



STATE OF NEW YORK  
OFFICE OF THE ATTORNEY GENERAL

ANDREW M. CUOMO  
ATTORNEY GENERAL

DIVISION OF SOCIAL JUSTICE  
CIVIL RIGHTS BUREAU

January 28, 2010

BY CERTIFIED MAIL

Mr. Neil Rubler, President  
Vantage Properties, LLC, and  
Vantage Management Services, LLC  
750 Lexington Avenue, 17<sup>th</sup> Floor  
New York, New York 10022

Dear Mr. Rubler:

You are hereby notified that the Attorney General intends to commence litigation against Vantage Properties, LLC, Vantage Management Services, LLC, and their affiliated entities (collectively "Vantage") pursuant to New York State Executive Law § 63(12), New York General Business Law § 349, New York City Administrative Code § 27-2005, and New York City Rent Stabilization Code, Section 9 N.Y.C.R.R. 2525.5 to enjoin unlawful deceptive and harassing practices in which Vantage has engaged and continues to engage, and to obtain additional injunctive relief, penalties, compensatory and punitive damages and such other relief as the Court may deem just and proper.

The Attorney General commenced an investigation after receiving complaints from tenants, legal service providers, community groups, and elected officials alleging that Vantage engaged in systemic tenant harassment conducted with the intent to force tenants out of their rent-regulated apartments so that Vantage could impose significant rent increases. Since March 2006, Vantage has purchased more than 125 buildings containing over 9,500 apartments – almost all of which are rent-regulated – throughout Queens, Harlem and Washington Heights. The Attorney General found evidence that Vantage engaged in unlawful business practices.

The investigation found that a major component of Vantage's business and management strategy is to generate substantial tenant turnover by serving Golub notices and commencing eviction proceedings against rent-regulated tenants. Once units become

vacant, Vantage's business plans call for massive renovations, which allow Vantage to charge substantially higher rents under applicable rent regulations. Vantage's business plans refer to this strategy of removing tenants from rent-regulated apartments to convert them to market rate apartments as the company's "Golub program." Vantage's business plans highlight its Golub program as a means of generating tenant turnover. As reflected in Vantage's annual reports to investors and business plans, Vantage's business goals are to "generate unit turnover through active management of the Golub program and other legal efforts." Some of the business plans and annual reports projected annual turnover rates that greatly exceed city wide averages for comparable apartments. In fact, one of Vantage's business plans expressly states "[o]ur legal efforts are starting to bear fruit and rent prices continue to exceed plan, all contributing to what should be a strong year to come."

The profitability of Vantage's residential properties largely depends on its ability to use the service of Golub notices and other legal means to generate tenant turnover. Vantage's ability to satisfy its projected profits largely depends on its ability to evict rent-regulated tenants and raise rents to market levels. As a result, Vantage aggressively attempted to force out long term tenants by serving baseless legal notices and commencing frivolous Housing Court eviction proceedings.

The investigation revealed that Vantage often failed to exercise due diligence prior to serving tenants with Golub notices or other legal termination notices. Vantage often commenced Housing Court proceedings seeking to evict tenants from homes in which they had lived for decades based on little more than database reports, which were often incorrect, or contradicted by other evidence in Vantage's possession.

For example, one senior citizen tenant lived in her apartment for approximately 20 years without incident. The public database report indicated that she resided at that residence, which also served as her address for voter registration purposes. After Vantage purchased the building she lived in, it stopped accepting her checks and issued a notice to commence eviction proceedings against her. The tenant visited Vantage's office and provided proof of residency. Vantage ignored the evidence and continued with legal proceedings to remove her from her apartment. Only after the tenant contacted public agencies and elected officials did Vantage issue a renewal lease. As a senior citizen, the tenant suffered not only a mental and pecuniary hardship, but a physical one as well. The legal notice and subsequent eviction proceeding commenced against the tenant was premised on false and deceptive allegations.

In another example, a tenant was subject to three baseless Housing Court eviction proceedings. First, Vantage claimed that the tenant owed rent when in fact none was owed. The second proceeding was a holdover proceeding based on non-primary residency. The Division of Housing and Community Renewal found that the tenant was legally entitled to the apartment and ordered Vantage to give him a renewal lease. The third case was another nonpayment proceeding and once again the tenant did not owe any money and had proof of payment. The tenant was never sued by his prior landlord of

fourteen years, while Vantage sued him three separate times in one year. The tenant suffered emotional harm and loss of wages due to Vantage's actions.

Indeed, the Attorney General's office review of Vantage's tenant files revealed a systemic pattern of harassment, including the following tactics:

- a. Vantage served Golub notices on all tenants in an apartment even though the database reports indicated that only one tenant had vacated the apartment, while the other tenant lived in the unit and had tenancy rights. The notice would fraudulently claim that all tenants were not using the subject apartment as their primary residency and needed to vacate the apartment in 90 days;
- b. Vantage served Golub notices falsely alleging that tenants resided at alternative addresses and demanding that tenants vacate the premises in 90 days, when the alternative addresses were in fact the tenants' addresses prior to moving into the Vantage property. Such notices were served despite Vantage's possession of the accurate information in tenant files, as well as public database reports.
- c. Vantage served termination notices on tenants with known succession rights to an apartment, falsely telling such tenants that they did not have a right to remain in their apartment; and
- d. Vantage served tenants with Golub notices that were facially legally deficient because they failed to specify the basis for Vantage's allegation that the tenant did not use the Vantage apartment as his or her primary residency in violation of Rent Stabilization Code, 9 N.Y.C.R.R. 2524.2.

Some tenants who received Golub notices or were subsequently subject to baseless Housing Court eviction proceedings may have vacated their rent-regulated apartments even though they had a legal right to remain there as a result of receiving a legal notice or subject to an eviction proceeding.

To summarize, the Attorney General's investigation revealed that Vantage has engaged in the following unlawful conduct:

- Made false, deceptive and misleading representations to their rent regulated tenants in verbal and written communications, including termination notices, Golub notices, rent demands and Housing Court petitions in violation of the New York State Executive Law § 63(12) and New York Consumer Protection Law, New York General Business Law Article 22-A, § 349;
- Engaged in harassing conduct intended to cause rent regulated tenants to vacate their apartments by sending tenants pre-litigation notices containing

false and baseless allegations, commencing frivolous and baseless eviction proceedings, and refusing to offer renewal leases to qualified tenants in violation of the New York City Housing Maintenance Code § 27-2005 and the New York City Rent Stabilization Code, 9 N.Y.C.R.R. § 2525.2; and

- Provided inadequate janitorial services in violation of the Housing Maintenance Code, New York City Administrative Code §§ 27-2053, 27-2054.

Vantage's deceptive and harassing practices at issue have harmed and will continue to harm all New York City residents by displacing long-time tenants from their homes, accelerating the loss of affordable housing, and destabilizing communities. The Attorney General has an interest in protecting tenants from landlord harassment and preventing the serious threats to health, safety and general welfare caused from violations of laws designed to protect tenants.

Please be advised that, pursuant to Section 22-A of the General Business Law, Vantage is hereby afforded the opportunity to show, within five business days after receipt of this notice, why such proceeding should not be instituted. Thank you in advance for your cooperation. If you have any questions, please feel free to have your attorney call me at (212) 416-8252.

Sincerely,

A handwritten signature in black ink, appearing to read 'ADM', with a long horizontal stroke extending to the right.

Alphonso B. David  
Bureau Chief, Civil Rights Bureau  
Office of the New York Attorney General

cc: Orin Snyder, Esq.