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8 Attorneys for Plaintiffs

9 SUPERIOR COURT OF THE STATE OF CALIFORNIA
10 COUNTY OF SAN MATEO

11
12 Eric Oberle, Shery Scott, Matthew Fremont, and
13 Natan Ben Yonatan on behalf of themselves and
14 all others similarly situated,

15 Plaintiffs,

16 v.

17 Page Mill Properties, LLC, David A. Taran,
18 Page Mill Management, LLC, Woodland Park
19 Management, LLC, 1643 Woodland, LLC, 1703
20 Woodland, LLC, 1807 Woodland Ave, LLC,
21 1823 Woodland Ave, LLC, 1835 Woodland
22 Ave, LLC, 1839 Woodland, LLC, 1851
23 Woodland Ave, LLC, 1859 Woodland Ave,
24 LLC, 2020 Dumbarton, LLC, 1848 Clarke, LLC,
25 1986 Euclid, LLC, 2036 Euclid, LLC, 2040
26 Euclid, LLC, 1995 Manhattan, LLC, 655
27 Scofield, LLC, 1909 Cooley, LLC, 504
28 O'Connor, LLC, DOES 1-250, inclusive,

Defendants.

Case No. CIV 478796

CLASS ACTION

NOTICE OF ENTRY OF ORDER

Dept.: 7

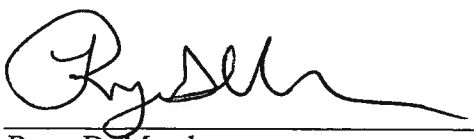
Judge: Hon. Steven Dylina

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PLEASE TAKE NOTICE that, on September 28, 2009, the Court issued an order
GRANTING Plaintiffs' Motion for Preliminary Injunction. A true and correct copy of Judge
Dylina's order is attached hereto as Exhibit A.

Date: September 14, 2009

HOGAN & HARTSON LLP

By: 

Ryan D. Marsh

Attorneys for Plaintiffs

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PROOF OF SERVICE

I, Dina Lewis, declare that I am over the age of eighteen years and I am not a party to this action. My business address is 525 University Avenue, 4th Floor, Palo Alto, California, 94301.

On October 1, 2009, I served the following document(s) on the interested parties in this action:

• **NOTICE OF ENTRY OF ORDER**

Andrew Zacks, Esq.
James B. Kraus, Esq.
Zacks Utrecht & Leadbetter PC
235 Montgomery St, Suite 400
San Francisco, CA 94104

Christine W. Griffith
Ivo Keller
Ellman Burke Hoffman & Johnson, APC
601 California St, Fl 19
San Francisco, CA 94108

James Hartnett
Charles J. Smith
Hartnett Smith & Associates
777 Marshall St
Redwood City, CA 94063

BY UNITED STATES MAIL: I caused such sealed envelopes addressed as indicated above to be delivered to the above parties by placing the envelopes for collection and mailing, following our ordinary business practices. I am readily familiar with this business' practice for collecting and processing correspondence for mailing. On the same day that correspondence is placed for collection and mailing, it is deposited in the ordinary course of business with the **United States Postal Service**, in a sealed envelope with postage fully prepaid..

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct, that this declaration is executed on October 1, 2009, at Palo Alto, California; and that I am employed in the office of a member of the bar of this Court at whose direction the service was made.


Dina Lewis

Exhibit A

1 ROBERT B. HAWK (Bar No. 118054)
2 RYAN D. MARSH (Bar No. 237259)
3 HOGAN & HARTSON L.L.P.
4 525 University Avenue, 4th Floor
5 Palo Alto, California 94301
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8 Attorneys for Plaintiffs

ENDORSED FILED
SAN MATEO COUNTY

SEP 28 2009

Clerk of the Superior Court
By Zarina Arshad
DEPUTY CLERK

9 SUPERIOR COURT OF THE STATE OF CALIFORNIA

10 COUNTY OF SAN MATEO

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Defendants.

Case No. CIV 478796

CLASS ACTION

**ORDER GRANTING PLAINTIFFS'
MOTION FOR PRELIMINARY
INJUNCTION**

Date: September 1, 2009

Time: 9:00 a.m.

Dept.: Dept. 7, courtroom H, 800 North
Humboldt Street, San Mateo

Judge: Hon. Steven Dylina

Exhibit A

1 Plaintiffs' Motion for Preliminary Injunction came on for hearing at 9:00 a.m. on
2 September 1, 2009, in Department 7 of this Court, The Honorable Steven Dylina presiding.
3 Robert B. Hawk and Ryan D. Marsh of Hogan & Hartson LLP, appeared on behalf of plaintiffs.
4 Christine Griffith and Ivo Keller of Ellman Burke Hoffman & Johnson appeared on behalf of all
5 defendants except David Taran. Andrew Zacks of Zacks & Utrecht, P.C. appeared on behalf of
6 defendant David Taran. Having carefully reviewed the evidence, authority, and arguments
7 submitted by the parties, it is the ruling of this Court that:

8 (1) Plaintiffs' and Defendants' unopposed requests for judicial notice submitted in
9 connection with Plaintiffs' Motion for Preliminary Injunction are hereby GRANTED, pursuant to
10 Cal. Evid. Code §§ 452(b), (c), (d), (h) and 453.

