulness of the overcharge. 9 N.Y.C.R.R. [§ 2526.7\(h\)\(2\)\(i\)\(2\)](#). Owners may also be required to make diligent efforts to locate prior tenants in order to make payments or, in lieu of finding those tenants, they must pay the penalty as a fine. 9 N.Y.C.R.R. [§ 2526.7\(h\)\(2\)\(i\)\(5\)](#). Owners are also required to pay reasonable costs and attorney fees associated with bringing the overcharge proceeding. 9 N.Y.C.R.R. [§ 2526.7\(h\)\(2\)\(i\)\(6\)](#).

### III. Requirement to Maintain Services Under the RSC

65. Rent-stabilized owners are required to maintain services in units and buildings that are subject to the [RSC. 9 N.Y.C.R.R. § 2523.4](#). A change in a door-locking device that compromises security or access constitutes a failure to maintain a required service. [9 N.Y.C.R.R. § 2523.4\(e\)](#). DHCR's long standing policy issued through guidance and ORA determinations is that failing to provide keys to a building entrance door at no charge to all adults in the unit over 10 years old is a failure to maintain required services, as this failure prevents tenants from entering their home.

66. Tenants living in apartments subject to the RSC can apply for and receive a rent reduction order from DHCR for decreased services. [9 N.Y.C.R.R. § 2523.4](#). If DHCR approves a tenant's rent reduction order application, DHCR reduces the rent to the amount prior to the most recent guidelines adjustment and does so for the period that the owner failed to maintain required services. *Id.* Further, a rent reduction order bars owners from raising the rent until services are restored pursuant to a DHCR order. *Id.* The reduction in rent applies to both the legal regulated rent and any preferential rent the tenant may be receiving. *See Matter of 57 Elmhurst LLC v. New*



York State Div. of Hous. & Community Renewal, Sup. Ct. Queens Cnty, Index No. 711260/2024;  
Ash Ave LLC v. Allison, Civ. Ct. Queens Cnty, Index No, 315682/2024 (both attached herein as Exhibit C).

67. Rent reduction orders also apply to tenants whose rent is set under the DOF “rent freeze” programs, Disability Rent Increase Exemption (“DRIE”) and Senior Citizen Rent Increase Exemption (“SCRIE”). When tenants apply to DRIE or SCRIE, these programs “freeze” the rents at the tenant’s current rent and any future rent increases are covered through a tax abatement issued to the owner. *See generally* NY CLS RPTL § 467-b. When DRIE and SCRIE participants receive a rent reduction order from DHCR, the amount of the rent reduction is “subtracted from the rent payable by the tenant specified in a currently valid SCRIE or DRIE order.” NYC Admin. Code 26-509(b)(3)(iii); *see also* NYC City Rule Title 19, Chapter 52-03(b)(5). The landlord is prohibited from collecting more than the adjusted amount while the rent reduction order is in effect. *Id.*

#### **IV. Rental Subsidies Paid by DSS on Behalf of Tenants**

68. DSS provides housing subsidies to low-income tenants. Typically, eligible households pay up to 30% of their gross income to the landlord and DSS pays the remainder of the rent directly to the landlord. *See* Reid Affidavit at ¶ 20. In certain situations, such as when a tenant’s entire income is derived from Public Assistance, DSS will pay the entire rental amount. *Id.*

69. The maximum total amount of rent paid to the landlord (DSS and tenant payment) is tied to the Fair Market Rent established by the federal Department of Housing and Urban Development. 68 R.C.N.Y. §§ 10-06, 10-07. Fair Market Rent is also used to determine the payment standard for the federal Housing Choice Voucher program (commonly known as Section 8). *See* Reid Affidavit at ¶ 10. Thus, the DSS program and Section 8 program are

essentially identical when it comes to the amount of rent a landlord can expect to receive from renting to a tenant in the program. *Id.* at ¶ 17.

70. As Fair Market Rents are adjusted annually, this means that the maximum amount of rent a landlord can collect under the DSS program or Section 8 program typically increases annually. *Id.* Beyond the yearly differences in the maximum rent, Fair Market Rents set different maximum rental payment based on family and/or unit size. Attached as Exhibit 2 to the Reid affidavit is a list of the different maximum rents paid by DSS over the years by apartment size.

71. In order to receive rent payments from DSS, all landlords must attest that the rent charged in the lease is at or below the legal rent, if any, for the Unit as established by federal, state, or local law or regulations. *See* Reid Aff. ¶ 26; CityFHEPS landlord information form at page 3 attached as Exhibit 3 of the Affidavit.

## FACTUAL ALLEGATIONS

### I. Zara's Organizational Structure

72. Respondents (collectively "Zara" or "Zara Respondents") comprise a family run real estate business that was founded by three brothers—Respondent Kenneth Subraj, Jairaj a/k/a Jay Sobhraj ("Jay") and George Subraj ("George").<sup>2</sup> *See* Exhibit A. Respondents Kenneth Subraj and Tony Subraj are decision-makers and/or participants in this closely-held family business that owns and manages residential rental buildings in New York City.

73. Each building in Zara's portfolio is directly owned by a Limited Liability Corporation with the single purpose of owning its associated building ("SPE"). However, Tony and Kenneth are in control of the operations of the portfolio, including debt collection. *See* Exhibit A; Petition ¶¶ 77 – 78 below.

---

<sup>2</sup> George Subraj passed away in November 2016.

74. These SPE's are managed by Zara Control LLC, an entity set up with the purpose of keeping control of the business within the family. *See* Exhibit A. The initial members of Zara Control, LLC were the three brothers Kenneth, Jay and George. George's estate became the current member after he passed away. *Id.*

75. Zara Control LLC is managed by a Board of Managers that was initially comprised of the three brothers. *Id.* When George passed away, George's son Tony was named as the successor manager because the LLC agreement allows each family to name a successor manager if the initial manager passes away. *Id.* The initial managers also named Devanand Subraj as a manager, representing Kenneth's family, and Amir Sobhraj as a manager, representing Jay's family. *Id.* Each manager, other than initial members, must be employed full-time by Zara Realty Holding Corp. and each family only gets one vote even if they have more than one family member as a manager. *Id.*

76. The SPE's use three family-owned property management companies to manage the properties -- Belair Park 5 LLC, Jamaica Management LLC and Zara Realty Holding Corp. Tony holds himself out as the Vice President of Zara Realty Holding Corp. *Id.*

77. When Respondents commence eviction proceedings against their tenants, Tony signs verifications attesting that he is a member of the family-controlled LLC and is authorized to commence the rent collection proceeding on behalf of the entity. For each of these lawsuits, Kenneth signs a 14 Day Rent Demand filed with the court that attempts to collect the rent alleged owed by the LLC. Examples of such lawsuits include:

- (a) Parsons 88 Realty LLC *See* Petition, LT-315626/23/QU, [NYSCEF Doc. No. 1](#).
- (b) King's Park 148 LLC *See* Petition, LT-319738-23/QU, [NYSCEF Doc. No. 1](#).
- (c) Jamaica Seven LLC *See* Petition LT-313146-23/QU, [NYSCEF Doc. No. 1](#).

(d) 195-24 LLC. *See* Petition LT-301027-24/QU, [NYSCEF Doc. No. 1](#).

(e) Zara Realty Holding Corp. (Tony as Vice President). *See* Petition LT-319783-23/QU, [NYSCEF Doc. No. 1](#).

(f) Woodhull Park 191 LLC. *See* Petition, LT-301414-24\QU , [NYSCEF Doc. No. 1](#)

(g) Belair Park 5 LLC. *See* Petition, LT-311554-24/QU, [NYSCEF Doc. No. 1](#).

78. Upon information and belief, all SPE's have filed similar petitions in court and these petitions filed on behalf of the SPE's allege that both Tony and Kenneth are authorized to collect rent on behalf of the SPE.

## **II. The OAG's Investigation**

79. The OAG received complaints that Respondents were overcharging tenants receiving rental assistance from DSS and also overcharging tenants and DOF by ignoring orders from ORA prohibiting rent increases until certain services were determined by ORA to be restored.

80. To confirm these allegations, the OAG obtained and reviewed records from DSS, DOF, and tenants.

81. OAG obtained sufficient documents about the tenants in paragraphs 86-136, 140-153, and 162-260 below to confirm that Respondents were violating the law by overcharging these tenants.

82. While the OAG obtained all documentation to establish the illegal rent increases charged and collected from those tenants, OAG additionally believes based on other records that many more tenants than those enumerated below are being overcharged. For instance, there are over 300 tenants named in the rent reduction orders reviewed by the OAG and DHCR. A court-

ordered accounting will reveal all tenants that are being overcharged and the amount of each overcharge.

### **III. Zara Intentionally Overcharges Tenants Receiving Government Housing Subsidies**

83. Since at least 2022, Respondents have exploited tenants receiving rental subsidies through DSS. While rent regulation limits the increases a landlord can seek in a vacancy or renewal lease, Respondents ignore these limitations and charge DSS housing subsidy recipients the highest amount of rent allowed under the respective DSS program. They overcharge tenants with preferential rents at lease renewal and also overcharge tenants at the inception of their tenancy.

