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SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF KINGS

----- X
: JEROME DAVID, TIMOTHY ASKEW, and :
: TERRENCE SKEETE, individually and on behalf :
: of all other persons similarly situated, :
: :
: Plaintiffs, :
: :
: - against - :
: :
: #1 MARKETING SERVICE, INC., R Y B :
: REALTY LLC, TOP OF THE HOB, INC., 85 :
: M.A., INC., YURY BAUMBLIT, RIMMA :
: BAUMBLIT, ELITA GERSHENGORN, BTYSG :
: LLC, VISHNU BANDHU, 212 :
: ENTERTAINMENT LTD., MP STANHOPE LLC, :
: and 85 KINGSTON LLC, :
: Defendants. :
: :
: ----- X

Plaintiffs,

- against -

#1 MARKETING SERVICE, INC., R Y B
REALTY LLC, TOP OF THE HOB, INC., 85
M.A., INC., YURY BAUMBLIT, RIMMA
BAUMBLIT, ELITA GERSHENGORN, BTYSG
LLC, VISHNU BANDHU, 212
ENTERTAINMENT LTD., MP STANHOPE LLC,
and 85 KINGSTON LLC,
Defendants.

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KINGS COUNTY CLERK
FEE EXEMPT

Index No. 30238/10

SUMMONS

Plaintiffs designate Kings County as the
place for trial

The basis for venue is Defendants' &
Plaintiffs' residence in Kings County

TO THE ABOVE NAMED DEFENDANTS:

You are hereby summoned to answer the Complaint in this action and to serve a copy of your Answer, or, if the Complaint is not served with this Summons, to serve a Notice of Appearance, on Plaintiffs' Attorneys within 20 days after the service of this Summons, exclusive of the day of service (or within 30 days after the service is complete if this Summons is not personally delivered to you within the State of New York). In the case of your failure to appear or answer, judgment will be taken against you by default for the relief demanded in the Complaint.

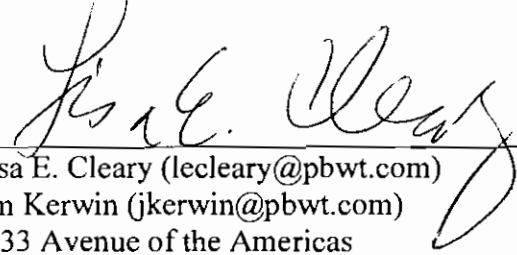
The basis of the venue designated is Defendants' and Plaintiffs' residence in Kings County.

**COUNTY CLERK - KINGS COUNTY
FEE EXEMPT PURSUANT
TO 1101(E)
NON-PROFIT**

Dated: New York, New York
December 13, 2010

Respectfully submitted,

PATTERSON BELKNAP WEBB & TYLER LLP



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SUPREME COURT OF THE CITY OF NEW YORK
 COUNTY OF KINGS

-----X

JEROME DAVID, TIMOTHY ASKEW, and
 TERRENCE SKEETE, individually and on behalf
 of all other persons similarly situated,

Plaintiffs

-against-

#1 MARKETING SERVICE, INC., R Y B
 REALTY LLC, TOP OF THE HOB, INC., 85
 M.A., INC., YURY BAUMBLIT, RIMMA
 BAUMBLIT, ELITA GERSHENGORN, BTYSG
 LLC, VISHNU BANDHU, 212
 ENTERTAINMENT LTD., MP STANHOPE LLC,
 and 85 KINGSTON LLC,

Defendants.

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Index No. 30238/10

CLASS ACTION
 COMPLAINT FOR
 DAMAGES AND
 DECLARATORY AND
 INJUNCTIVE RELIEF

Plaintiffs, by their attorneys Patterson Belknap Webb & Tyler LLP and MFY
 Legal Services, Inc., as and for their Complaint against the Defendants, allege as follows:

PRELIMINARY STATEMENT

1. A rapidly-growing and highly-profitable industry has emerged over the past several years that exploits the lack of affordable housing for people of limited income. Targeting people with disabilities and histories of substance abuse, as well as those living in shelters or re-entering the community after serving time in prison or jail, a number of companies have begun peddling a new form of housing called alternatively “three-quarter houses,” “transitional housing programs,” or “sober houses” (hereinafter “three-quarter houses” or “transitional housing programs”).

2. Cynically masquerading as, and riding the coattails of, long-established systems of supportive housing that assist people with disabilities and halfway houses that provide support to people struggling to kick their habits, the owners of three-quarter houses falsely claim to provide similar “programs” of housing and support services. Deceived by these claims, residents of three-quarter houses commit their personal incomes or housing allowances only to find themselves living in abject and overcrowded conditions with no support services on site. Instead, residents are subjected to overcrowded and unsafe living conditions, continuous harassment and threats, are required to travel to outpatient substance abuse programs five days a week—regardless of whether they require such services or not—and are immediately evicted with nowhere to go as soon as they complete “treatment” and become less profitable. All the while, the three-quarter house proprietors collect significant revenue by exhausting the meager resources of their “clients.”