11 (2) Defendants' objections to Plaintiffs' evidence are OVERRULED, except as to the
12 following (in which case they are SUSTAINED): Stauffer Decl. No. 5; Zellers Decl. Nos. 3, 4;
13 Castillo Decl. Nos. 3, 4, 6; Coffman Decl. Nos. 2, 3, 4; Kermode Decl. Nos. 13, 14, 15; and Lund
14 Decl. No. 3.

15 (3) Plaintiffs' Motion for Preliminary Injunction is hereby GRANTED. Pursuant to
16 C.C.P. § 526, Bus. & Prof. Code § 17203, and § 15 of the East Palo Alto Rent Stabilization
17 Ordinance ("RSO"), the LLC Defendants, their directors, officers, employees, members, agents,
18 or any others charged with managing and/or collecting rent for properties owned by the LLC
19 Defendants, including any receiver appointed in *Wachovia Bank v. Old York Financial Services,*
20 *LLC*, San Mateo Superior Case No. CIV487665, are hereby enjoined from: (1) collecting or
21 enforcing any rent increases imposed on Plaintiffs and other tenants living in properties owned by
22 the LLC Defendants since they took ownership of the properties; and (2) imposing additional rent
23 increases on Plaintiffs and other such tenants during the pendency of the litigation. If Defendants
24 or any others charged with managing and/or collecting rent for properties owned by the LLC
25 Defendants in the future take the necessary steps to comply with the RSO, including registering
26 the properties at issue and paying applicable registration fees pursuant to § 8 of the RSO, nothing
27 in this injunction shall prevent future adjustment rents consistent with the RSO and other

Exhibit A

1 applicable law, based on the rent being charged at the time Defendants took ownership of the
2 property.

3 Plaintiffs have shown a “reasonable probability” they will prevail on the merits on the
4 basis that the RSO applies to Defendants as alter egos of one another. First, California law
5 applies; Defendants have not demonstrated that the internal affairs doctrine (Cal. Corp. Code
6 §17450(a)) applies to this case or, under a conflict of laws governmental interest analysis, that
7 Delaware and California law on alter ego liability materially differ. *See Frontier Oil Corp. v. RLI*
8 *Ins., Co.* (2007) 153 Cal.App.4th 1436, 1465. Second, Plaintiffs have submitted substantial
9 evidence to show that there is such a “unity of interest and ownership”; that the separate
10 personalities “do not in reality exist”; in particular they submitted evidence showing that the LLC
11 Defendants have been used as instrumentalities or conduits for a single enterprise; that they are
12 controlled by common owners; are dependent upon contributions by a common member; that they
13 share the same offices, lawyers, employees and assets; and they hold themselves out as liable for
14 each others’ liabilities by virtue of a global loan. *See Sonora Diamond Corp. v. Superior Court*
15 (2000) 83 Cal.App.4th 523, 538-39. That the creation and use of single purpose LLCs and a
16 common manager is common in the real estate industry does not speak to whether they operated
17 in this case so as to establish a unity of interest. Third, Plaintiffs have shown that there will be
18 “an inequitable result” if the entities are treated separately for the purpose of applying the RSO.
19 *See RSO § 3; Say & Say v. Ebershoff* (1993) 20 Cal.App.4th 1759, 1768 (explaining that the
20 strength of the policy behind the statute is a factor in analyzing alter ego in the context of a
21 statutory provision). That there are legitimate purposes for the way Defendants are organized
22 does not preclude a finding that with respect to the RSO it would be inequitable to recognize
23 Defendants’ separate existence. *See Mesler v. Bragg Management Co.* (1985) 39 Cal.3d 290,
24 300-01 (issue is not whether corporation is alter ego for all purposes or “whether the very purpose
25 of the organization of the corporation was to defraud the individual” but rather whether in the
26 particular case justice and equity can best be accomplished and fraud and unfairness defeated by a
27 disregard of the distinct entity of the corporate form).

28 And, Plaintiffs have also shown that they will face interim irreparable harm if Defendants

Exhibit A

1 are not enjoined and that the balance of hardships weighs strongly in favor of Plaintiffs.

2 And, Plaintiffs have demonstrated that legal and administrative remedies are insufficient.
3 *See Action Apartment Ass'n. v. Santa Monica Rent Control Bd.* (2001) 94 Cal.App.4th 587, 615.

4 Pursuant to Cal. Civ. Proc. Code § 995.240, Plaintiffs shall not be required to post an
5 undertaking under Cal. Civ. Proc. Code § 529(a) before the preliminary injunction set forth herein
6 goes into effect.

7 IT IS SO ORDERED.

8
9 Date: **SEP 28 2009**

JUDGE STEVEN L. DYLINE

10 The Honorable Steven Dylina
11 Judge, Superior Court of California

12
13
14 Approved as to form:

15
16 _____
Attorneys for Defendants