#### **A. Overcharging Tenants with Preferential Rents**

84. Respondents impermissibly increase the rents of tenants receiving DSS subsidies at the time of lease renewal. These tenants have preferential rents and, therefore, the RSL and RSC only allow the owner to increase the preferential rent by a percentage increase set by the Rent Guidelines Board. Instead of increasing rent at the allowable percentage, Respondents ignore the law and instead charge the highest amount allowed under the DSS housing subsidy program, thereby renewing leases at percentage increases up to 44% above that allowed under rent regulation.

85. Petitioners have uncovered at least ten examples of Respondents illegally overcharging tenants by unlawfully increasing their preferential rents.<sup>3</sup>

#### **1. Jean David Faublas**

---

<sup>3</sup> Petitioners have anonymized tenant name and address where their status as a public assistance recipient has not been placed in court papers or other public records. Petitioners will provide a list of these tenant names and addresses to Respondents and the Court.

86. Jean David Faublas entered into a vacancy lease with Respondent Parsons 88 Realty LLC on or about June 1, 2022 for a one-year period with a preferential rent of \$1,835.00 per month. *See* Faublas Intent to Rent Form attached to the petition as Exhibit D. Zara registered this same preferential rent amount with DHCR. *See* DHCR Rent Registration Printout for 88-06 Parsons Boulevard, Apt. A17 attached to the petition as Exhibit E.

87. Respondent Tony Subraj signed documents that DSS required for Respondent Parsons 88 Realty LLC to receive rental subsidies and identified himself as the landlord. *See* Faublas CityFHEPS Landlord Information Form attached to the petition as Exhibit F. The document warned Respondents they could not charge Pierluisse more than the legal regulated rent for the apartment. *Id.*

88. All subsequent increases should have been calculated from this rent. Despite this, however, Respondents subsequently offered Faublas a renewal lease for a one-year period commencing June 1, 2023 at a monthly preferential rent of \$2,275.00, and then again for a one year period commencing June 1, 2024 at a monthly preferential rent of \$2,584.00. *See* Faublas 2023 Renewal Lease attached to the petition as Exhibit G; Faublas 2024 Renewal Lease attached to the petition as Exhibit H.

89. The rent set by the 2023 renewal lease amounted to a rental increase of almost 24%, whereas the allowable increase was only 3.25%. The rent set by the 2024 renewal lease amounted to a rental increase of almost 14%, whereas the allowable increase was 3%. *See* Exhibit B. The higher rental amounts set by Zara were the maximum amounts DSS would pay for a tenant on FHEPS. *See* CityFHEPS Maximum Rental Payments for Years 2019 - 2024 attached to Reid Aff. as Exhibit 2.

90. In 2023, Respondent Parsons 88 Realty LLC, sued Faublas in Queens County Housing Court for non-payment of rent alleging that Faublas entered into a lease commencing June 1, 2023 and ending May 31, 2024 with a monthly rental amount of \$2,275.00. *See* Petition, LT-315626/23/QU, [NYSCEF Doc. No. 1](#). This increase was unlawful, and the court admonished Zara for raising Faublas's preferential rent stating, "this is yet another baseless theory of Zara's, as the law is clear that preferential rents cannot be revoked during the life of a tenancy . . . ." 57 [Elmhurst LLC v. Morales, 2024 NY Misc. LEXIS 2035](#) (Civ. Ct., Qns. Cnty.). Ultimately, the case was settled. [NYSCEF Doc. No. 1](#).

91. Despite the admonishment, Respondents repeated their illegal act and filed a new non-payment petition against Faublas approximately three months after the *Morales* decision where they alleged that the rent was \$2,584 for a lease commencing June 1, 2024. *See* Petition, LT-313366-24/QU, [NYSCEF Doc No. 1](#).

92. DSS continues to pay rent to Respondents based on the inflated rent. *See* DSS Tenant Payments attached to Reid Aff. as Exhibit 4.

## **2. Raymond Pierluisse**

93. Raymond Pierluisse entered into a lease with Respondent King's Park 148 LLC on May 26, 2022 for a one-year period with a preferential rent of \$1,835.00 per month. *See* LT-319738-23/QU, [NYSCEF Doc No. 39](#). Zara registered the lease with DHCR with the same preferential rent. *See* DHCR Rent Registration Printout for 148-48 88th Avenue, Apt. 6N attached to the petition as Exhibit I.

94. Respondent Tony Subraj signed documents that DSS required for Respondent King's Park 148 LLC to receive rental subsidies and identified himself as the landlord. *See* Pierluisse CityFHEPS Landlord Information Form attached to the petition as Exhibit J. The

document warned Respondents they could not charge Pierluisse more than the legal regulated rent for the apartment. *Id.*

95. All subsequent increases should have been calculated from the preferential rent.

96. Despite this, Respondents then offered Pierluisse a two-year renewal lease commencing June 1, 2023 that contained a preferential rent of \$2,347.80. *See* LT-319738-23/QU, [NYSCEF Doc. No. 40](#). Respondents registered the same amount with DHCR as the preferential rent. *See* Exhibit I.

97. While Respondent increased Pierluisse's rent by almost 28%, the allowable increase at the time was 5%. *See* Exhibit B. The higher rental amount set by Respondents was the maximum amounts DSS would pay for a tenant on FHEPS. *See* CityFHEPS Maximum Rental Payments for Years 2019 - 2024 attached to Reid Aff. as Exhibit 2.

98. Respondent King's Park 148 LLC sued Pierluisse in Queens County Housing Court for non-payment of rent alleging that they entered into a lease for a two-year period commencing June 1, 2023 at a monthly rent of \$2,347.80. *See* Petition, LT-319738-23/QU, [NYSCEF Doc. No. 1](#). Respondents, through Tony Subraj, asserted in filings in that proceeding that the CityFHEPS program supersedes the Rent Stabilization Law. *See* Subraj affidavit, LT-319738-23/QU, [NYSCEF Doc. No. 38](#). Respondents have willfully overcharged Pierluisse since June 2023. *See* LT-319738-23/QU, HRA Payments, [NYSCEF Doc. No. 18](#); Overcharge Chart [NYSCEF Doc. No. 20](#); Zara Ledger [NYSCEF Doc. No. 43](#).

99. On February 25, 2025, Respondents agreed in a stipulation of settlement that it had no basis to increase the rent and had been overcharging Pierluisse for this period of time. *See* LT-319738-23/QU, Stipulation of Settlement, [NYSCEF Doc No. 46](#).



100. Upon information and belief, Respondents have not notified DSS that they were charging an impermissibly high rent, and DSS continues to pay rent to Respondents based on the inflated rent. *See* DSS Tenant Payments attached to Reid Aff. as Exhibit 4.

### **3. Channel Depreece Daniels**

101. According to a petition filed by Respondent Jamaica Seven LLC, that entity entered into a lease with Channel Depreece Daniels on June 1, 2022 for a period of one year at a monthly rent of \$1,835.00. *See* Petition, LT-305475-23/QU, [NYSCEF Doc. No. 1](#). Based on Respondents submissions to DHCR, this amount was a preferential rent. *See* DHCR Rent Registration Printout for 144-06 88th Avenue, Apt. C6 attached to the petition as Exhibit K. All subsequent increases should have been calculated from this rent.

102. Respondent Jamaica Seven LLC thereafter entered into a renewal lease with Daniels on June 1, 2023 for a period of one year at a monthly rent of \$2,275.00. *See* LT-313146-23/QU, [NYSCEF Doc. No. 1](#). Based on submissions to DHCR by Zara, this amount was a preferential rent. *See* Exhibit K. The parties then entered into a one-year renewal lease commencing June 1, 2024 at a monthly preferential rent of \$2,584.00. *See* Daniels 2024 Renewal Lease attached to the petition as Exhibit L. Upon information and belief, Zara reached out to DSS to ask for this increase. *See* Email dated June 11, 2024 attached as Exhibit M.

103. The 2023 renewal lease had a rental increase of almost 24%, whereas the allowable increase was 3.25%, and the 2024 renewal lease had a rental increase of almost 14%, whereas the allowable increase was 3%. *See* RGB Chart. The higher rental amounts set by Respondents were the maximum amounts DSS would pay for a tenant on FHEPS. *See* CityFHEPS Maximum Rental Payments for Years 2019 - 2024 attached to Reid Aff. as Exhibit 2

104. Despite overcharging Daniels, Respondent Jamaica Seven LLC has commenced eviction proceedings against Daniels, placing them at risk of eviction. *See* [LT-313146-23/QU](#)

105. DSS continues to pay rent to Respondents based on the inflated rent. *See* DSS Tenant Payments attached to Reid Aff. as Exhibit 4.

#### **4. *Barbara Hamilton***

106. On July 21, 2022, Barbara Hamilton entered into a one-year lease with Respondent Woodhull Park 191 LLC with a monthly preferential rent of \$2,108.00. *See* Lease, LT-301414-24\QU, [NYSCEF Doc. No. 16](#); Petition, [NYSCEF Doc. No. 1](#), and DHCR Rent Registration Printout for 191-11 Woodhull Avenue, Apt. 3C attached to the petition as Exhibit N. All subsequent increases should have been calculated from this rent.

107. The parties thereafter entered into a renewal lease for a one-year period commencing August 1, 2023 at a monthly preferential rent of \$2,275.00, and then again for a one-year period commencing August 1, 2024 at a monthly preferential rent of \$3,281.19. *See* Renewal Leases, LT-301414-24\QU, [NYSCEF Doc. No. 17](#).

108. The 2023 renewal lease had a rental increase of almost 8%, whereas the allowable increase was 3.25%, and the 2024 renewal lease had a rental increase of 44%, whereas the allowable increase was 3%. *See* Exhibit B. The higher rental amounts set by Respondents were the maximum amounts DSS would pay for a tenant on FHEPS. *See* CityFHEPS Maximum Rental Payments for Years 2019 - 2024 attached to Reid Aff. as Exhibit 2.

109. Hamilton was sued by Respondent Jamaica Seven LLC in Queens County Housing Court. [LT-301414-24\QU](#). After Hamilton's attorney raised an allegation of overcharge in a responsive motion, Jamaica Seven LLC discontinued the proceeding. *See* Stipulation of Discontinuance, LT-301414-24\QU, [NYSCEF Doc. No. 22](#).

110. DSS continues to pay rent to Respondents based on the inflated rent. *See* DSS Tenant Payments attached to Reid Aff. as Exhibit 4.

**5. *Shanaya Marie Lynch***

111. Shanaya Marie Lynch entered into a one-year renewal lease with Respondent Jamaica Seven LLC commencing March 1, 2023 at a monthly rent of \$1,897.74. *See* Petition, LT-309352-23/QU, [NYSCEF Doc. No. 1](#). Based on submissions to DHCR by Respondents, this amount was a preferential rent. *See* DHCR Rent Registration Printout for 88-18 150th Street, Apt. D6 attached to the petition as Exhibit O. All subsequent increases should have been calculated from this rent.

112. On March 1, 2024, Respondent Jamaica Seven LLC began charging Lynch a monthly rent of \$2,584.00. *See* Ledger, LT-309352-23/QU, [NYSCEF Doc. No. 26](#). The increase in rent was pursuant to a one-year renewal lease entered into between the parties, and this amount was a preferential rent. *See* Lynch 2024 Renewal Lease attached to the petition as Exhibit P, Exhibit O.

113. The increase in rent to \$2,584.00 per month was a 36% rent increase, whereas the allowable amount at that time for a one-year renewal lease was 3%. *See* Exhibit B. The higher rental amounts set by Zara were the maximum amounts DSS would pay for a tenant on FHEPS. *See* CityFHEPS Maximum Rental Payments for Years 2019 - 2024 attached to Reid Aff. as Exhibit 2.

114. Lynch was sued by Respondent Jamaica Seven LLC in Queens County Housing Court. [LT-309352-23/QU](#). When Jamaica Seven LLC sought permission from the court to evict Lynch based, in part, on the increased rent, the court, on August 23, 2024, notified Respondent Jamaica Seven LLC that it did not believe that it had any legal basis to raise the rent and

requested an explanation for the increase. *See* Decision/Order, LT-309352-23/QU, [NYSCEF Doc. No. 27](#). Rather than give the court an explanation, Jamaica Seven LLC discontinued the proceeding without prejudice. *Id.*, [NYSCEF Doc. No. 28](#).

115. DSS has paid rent to Respondents based on the inflated rent. *See* DSS Tenant Payments attached to Reid Aff. as Exhibit 4.

**6. Janice Alicia Martin**

116. Janice Martin entered into a one-year renewal lease with Respondent Zara Realty Holding Corp. commencing March 1, 2023, at a monthly preferential rent of \$1,894.64. *See* Renewal Lease, LT-319783-23/QU, [NYSCEF Doc. No. 14](#). All subsequent increases should have been calculated from this rent. Respondents nevertheless offered Martin a one-year renewal lease commencing March 1, 2024 at a monthly preferential rent of \$2,584.00. *Id.*

117. This renewal lease was increased by 36%, whereas the allowable rent increase at that time for a one-year lease was 3%. *See* RGB Chart. The higher rental amount set by Zara was the maximum amount DSS would pay for a tenant on FHEPS. *See* CityFHEPS Maximum Rental Payments for Years 2019 - 2024 attached to Reid Aff. as Exhibit 2.

118. Respondent Zara Realty Holding Corp. sued Martin in Queens Housing Court. *See* [LT-319783-23/QU](#). On July 22, 2024, the court, on its own motion, provided Respondent the opportunity to submit a memorandum of law to explain what justification they had to argue that they were allowed to raise the rent to the FHEPS rent levels in contravention of the Rent Stabilization Code. *See* Court Notice, LT-319783-23/QU, [NYSCEF Doc. No. 19](#). At the court date, Respondent discontinued the proceeding after Lynch notified the court that they had surrendered the apartment. *Id.*, [NYSCEF Doc. No. 20](#).

119. DSS paid rent to Respondents based on the inflated rent. *See* DSS Tenant Payments attached to Reid Aff. as Exhibit 4.

**7. Isaiah Lataria Pinkney**

120. Isaiah Pinkney entered into a one-year vacancy lease with Respondents 195-24 LLC and Zara Realty Holding Corp. commencing August 10, 2022, at a monthly preferential rent of \$2,081.00. *See* Vacancy Lease, LT-301027-24/QU, [NYSCEF Doc. No. 11](#); DHCR Rent Registration Printout for 195-30 Jamaica Ave, Apt. C12 attached to the petition as Exhibit Q. All subsequent increases should have been calculated from this rent. Respondents nevertheless offered a two-year renewal lease commencing September 1, 2023 at a monthly preferential rent of \$2,275.00. *See* Pinkney 2023 Renewal Lease attached to the petition as Exhibit R; Exhibit Q.

121. This renewal lease was increased by 9%, whereas the allowable rent increase at that time for a two-year lease was 5%. *See* RGB Chart. The higher rental amount set by Zara was the maximum amount DSS would pay for a tenant on FHEPS. *See* CityFHEPS Maximum Rental Payments for Years 2019 - 2024 attached to Reid Aff. as Exhibit 2

122. Respondent 195-24 LLC sued Pinkney in Queens Housing Court for nonpayment of rent. *See* [LT-301027-24/QU](#). Pinkney notified the court that CityFHEPS paid the entire rent at \$2,081.00 per month since the inception of Pinkney's tenancy. *See* Pinkney Affidavit, [NYSCEF Doc. No. 9](#) and [Doc No. 19](#). Zara's own ledger showed that the entirety of the arrears sought in the non-payment proceeding was a result of the unlawful rent increase. *See* [NYSCEF Doc. No. 18](#). After Pinkney filed an Order to Show Cause raising the overcharge, Respondent discontinued the proceeding without prejudice. *See* [NYSCEF Doc. No. 25](#).

123. Respondent 195-24 LLC has sued Pinkney again for non-payment of rent. *See* [LT-309240-25/QU](#). The petition alleges the rent is \$1970.05 per month but the breakdown

attached the petition shows that Respondents are charging Pinkney \$2185.05 per month. *See* [NYSCEF Doc No. 1.](#)

124. DSS continues to pay rent to Respondents based on the inflated rent. *See* DSS Tenant Payments attached to Reid Aff. as Exhibit 4.

### **8. Tenant 1**

125. Tenant 1 entered into a one-year vacancy lease with Respondent Parsons 88 Realty LLC commencing February 1, 2023 at a monthly preferential rent of \$2,275.00. *See* Tenant 1 2023 Vacancy Lease attached to the petition as Exhibit R, DHCR Rent Registration Printout for Tenant 1 attached as Exhibit T. All subsequent increases should have been calculated from this rent. Respondents nevertheless offered Tenant 1 a one-year renewal lease commencing February 1, 2024 at a monthly preferential rent of \$2,451.00. *See* Tenant 1 2024 Renewal Lease attached to the petition as Exhibit U, Exhibit T.

126. This renewal lease was increased by almost 8%, whereas the allowable increase at that time for a one-year lease was 3%. *See* Exhibit B.

127. Meanwhile, Respondents registered the February 1, 2024 renewal lease with DHCR at a preferential rent of \$2584.00. *See* Exhibit T. Upon information and belief, this is the amount that Respondents are actually charging Tenant 1 and the amount that is being paid by the tenant. *See* Tenant 1 May 2024 Rent Statement attached to the petition as Exhibit V. This would be an increase of almost 14% rather than the allowed increase of 3%. The higher rental amount set by Zara is the maximum amounts DSS would pay for a tenant on FHEPS. *See* CityFHEPS Maximum Rental Payments for Years 2019 - 2024 attached to Reid Aff. as Exhibit 2.

128. DSS continues to pay rent to Respondents based on the inflated rent. *See* DSS Tenant Payments attached to Reid Aff. as Exhibit 4.

## **9. Tenant 2**

129. Tenant 2 entered into one-year vacancy lease with Respondent Parsons 88 Realty LLC commencing January 7, 2023 at a monthly preferential rent of \$2,108.00. *See* Tenant 2 2023 Vacancy Lease attached to the petition as Exhibit W; DHCR Rent Registration Printout for Tenant 1 attached as Exhibit X. All subsequent increases should have been calculated from this rent. Nevertheless, Respondents subsequently offered Tenant 2 a one-year renewal lease commencing February 1, 2024 at a monthly preferential rent of \$2,584.00. *See* Tenant 2 2024 Renewal lease attached to the petition as Exhibit Y; Exhibit X. Zara has been seeking this unlawful amount from Tenant 2 since February 1, 2024. *See* Tenant 2 Ledger attached to the petition as Exhibit Z.

130. This renewal lease was increased by almost 23%, whereas the allowable increase at that time for a one year lease was 3%. *See* Exhibit B. The higher rental amount set by Zara is the maximum amounts DSS would pay for a tenant on FHEPS. *See* CityFHEPS Maximum Rental Payments for Years 2019 - 2024 attached to Reid Aff. as Exhibit 2.

131. Respondent Parsons 88 Realty LLC has sued Tenant 2 in Queens Housing Court for non-payment of rent at the improper rent levels at least three times since 2024.<sup>4</sup>

132. DSS continues to pay rent to Respondents based on the inflated rent. *See* DSS Tenant Payments attached to Reid Aff. as Exhibit 4.

## **10. Ryan Kumal**

133. Ryan Kumal entered into a one-year vacancy lease with Respondent Belair Park 5 LLC commencing April 1, 2023 at monthly preferential rent of \$2,134.00. *See* 2023 Lease, LT-

---

<sup>4</sup> These filings are not included as an exhibit because they contain the name and address of Tenant 2. Accordingly, Petitioners will provide these filings to Respondents and if requested or required, to the Court.

311554-24/QU, [NYSCEF Doc. No. 11](#). All subsequent increases should have been calculated from this rent. Respondents nevertheless subsequently offered Kumal a one-year renewal lease commencing April 1, 2024 at a monthly preferential rent of \$2,696. *See* 2024 Lease, LT-311554-24/QU, [NYSCEF Doc. No. 12](#). Zara registered the 2024 lease with DHCR, noting CityFHEPS. *See* DHCR Rent Registration Printout for 88-25 148<sup>th</sup> Street, Apt. L07 attached as Exhibit AA.

134. This renewal lease was increased by more than 26%, whereas the allowable increase at that time for a one year lease was 3%. *See* Exhibit B. The higher rental amount sought by Zara is the maximum amounts DSS would pay for a tenant on FHEPS. *See* CityFHEPS Maximum Rental Payments for Years 2019 - 2024 attached to Reid Aff. as Exhibit 2.

135. Respondent Belair Park 5 LLC sued Kumal in Queens Housing Court. *See* [LT-311554-24/QU](#). The petition is seeking arrears based on the unlawful rent increase. *See* Petition, LT-311554-24/QU, [NYSCEF Doc. No. 1](#).

136. DSS continues to pay rent to Respondents based on the inflated rent. *See* DSS Tenant Payments attached to Reid Aff. as Exhibit 4.

### **B. Overcharging Tenants Without Preferential Rents**

137. Since at least 2022, Zara has also unlawfully overcharged tenants receiving DSS housing subsidies by taking an impermissible increase of the legal regulated rent at or before the inception of the tenancy.

138. Despite that the RSL and RSC prohibit an owner from increasing a legal regulated rent more than a certain percentage between tenants, Respondents have repeatedly and persistently increased the legal regulated rents of their apartment between tenants by charging the incoming tenant the maximum rent DSS will pay regardless of the legal regulated rent.



139. Petitioners have uncovered at least three examples of Respondents engaging in this practice.

**1. Tenant 3**

140. Tenant 3 entered into a one-year vacancy lease with Respondent 8787 Hillside Park LLC commencing March 1, 2024 at a monthly legal regulated rent of \$2,612.00. *See* Tenant 2 2024 Vacancy Lease attached to the petition as Exhibit BB.

141. DSS pays the entire rent of \$2,612.00 per month pursuant to the CityFHEPS program. *See* DSS Tenant Payments attached to Reid Aff. as Exhibit 4.

142. In 2023, prior to Tenant 3 moving into the apartment, Zara had registered the legal regulated rent with DHCR as \$1,615.27. *See* DHCR Rent Registration Printout for Tenant 3 attached to the petition as Exhibit CC. The following year, Zara registered the legal regulated rent as \$2,612.00, which is an increase of 62%. *Id.* The allowable increase at that time for a one-year lease was 3%. *See* Exhibit B.

143. The higher rental amount sought by Zara is the maximum amount DSS would pay for a tenant on CityFHEPS. *See* CityFHEPS Maximum Rental Payments for Years 2019 - 2024 attached to Reid Aff. as Exhibit 2

144. DSS continues to pay rent to Respondents based on the inflated rent. *See* DSS Tenant Payments attached to Reid Aff. as Exhibit 4.

**2. Tenant 4**

145. Tenant 4 entered into a one-year vacancy lease with Respondent Parson 88 Realty LLC commencing April 1, 2024 with a monthly legal regulated rent of \$2,584.00. *See* Tenant 4 2024 Vacancy Lease attached to the petition as Exhibit DD. Tony Subraj certified that the rent

charged was at or below the legal regulated rent. *See* Tenant 4 CityFHEPS Landlord Information Form attached to the petition as Exhibit EE.

146. DSS pays their entire rent of \$2,584.00 per month pursuant to the CityFHEPS program. *See* DSS Tenant Payments attached to Reid Aff. as Exhibit 4..

147. In 2023, prior to Tenant 4 moving into the apartment, Zara had registered the legal regulated rent with DHCR as \$2,187.00. *See* DHCR Rent Registration Printout for Tenant 4 attached to the petition as Exhibit FF. The following year, Zara registered the legal regulated rent as \$2,584.00, which is an increase of 18%. *Id.* The allowable increase at that time for a one-year lease was 3%. *See* Exhibit B.

148. The higher rental amounts sought by Zara is the maximum amount DSS would pay for a tenant on FHEPS. *See* CityFHEPS Maximum Rental Payments for Years 2019 - 2024 attached to Reid Aff. as Exhibit 2.

149. DSS continues to pay rent to Respondents based on the inflated rent. *See* DSS Tenant Payments attached to Reid Aff. as Exhibit 4.

### **3. Tenant 5**

150. Tenant 5 entered into a one-year vacancy lease with Respondent 75 Elmhurst, LLC commencing March 1, 2024 with a monthly legal regulated rent of \$2,612.00. *See* Tenant 5 2024 Vacancy Lease attached to the petition as Exhibit GG. Tony Subraj certified that the rent charged was at or below the legal regulated rent. *See* Tenant 5 CityFHEPS Landlord Information Form attached to the petition as Exhibit HH.

151. In 2023, prior to Tenant 5 moving into the apartment, Zara had registered the legal regulated rent with DHCR as \$1,599.39 per month. *See* DHCR Rent Registration Printout

for Tenant 5 attached to the petition as Exhibit II. The allowed increase at that time was 3%, which would have set the rent at \$1,647.37.

152. When Tenant 5 moved into the apartment, Zara registered the legal regulated rent as \$2,612.00, which is an increase of 63%. *See* Exhibit B. The higher rental amount sought by Zara is the maximum amount DSS would pay for a tenant on FHEPS. *See* CityFHEPS Maximum Rental Payments for Years 2019 - 2024 attached to Reid Aff. as Exhibit 2

153. DSS continues to pay rent to Respondents based on the inflated rent. *See* DSS Tenant Payments attached to Reid Aff. as Exhibit 4.

#### **IV. Zara Intentionally Overcharges Tenants By Ignoring Rent Reduction Orders**

##### **A. Rent Reduction Orders Issued Against Zara**

154. Respondents own multiple buildings where they have changed the main entry door lock to a lock that uses a non-duplicable key for operation. In addition, they changed the traditional bell/buzzer intercom system with one that requires the use of a tenant's cellphone/landline. Respondents never filed for DHCR approval prior to these conversions as required by the RSC.

155. Respondents have also reduced services in their buildings through removal of door person/security personnel, failing to give mailbox keys to tenants, and a decrease in the size of the lobby area.

156. Tenants filed complaints with ORA for reduction or changes in services for these activities, and ORA granted them, thereby lowering the rent for tenants covered by the order to the legal regulated rent in their lease prior to the effective date of the order. Based on these orders, Respondents were also precluded from charging or collecting any rent above the lower rent until

such time as they filed a rent restoration order that was adjudicated by ORA. In one instance at 95-24 57<sup>th</sup> Avenue, the rent was reduced permanently by \$50 for the loss of lobby space.

157. Despite the orders from ORA reducing and freezing the rent, Respondents have not reduced the rent for tenants affected by the rent reduction orders and have illegally overcharged tenants by continuing to take rent guideline and Major Capital Improvement increases.

158. Respondents have also illegally collected tax abatements from DOF when not reducing rents and collecting rent increases from tenants on SCRIE and DRIE.

159. Attached to the petition as Exhibit JJ is a chart of Rent Reduction Orders issued by ORA against Respondents. The chart includes issuance date, effective date, docket number, units covered by the order and any rent restoration order. This is not an exhaustive list of Rent Reduction Orders issued in Respondents' buildings.

#### **B. Zara On Notice to Comply with Rent Reduction Orders**

160. A court has already sanctioned Zara for actively ignoring RROs and suing tenants for money that is not owed. *See 57 Elmhurst LLC. v. Morales*, 82 Misc. 3d 1243(A) (Civ. Ct. Queens County 2024).

161. Unfortunately, the tenant in *Morales* was neither the first nor the last to be overcharged through Zara willfully ignoring RROs.

##### **1. 140-30 Ash Avenue**

162. ORA issued a rent reduction order under docket number KU 110010 B for tenants at 140-30 Ash Avenue, Flushing, NY. *See* Rent Reduction Order Docket Number KU 110010 B attached to the petition as Exhibit KK. The order was dated April 4, 2024, with an effective date of October 1, 2022, and it temporarily reduced the collectable rent to the legal regulated rent in

the lease prior to the effective date because Respondents changed the locking system at the building without DHCR permission. *Id.*

163. ORA also issued a rent reduction order under docket number LS 130013 B at the same building. *See* Rent Reduction Order Docket Number LS 130013 B attached to the petition as Exhibit LL. The order was dated February 27, 2024, with an effective date of September 1, 2023, and it temporarily reduced the collectable rent to the legal regulated rent in the lease prior to the effective date because Respondents changed the intercom system at the building without DHCR permission. *Id.*

164. Respondents have filed rent restoration applications with ORA to lift the reduction order for KU 110010 B (MQ 110034 OR filed May 15, 2024) and LS 130013 B (MO 130003 OR filed March 4, 2024).

165. However, both orders still remain in effect.

166. Respondents have ignored these orders by overcharging tenants.

**a. George Rosero**

167. George Rosero is the tenant in apartment #2K and is covered by both orders. *See* Rosero Affirmation at ¶ 1. Accordingly, their rent was frozen at \$1,215.78 commencing October 1, 2022, which was the legal regulated in his lease prior to the earliest effective date. *See* Exhibit KK; Exhibit LL; Rosero 2022 Renewal Lease 22 lease attached as Exhibit MM; DHCR Rent Registration Printout for 140-30 Ash Avenue, Apt. 2K attached to the petition as Exhibit NN.

168. From October 2022 to September 2024 Respondents charged and collected \$1,246.17 from Rosero, which was \$30.39 per month higher than allowed. *See* Rosero Affidavit at ¶ 5. After that, Respondents charged and collected \$1,304.78 from October 2024 through December 2024, which was \$58.61 higher than allowed. *Id.* at ¶ 6; *See* Rent Bill and Rent

Payment attached as Exhibit OO. Respondents never provided Rosero with a rent credit and did not stop attempting to collect the higher amount of rent even after being placed on notice of the rent reduction orders. *See* Rosero Affidavit at ¶ 7.

169. When Rosero stopped paying the illegal rent and took a credit for the overpayments, Respondents served a Notice of Failure to Pay dated October 17, 2024. *See* Notice of Failure to Pay attached as Exhibit PP.

**b. Gladys Jurado**

170. Gladys Jurado is the tenant in apartment #5G and is covered by both orders. *See* Jurado affidavit ¶¶ 1 and 3. Accordingly, Jurado's rent was frozen at \$1,070.44 commencing October 1, 2022 which was the legal regulated in the lease prior to the earliest effective date. *Id.* at ¶ 4; Jurado 2018 Renewal Lease attached to the petition as Exhibit QQ; DHCR Rent Registration Printout for 140-30 Ash Avenue, Apt. 5G attached to the petition as Exhibit RR.

171. From October 2022 to November 2022, Respondents charged and collected \$1,106.10 from Jurado, which was \$35.66 per month higher than allowed. *See* Jurado affidavit at ¶ 5. From December 2022 to November 2023, Respondents charged and collected \$1,142.05 from Jurado, which is \$71.61 higher than allowed. *Id.* at ¶ 6. From December 2023 to August 2024, Respondents charged and collected \$1,176.31, which is \$105.87 higher than allowed. *Id.* at ¶ 7.

172. When Jurado stopped paying the illegal rent and took a credit for the overpayments, Respondents served a 14 Day Rent Demand dated September 17, 2024 that was signed by Kenneth. *See* 14 Day Rent Demand attached to the petition as Exhibit SS.

**c. Yuande Ding**

173. Yuande Ding is the tenant in apartment #6L and is covered by the second rent reduction order.

174. Accordingly, Ding's rent was frozen at \$1,746.89 commencing September 1, 2023, which was the legal regulated in the lease prior to the earliest effective date. *See* Ding 2022 Renewal Lease attached to the petition as Exhibit TT; DHCR Rent Registration Printout for 140-30 Ash Avenue, Apt. 6L attached to the petition as Exhibit UU.

175. Upon information and belief, from September 2023 to September 2024, Respondents charged and collected \$1,803.66 from Ding, which is \$54.11 per month higher than allowed. Respondents are now attempting to collect \$1857.77 per month. *See* Ding November 2024 rent bill attached as Exhibit VV.

**d. Jian Yu Ren and Ming Xing Zhao**

176. Jian Yu Ren and Ming Xing Zhao are the tenants in apartment #6G and are covered by both rent reduction orders.

177. Accordingly, their rent was frozen at \$2,309.96 commencing October 1, 2022, which was the preferential rent in their lease prior to the earliest effective date. *See* Petition LT-302095-23/QU, [NYSCEF Doc. No. 1](#), Ding Rent Ledger attached to the petition as Exhibit WW; DHCR Rent Registration Printout for 140-30 Ash Avenue, Apt. 6G attached to the petition as Exhibit XX.

178. From February 1, 2023 to July 1, 2023, Zara unlawfully charged them \$2,344.61 and commencing August 1, 2023 started charging \$2,420.81 through August 1, 2024, when they began charging \$2,493.43 per month. *See* Ledger; Petition LT-302095-23/QU, [NYSCEF Doc. No. 1](#); Petition LT-315549-24/QU, [NYSCEF Doc. No. 1](#)

179. In [LT-302095-23/QU](#), Zara sued the tenants based on the unlawful rent, and the tenants paid \$38,181.77 on April 26, 2024. *See* LT-311549-24/QU, [NYSCEF Doc No. 19](#). After that payment, Zara sued the tenants again based on the unlawful rent. That case is still pending where the tenants have raised the overcharge. *See* [LT-311549-24/QU](#)

**e. Essie Wicks**

180. Essie Wicks is the tenant in apartment #2L and is covered by the first rent reduction order.

181. At the time the first rent reduction order was issued, Wicks's rent was already frozen at \$828.64 through SCRIE. *See* Wicks Rent Freeze Program Owner Approval Letter attached to the petition as Exhibit YY, page 29. Under the SCRIE program, any increases in Wicks's rent would be paid through a tax abatement issued to Zara by the DOF.

182. The legal regulated rent at the time of the effective date of the rent reduction order was \$961.19 and the previous legal regulated rent was \$933.14, for a difference of \$28.05. *See* DHCR Rent Registration Printout for 140-30 Ash Avenue, Apt. 2L attached to the petition as Exhibit ZZ.

183. Accordingly, as of October 1, 2022, Wicks's payable rent through SCRIE should have been reduced by Zara to \$800.59.

184. In addition, Zara was precluded from collecting any increases in the tax abatement issued by DOF from October 1, 2022 and was required to pay back any tax abatements it improperly collected. Zara did not do this and, in fact, sought increased tax abatements from DOF after the RRO was issued. *See* Exhibit YY, page 84, SCRIE Tax Abatement Credit Adjustment Application for Owners/Agents dated November 12, 2024.



185. Despite owing no arrears, Zara served Wicks with a 14 Day Rent Demand dated December 16, 2024 signed by Kenneth stating that Wicks owes \$1,309.27. *See* Wicks 14 Day Rent Demand attached to the petition as Exhibit AAA.

## **2. 140-50 Ash Avenue**

186. ORA denied an application for a rent reduction order under docket number KU 110004 B for tenants at 140-50 Ash Avenue, Flushing, NY. *See* Rent Reduction Order Docket Number KU 110004 B attached to the petition as Exhibit BBB. This denial was overturned through a Petition for Administrative Review (“PAR”) dated August 9, 2024 that set an effective date of October 1, 2022. *See* PAR Docket No. MN 110005 RT attached to the petition as Exhibit CC. The order temporarily reduced the collectable rent to the legal regulated rent in the lease prior to the effective date because Respondents modified the front door locks at the building without DHCR permission. *Id.* Zara had twelve months from the date of the PAR to refund any overcharges collected from tenants between October 1, 2022 and August 9, 2024. *Id.*

187. Respondents have filed a rent restoration application with ORA to lift the reduction order for KU 110004 B (MV 110008 OR filed October 2, 2024).

188. However, this order still remains in effect.

189. Respondents have ignored these orders by overcharging tenants.

### **a. Demin Chin**

190. Demin Chin is the tenant in apartment #6J and is covered by the rent reduction order.

191. Accordingly, Chin’s rent is frozen at \$1,458.40 commencing October 1, 2022 and Zara should have started charging this rent as of September 1, 2024. *See* Chin 2021 Renewal

Lease attached to the petition as Exhibit DDD; DHCR Rent Registration Printout for 140-50 Ash Avenue, Apt. 6J attached to the petition as Exhibit EEE.

192. Despite the rent being frozen at \$1458.40, Zara has charged and collected \$1,554.29 per month for at least September and December 2024, which is \$95.89 per month higher than allowed. *See* Chin September 2024 and December 2024 Rent Bill attached to the petition as Exhibit FFF. Zara has yet to credit Chin. *Id.* Upon information and belief, Zara has overcharged Chin since October 1, 2022.

193. On November 26, 2024, Respondents served a 14 Day Rent Demand signed by Kenneth seeking the illegal rent for at least November 2024. *See* Chin 14 Day Rent Demand attached to the petition as Exhibit GGG.

**b. Maria Lopez**

194. Maria Lopez is the tenant in apartment #5J and is covered by the rent reduction order.

195. At the time the first rent reduction order was issued, Lopez's rent was already frozen at \$877.26 through the SCRIE. *See* Chin Rent Freeze Program Owner Approval Letter attached to the petition as Exhibit HHH, page 15. Under the SCRIE program, any increases in Lopez's rent would be paid through a tax abatement issued to Zara by DOF.

196. The legal regulated rent at the time of the effective date of the rent reduction order was \$1,033.23, and the previous legal regulated rent was \$1,008.03, for a difference of \$25.20. *See* September 2022 lease attached as Exhibit III; September 2020 lease attached as Exhibit JJJ; DHCR Rent Registration Printout for 140-50 Ash Avenue, Apt. 5J attached to the petition as Exhibit KKK.

197. Accordingly, as of October 1, 2022, Lopez's payable rent through SCRIE should have been reduced by Zara to \$852.06.

198. In addition, Zara was precluded from collecting any increases in the tax abatement issued by DOF from October 1, 2022 and was required to pay back any tax abatements it improperly collected. Zara has been illegally collecting increased tax abatements and upon information and belief, has not credited Lopez or DOF. *See* Exhibit HHH, page 3 – 6.

199. Despite the rent being frozen at \$852.06, Zara has charged and collected \$877.26 for at least September and October 2024, which is \$25.20 per month higher than allowed. *See* Lopez September 2024 and October 2024 Rent Bills attached to the petition as Exhibit LLL. Upon information and belief, Zara has yet to credit Lopez and has overcharged since October 2022. *Id.*

### **3. 140-60 Beech Avenue**

200. ORA issued a rent reduction order under docket number KX 110015 B for tenants at 140-60 Beech Avenue, Flushing, NY. *See* Rent Reduction Order Docket Number KX 110015 B attached to the petition as Exhibit MMM. The order was dated March 15, 2024 with an effective date of March 1, 2023. It temporarily reduced the collectable rent to the legal regulated rent in the lease prior to the effective date because Respondents failed to obtain DHCR approval for changing the front door lock to a lock that uses non-duplicable keys. *Id.*

201. ORA also issued a rent reduction order under docket number LS 110007 B at the same building. *See* Rent Reduction Order Docket Number LS 110007 B attached to the petition as Exhibit NNN. The order was dated May 29, 2024, with an effective date of September 1, 2023. It temporarily reduced the collectable rent to the legal regulated rent in the lease prior to

the effective date because Respondents changed the intercom system at the building without DHCR permission.

202. Respondents have filed rent restoration applications with ORA to lift the reduction order for KX 110015 B (MO 110029 OR filed March 20, 2024) and LS 110007 B (MR 110026 OR filed June 11, 2024).

203. However, both orders still remain in effect.

204. Respondents have ignored these orders by overcharging tenants.

**a. Nahida Begum**

205. Nahida Begum is the tenant in apartment #3G and is covered by both rent reduction orders.

206. At the time the first rent reduction order was issued, Begum's rent was already frozen at \$726.19 through DRIE. *See* Begum Rent Freeze Program Owner Approval Letter attached to the petition as Exhibit OOO, page 18. Under the DRIE program, any increases in Begum's rent would be paid through a tax abatement issued to Respondents by DOF.

207. The legal regulated rent at the time of the effective date of the rent reduction order was \$1045.11 and the previous legal regulated rent was \$1034.76 for a difference of \$10.35. *See* DHCR Rent Registration Printout for 140-60 Beech Avenue, Apt. 3G attached to the petition as Exhibit PPP; Exhibit OOO, at 39.

208. Accordingly, as of March 1, 2023, Begum's payable rent through DRIE should have been reduced by Respondents to \$715.84.

209. In addition, Respondents were precluded from collecting any increases in the tax abatement from DOF from March 1, 2023 and was required to pay back any tax abatements it improperly collected. Respondents did not do this, and, in fact, Begum was the one that notified

DOF of the reduction. *See* Exhibit OOO, at. 55–71, DRIE TAC Adjustment Application for Tenants.

210. Despite the rent being set at \$718.84 since March 1, 2023, Respondents have charged and collected \$726.19 from Begum. *See* Begum Rent Bills attached to the petition as Exhibit QQQ.

**b. Carmen Garrido**

211. Carmen Garrido is the tenant in apartment #3H and is covered by the second rent reduction order.

212. Accordingly, Garrido's rent is frozen at \$1,232.13 commencing September 1, 2023, which was the legal regulated rent in the lease prior to the effective date. *See* Garrido affidavit, ¶ 4; DHCR Rent Registration Printout for 140-60 Beech Avenue, Apt. 3H attached to the petition as Exhibit RRR.

213. Despite the rent reduction order, Respondents never charged Garrido the reduced rental amount or applied a rent credit to the monthly rent bill. *See* Garrido affidavit, ¶ 5. Instead, Garrido has been paying the amount in the lease and Respondents continue to overcharge Garrido. *Id.* at ¶¶ 6, 7.

**c. Gang Yong Cai**

214. Gang Yong Cai is the tenant in apartment #3J and is covered by both rent reduction orders.

215. Accordingly, Cai's rent is frozen at \$1,529.97 commencing March 1, 2023 which was the legal regulated rent in the lease prior to the effective date. *See* Cai 2022 Renewal Lease attached to the petition as Exhibit SSS; DHCR Rent Registration Printout for 140-60 Beech Avenue, Apt. 3J attached to the petition as Exhibit TTT.

216. Despite the rent being frozen at \$1,529.97, Respondents have been charging and collecting \$1630.95 per month, which is \$100.98 per month higher than allowed. *See* Cai Rent Bills attached to the petition as Exhibit UUU.

**d. Mohammad Sakhi**

217. Mohammad Sakhi is the tenant in apartment #4T and is covered by the first rent reduction order.

218. Accordingly, Sakhi's rent is frozen at \$1,595.17 commencing March 1, 2023, which was the legal regulated rent in the lease prior to the effective date. *See* Sakhi Renewal Lease attached to the petition as Exhibit VVV, DHCR Rent Registration Printout for 140-60 Beech Avenue, Apt. 4T attached to the petition as Exhibit WWW.

219. Despite the rent being frozen at \$1,595.17, Respondents have been charging and collecting \$1725.74, which is \$130.57 per month higher than allowed. *See* Sakhi August 2024 Rent Bill attached to the petition as Exhibit XXX.

220. When Sakhi stopped paying the illegal rent, Respondents served a 14 Day Rent Demand dated December 8, 2024. *See* Sakhi 14 Day Rent Demand attached as Exhibit YYY.

**4. 88-15 168<sup>th</sup> Street**

221. ORA issued a rent reduction order under docket number HM 110017 B for tenants at 88-15 168<sup>th</sup> Street, Jamaica, NY. *See* Rent Reduction Order Docket Number HM 110017 B attached to the petition as Exhibit ZZZ. The order was dated March 23, 2021 with an effective date of March 1, 2019 and temporarily reduced the collectable rent to the legal regulated rent in the lease prior to the effective date because Respondents failed to obtain DHCR approval for changing the front door lock to a lock that uses non-duplicable keys, changing the intercom without DHCR approval and removal of door person/security personnel. *Id.*

222. This order remains in effect.

223. Respondents have ignored these orders by overcharging tenants.

**a. Saleha Sattar**

224. Saleha Sattar is the tenant in apartment #5C and is covered by the rent reduction order.

225. On April 16, 2024, ORA issued a decision in an overcharge complaint filed by Sattar where ORA set the legal regulated rent at \$1,399.00. However, on page 4 of the calculation footnotes, ORA states, “the collectable rent is frozen at \$1,136.59 due to the rent reduction order.” *See* Sattar ORA Decision, Docket No. GO 110062 R attached to the petition as Exhibit AAAA. Accordingly, Sattar’s rent is frozen at \$1,136.59 commencing March 1, 2019. *Id.*

226. Despite the rent being frozen at \$1,136.59, Zara has ignored this determination and sought \$1,399.00 from Sattar in two separate litigations. First, Zara has sought \$1,399.00 per month from Sattar since at least January 1, 2020 as use and occupancy in a holdover under LT-319345-24/QU. *See* [NYSCEF Doc. No. 1](#).

227. In addition, Zara commenced a Supreme Court action against Satta seeking the same arrears. *See* 723023/24, [NYSCEF Doc. No. 3](#). To justify seeking \$1,399.00 per month as rent from January 1, 2020, Zara attached the ORA decision, Docket No. GO 110062 R without the calculation footnotes to make it appear as if ORA had set the collectable rent at \$1.399.00. *See* 723023/24, [NYSCEF Doc. No. 4](#). Incredibly, Zara is seeking a default judgment based on this misrepresentation to the court. *Id.* [NYSCEF Doc. No. 8](#).

**5. 150-11 88<sup>th</sup> Avenue**

228. ORA issued a rent reduction order under docket number HV 110016 B for a subset of tenants at 150-11 88<sup>th</sup> Avenue. *See* Rent Reduction Order Docket Number HV 110016

B attached to the petition as Exhibit BBBB. The order was dated February 5, 2021, with an effective date of December 1, 2019. It temporarily reduced the collectable rent to the legal regulated rent in the lease prior to the effective date because Respondents changed the locking mechanism of the front door without DHCR approval. *Id.*

229. This order remains in effect.

230. Respondents have ignored this order by overcharging tenants.

**a. Pierre Jeune**

231. Pierre Jeune is the tenant in apartment #3C and is covered by the rent reduction order.

232. Accordingly, Jeune's rent is frozen at \$928.41 commencing December 1, 2019 which was the legal regulated rent in the lease prior to the effective date. *See* Jeune 2017 Renewal Lease attached to the petition as Exhibit CCCC; DHCR Rent Registration Printout for 150-11 88th Street, Apt. 3C attached to the petition as Exhibit DDDD.

233. Despite the rent being frozen at \$928.41, Zara has charged and collected \$946.98 in November 2019 and December 2019, which is \$18.57 per month higher than allowed; \$1,007.79 in November 2022, which is \$79.38 per month higher than allowed; \$1,022.35 in January 2023, which is \$93.94 per month higher than allowed; \$1,081.35 in September 2023, which is \$152.94 per month higher than allowed; and \$1,118.48 in December 2023, December 2024 and January 2025, which is \$190.07 per month higher than allowed. *See* Juene Rent Bills attached to the petition as Exhibit EEEE. Upon information and belief, Zara has overcharged Jeune for the entire time the rent reduction order has been in effect.

**6. 88-05 171<sup>st</sup> Street**



234. ORA issued a rent reduction order under docket number GT 110022 B for tenants at 88-05 171 Street, Jamaica, NY. *See* Rent Reduction Order Docket Number GT 110022 B attached to the petition FFFF. The order was dated December 4, 2019, with an effective date of September 1, 2018. It temporarily reduced the collectable rent to the legal regulated rent in the lease prior to the effective date because Respondents modified the front door locks without first obtaining DHCR approval and failed to give mailbox keys to tenants. *Id.* Zara challenged that order through a PAR (HX 110131 RO), an Article 78 (Index No. 713784/2021), and an appeal, all of which upheld the original order.

235. On February 28, 2024, ORA issued an order under Docket number KV 110016 OR restoring the rent effective November 1, 2022 after Zara restored the services identified in the rent reduction order. *See* Rent Restoration Order Docket Number KV 110016 OR attached to the petition as Exhibit GGGG.

236. Respondents ignored these orders by overcharging tenants.

**a. Flory Arce**

237. Flory Arce is the tenant in apartment #3J and is covered by the rent reduction order.

238. Accordingly, Arce's rent was frozen at \$768.54 from September 1, 2018 through October 31, 2022, which was the legal regulated rent in the lease prior to the effective date. *See* Arce 2017 Renewal Lease attached to the petition as Exhibit HHHH; DHCR Rent Registration Printout for 88-05 171st Street, Apt. 3J attached to the petition as Exhibit IIII.<sup>5</sup>

---

<sup>5</sup> Ms. Arce was approved for SCRIE effective April 1, 2022; however, there was no rent increase between the lease prior to the effective date of the rent reduction order and the lease on the effective date, so there was no reduction in the rent frozen by SCRIE.

239. Despite the rent being frozen at \$768.54 from September 1, 2018 through October 31, 2022, Respondents charged and collected \$818.88 for January 2022 and March 2022, which is \$50.34 per month higher than allowed, and \$838.97 for June 2022, which is \$70.43 per month higher than allowed. *See* Arce Rent Bills attached to the petition as Exhibit JJJJ. Upon information and belief, Zara has overcharged Arce for the entire time the rent reduction order was in effect.

**b. Nadia Outar**

240. Nadia Outar is the tenant in apartment #5F and is covered by the rent reduction order.

241. Accordingly, Outar's rent was frozen at \$1,500.00 from September 1, 2018 through October 31, 2022, which was the preferential rent in the lease prior to the earliest effective date. *See* DHCR Rent Registration Printout for 88-05 171st Street, Apt. 5F attached to the petition as Exhibit KKKK.

242. Despite the rent being frozen at \$1,500.00 from September 1, 2018 through October 31, 2022, Zara charged and collected \$1,673.72 per month from November 2021 through April 2022, which is \$173.72 per month higher than allowed, and \$1,682.12 per month for May 2022, which is \$182.12 per month higher than allowed. *See* Outar Rent Bills attached as Exhibit LLLL. Upon information and belief, Zara has overcharged Outar for the entire time the rent reduction order was in effect.

**c. Richard Polanco**

243. Richard Polanco is the tenant in apartment #3G and is covered by the rent reduction order.

244. On October 16, 2018, ORA issued an order in an overcharge complaint by Polanco setting the legal regulated rent at \$936.11 per month through November 30, 2017. *See* Polanco ORA Order, Docket No. FV 110017 R attached to the petition as Exhibit MMMM. ORA ordered Zara to issue Polanco, within 30 days of the order, a proper lease renewal offer based on the legal regulated rent established in the order. *Id.* On October 29, 2019, ORA's decision was upheld through a PAR. *See* PAR, Docket No. GW 110029 RO attached as Exhibit MMMM.

245. Respondents failed to send Polanco a proper lease thereafter. *See* Polanco Leases 2017 - 2021 attached to the petition as Exhibit NNNN. Accordingly, Polanco's rent is frozen at \$936.11 from at least September 1, 2018 through November 1, 2022, which was the legal regulated rent prior to the effective date.

246. Despite the rent being frozen at \$936.11, Zara has charged and collected \$1,168.00 per month from January 2020 through November 2020, which is \$231.89 per month higher than allowed; \$976.47 per month from January 2021 through April 2021, which is \$40.36 per month higher than allowed; and \$1147.11 per month from November 2021 through March 2022, which is \$211.00 higher than what is allowed. *See* Polanco Rent attached to the petition as Exhibit OOOO. Upon information and belief, Zara has overcharged Polanco for the entire time the rent reduction order was in effect.

## **7. 94-25 57<sup>th</sup> Avenue**

247. ORA issued a modification of services order under docket number JP 110005 OD for tenants at 94-25 57<sup>th</sup> Avenue. *See* Modification of Services Order Docket Number JP 110005 OD attached to the petition as Exhibit PPPP. The order was dated September 8, 2022, with an effective date of October 1, 2022. It permanently reduced every tenant's legal regulated rent by

\$50.00 per month for a decrease in the lobby area. *Id.* The order was upheld after PAR under Docket No. KV 110008 RO. *See* Exhibit QQQQ.

248. ORA issued a rent reduction order under docket number GX 110018 B for a subset of tenants at 94-25 57<sup>th</sup> Avenue. *See* Rent Reduction Order Docket Number GX 110018 B attached to the petition as Exhibit RRRR. The order was dated December 4, 2019, with an effective date of February 1, 2019. It temporarily reduced the collectable rent to the legal regulated rent in the lease prior to the effective date because Zara changed the type of intercom system without prior approval of DHCR and also because there were ceiling tiles removed in the laundry room. *Id.*

249. ORA issued another rent reduction order under docket number HP 110012 B for a subset of tenants at 94-25 57<sup>th</sup> Avenue. *See* Rent Reduction Order Docket Number HP 110012 B attached to the petition as Exhibit SSSS. The order was dated January 3, 2022, with an effective date of May 1, 2019. It temporarily reduced the collectable rent to the legal regulated rent in the lease prior to the effective date because Zara changed the type of intercom system without prior approval of DHCR and also because Zara did not give keys to certain tenants after changing the locking mechanism. *Id.* As this order about the intercom overlapped with the previous order, it only applied to apartments that were not identified in the previous order

250. On December 13, 2021, ORA restored the rent under docket number JP 110014 OR with an effective date of May 1, 2021 for those tenants affected by the intercom under HP 110112 B. *See* Rent Restoration Order Docket Number JP 110014 OR attached to the petition as Exhibit TTTT. The rent was not restored for certain tenants who were not given keys to the front door. Respondents filed three restoration applications on the issue of keys that were denied (KS 110089 OR; JX 110098 OR; and KP 110003 OR).

251. On December 9, 2021, ORA restored the rent under docket number JP 110019 OR with an effective date of May 1, 2021 for those tenants affected by the intercom under GX 110018 B. *See* Rent Reduction Order Docket Number JP 110019 OR attached to the petition as Exhibit UUUU.

252. Respondents have ignored these orders by overcharging tenants.

**a. Cristian Rodriguez**

253. Christian Rodriguez is the tenant in apartment 3N and is covered by all three rent reduction orders.

254. Accordingly, Rodriguez's rent was frozen at \$1,519.35 from February 1, 2019 through October 31, 2019, which was the legal regulated rent in the lease prior to the earliest effective date. *See* DHCR Rent Registration Printout for 94-25 57th Avenue, Apt. 3N attached to the petition as Exhibit VVVV.

255. On November 1, 2019, Rodriguez's application for SCRIE was approved by DOF. *See* SCRIE Owner Approval Letter attached to the petition as Exhibit WWWW, at 11. Under the SCRIE program, any increases in Rodriguez's rent would be paid through a tax abatement issued to Zara by DOF.

256. The legal regulated rent at the time of the effective date of the rent reduction order was \$1,549.73 and the previous legal regulated rent was \$1,519.35, for a difference of \$30.38. *See* Exhibit UUUU.

257. Accordingly, as of November 1, 2019, Rodriguez's payable rent through SCRIE should have been reduced by Zara to \$1,488.97 through May 1, 2021.

258. On October 1, 2022, the rent was permanently reduced by \$50.00 to \$1499.73 and remains frozen at this level.

259. Zara was precluded from collecting any increases in the tax abatement from DOF from November 1, 2019 through May 1, 2021 and was required to pay back any tax abatements it improperly collected. Upon information and belief, Zara kept all tax abatements based on improper rent increases. *See* Exhibit VVVV, at 3–6, Tenant Application Details.

260. Despite the rent being reduced, Zara has improperly charged and collected rent at \$1,549.73 from at least 2020. *See* Rodriguez Rent Bills attached to the petition as Exhibit WWW. Upon information and belief, Zara has continuously overcharged Rodriguez since February 1, 2019.

### **CAUSES OF ACTION**

#### **FIRST CAUSE OF ACTION**

#### **VIOLATIONS OF 9 N.Y.C.R.R. §§ 2525.1, 2521.2(d), and 2523.4(a): DEMANDING AND RECEIVING EXCESS RENT (OVERCHARGE)**

261. Petitioner DHCR repeats and re-alleges paragraphs 1 through 260 and incorporates them by reference herein.

262. Rent Stabilization Law § 26-516(e) and Rent Stabilization Code § 2526.3 authorize Petitioner DHCR to commence a proceeding in Supreme Court to enjoin violations of the Rent Stabilization Law and Rent Stabilization Code.

263. Respondents have repeatedly violated, and are continuing to violate, 9 N.Y.C.R.R. § 2525.1 by demanding and receiving rent in excess of the legal regulated rent from tenants of rent-stabilized housing accommodations (overcharge).

264. Respondents have repeatedly violated, and are continuing to violate, 9 N.Y.C.R.R. § 2522.1 by unlawfully increasing rent in excess of the preferential rent from tenants of rent-stabilized housing accommodations.

265. Respondents have repeatedly violated, and are continuing to violate, 9 N.Y.C.R.R. [§ 2523.4](#) by unlawfully collecting rent for rent-stabilized housing accommodations where DHCR has issued orders reducing the legal regulated rent and barring respondents from applying for or collecting any further increases in rent.

266. Respondents have willfully and knowingly demanded and collected rents in excess of the legal regulated rents, preferential rents, and reduced rents from tenants of the subject apartments.

267. Petitioner DHCR is entitled to an injunction barring the Respondents from overcharging tenants, including by violating 9 N.Y.C.R.R. [§§ 2525.1](#), [2522.1](#) and [2523.4](#) by demanding and receiving rent in excess of the legal regulated rent, preferential rent or reduced rent for the subject apartments.

268. Respondents are liable for damages equivalent to treble the amount of overcharges collected. [9 N.Y.C.R.R. § 2526.7\(i\)](#).

**SECOND CAUSE OF ACTION  
VIOLATION OF [EXECUTIVE LAW § 63\(12\)](#):  
REPEATED AND PERSISTENT ILLEGAL ACTS**

269. Petitioner OAG repeats and re-alleges paragraphs 1 through 260 and incorporates them by reference herein.

270. [New York Executive Law § 63\(12\)](#) authorizes the Attorney General to bring an action when any person or entity engages in repeated illegal acts or persistent illegality in the conducting of business.

271. Respondents have engaged in repeated illegal acts and persistent illegality by violating each and every provision of the RSC and RSL described in paragraphs 1 through 260 of this petition, including but not limited to 9 N.Y.C.R.R. [§§ 2525.1](#), [2521.2](#), and [2523.4](#) and [RSL §](#)

26-517 by willfully and knowingly demanding and collecting rents in excess of the legal regulated rents, preferential rents, and reduced rents from tenants of the subject apartments.

272. By engaging in repeated conduct that violated the RSC and RSL, Respondents have engaged in repeated and persistent illegal conduct in violation of Executive Law § 63(12).

**THIRD CAUSE OF ACTION  
VIOLATION OF EXECUTIVE LAW § 63(12):  
FRAUDULENT BUSINESS PRACTICES**

273. Petitioner OAG repeats and re-alleges paragraphs 1 through 260 and incorporates them by reference herein.

274. New York Law Executive Law § 63(12) authorizes the Attorney General to bring an action when any person or entity engages in repeated and persistent fraud in the carrying on, conducting, or transaction of business.

275. Respondents have engaged in repeated and persistent fraud by engaging in the acts and practices described in paragraphs 1 through 260 of this petition.

276. These fraudulent acts include, but are not limited to: (a) preparing and offering leases to tenants containing false rents; (b) making false claims to DSS as to the legal regulated rents of their apartments; (c) falsely representing to courts that tenants owe rents that they do not owe; and (d) accepting and/or failing to return amounts of tax abatements in excess of that allowed under the SCRIE and DRIE programs.

**PRAYER FOR RELIEF**

**WHEREFORE**, Petitioners requests an order and judgment:

1. Permanently enjoining the Respondents from engaging in the fraudulent, and illegal conduct alleged in this petition, including violating the Rent Stabilization laws and Executive Law § 63(12);



2. Directing Respondents to conduct an accounting to identify all rent-stabilized tenants in every building owned by them who have been overcharged by the methods described in this petition. To the extent Respondents are unable or incapable of performing such an accounting, directing Respondents to hire an accounting firm or other appropriate entity approved by Petitioners to conduct the accounting;
3. Directing Respondents to pay every current rent-stabilized tenant who was overcharged a penalty equal to three times the amount of such overcharge;
4. Directing Respondents to pay every past rent-stabilized tenant who was overcharged a penalty equal to three times the amount of such overcharge, which includes making diligent efforts to locate prior tenants. If Respondents are unable to find such tenants, directing them to disgorge these ill-gotten gains to Petitioners to be distributed to the Affordable Housing-AG Settlement Fund established by the City of New York Department of Housing Preservation and Development for the purpose of remediating the impact of the conduct described herein on the affected communities;
5. To the extent not covered by paragraphs 3 and 4 above, directing restitution, and other such equitable relief as may be necessary to redress the Respondents' fraudulent and illegal practices, including repaying DOF and DSS for any overcharges or unlawfully collected tax abatements;
6. Directing Respondents to undertake each of the following remedial actions:
  - a. Immediately set the legal regulated rent for each apartment subject to this petition at the last legal regulated rent registered with DHCR;

- b. Provide current tenants of the apartments subject to this Petition with the option to sign rent-stabilized leases and approved riders at the new legal regulated rents;
  - c. Amend all DHCR rent registrations to reflect the new legal regulated rents for each apartment subject to this Petition, and provide tenants receipts of the amended registration;
7. Imposing a penalty of \$250.00 for each individual violation of the Rent Stabilization Law or Rent Stabilization Code by Respondents pursuant to Rent Stabilization [Code § 2526.2\(b\)](#); and
8. Granting such other and further relief as the Court deems just and proper.

New York, NY  
August 4, 2025

Respectfully submitted,  
LETITIA JAMES  
Attorney General of New York

By  \_\_\_\_\_

BRENT MELTZER  
Chief, Housing Protection Unit  
OFFICE OF THE NEW YORK STATE  
ATTORNEY GENERAL  
28 Liberty Street  
New York, NY 10005

VERIFICATION

STATE OF NEW YORK )  
) ss.:  
COUNTY OF NEW YORK )

BRENT MELTZER, an attorney admitted to practice before the courts of the State of New York, hereby affirms this 6<sup>th</sup> day of August, 2025, under the penalties of perjury under the laws of New York, which may include a fine or imprisonment, that the foregoing is true, and I understand that this document may be filed in an action or proceeding in a court of law.

I am an Assistant Attorney General in the office of Letitia James, Attorney General of the State of New York, and am duly authorized to make this verification.

2. I have read the foregoing petition and know the contents thereof, which are to my knowledge true, except as to matters stated to be alleged on information and belief, and as to those matters, I believe them to be true. The grounds for my beliefs as to all matters stated upon information and belief are investigatory materials contained in the files of the Housing Protect Unit in the Office of the New York State Attorney General.

3. The reason this verification is not made by the Petitioner is that the Petitioner is a body politic and the Attorney General is its duly authorized representative.



Brent Meltzer