3. This class action lawsuit is brought by current, former, and future tenants of three-quarter houses owned and operated by Defendants who used false statements and misrepresentations that they would provide, *inter alia*, substance abuse counseling, social work services, referrals to vocational programs, and assistance obtaining permanent housing to recruit Plaintiffs and other class members (collectively “Plaintiffs”) to reside in their houses. In fact, none of the promised services were provided. Instead, after the Plaintiffs were recruited to the houses, Defendants required them to sign unconscionable contracts of adhesion containing purported waivers of their tenancy rights, provided substandard and overcrowded housing with poor conditions, and subjected Plaintiffs to continuous threats, harassment and unlawful evictions.

4. Plaintiffs bring claims under General Business Law § 349 and seek declaratory and injunctive relief to enjoin Defendants from their deceptive practices.

5. Plaintiffs also bring claims under Sections 27-2005(d) and 26-521 of the New York City Administrative Code, which prohibit landlord harassment of tenants and unlawful evictions. Plaintiffs seek declaratory and injunctive relief to prohibit Defendants from engaging in such conduct.

6. Plaintiffs seek a declaration, pursuant to CPLR § 3001, that Defendants required Plaintiffs to sign unconscionable contracts of adhesion and that such agreements are void and unenforceable, and seek an injunction preventing Defendants from ejecting Plaintiffs from their dwellings during daytime hours, from failing to provide them with keys to their dwellings, from evicting them without due process, and from otherwise enforcing unconscionable waivers of Plaintiffs' rights.

7. Plaintiffs seek a declaration, pursuant to CPLR § 3001, that Defendants have created illusory tenancies in rent stabilized buildings at 42 Christopher Avenue, Brooklyn, NY; 44 Christopher Avenue, Brooklyn, NY; 343 Miller Avenue, Brooklyn, NY; 345 Miller Avenue, Brooklyn, NY; 347 Miller Avenue, Brooklyn, NY; 85 Kingston Avenue, Brooklyn, NY; 24 Suydam Place, Brooklyn, NY; 647 Rutland Road, Brooklyn, NY; and 649 Rutland Road, Brooklyn, NY and other locations, and that Plaintiffs who reside in said buildings are therefore entitled to leases in their own names. Plaintiffs also seek to enjoin Defendants from operating this illegal scheme to evade rent regulation.

8. Venue lies in this county pursuant to New York CPLR § 503(a) because one or more the parties resides in this county.

PARTIES

9. Plaintiff Mr. Jerome David is forty-eight (48) years old and resides in a three-quarter house at 42 Christopher Avenue, Brooklyn, New York, 11212.

10. Plaintiff Mr. Timothy Askew is fifty (50) years old and resides in a three-quarter house at 42 Christopher Avenue, Brooklyn, NY, 11212.

11. Plaintiff Mr. Terrence Skeete is sixty-three (63) years old and resides in a three-quarter house at 144-01 Lakewood Avenue, Jamaica, New York, 11435.

12. Defendant #1 Marketing Service, Inc. is a domestic business corporation registered under the laws of the State of New York.

13. Defendant R Y B Realty LLC is a limited liability corporation operating under the laws of the State of New York and is also known as RYB Realty LLC (hereinafter "RYB Realty").

14. Defendant Top of the Hob, Inc. is a domestic business corporation registered under the laws of the State of New York.

15. Upon information and belief, Top of the Hob, Inc. is a predecessor in interest to #1 Marketing Service Inc. and RYB Realty.

16. Defendant 85 M.A., Inc. is a domestic business corporation registered under the laws of the State of New York.

17. Upon information and belief, Defendant Yury Baumblit is and was an owner, manager, principal, agent, and/or employee of each of the above-named Defendant entities.

18. Upon information and belief, Defendant Rimma Baumblit is and was an owner, manager, principal, agent, and/or employee of each of the above-named

Defendant entities, including chairman and/or chief executive officer of #1 Marketing Service, Inc.

19. Upon information and belief, Defendant Elita Gershengorn is and was a manager, principal, agent, and/or employee of each of the above-named Defendant entities.

20. For ease of reference, Defendants #1 Marketing Service, Inc., Top of the Hob, Inc., RYB Realty, 85 M.A., Inc, Yury Baumblyt, Rimma Baumblyt and Elita Gershengorn may be referred to collectively in this complaint as the “RYB Defendants.”

21. As explained more fully below, the RYB Defendants manage and/or managed numerous three-quarter houses in which Plaintiffs and similarly-situated individuals reside and/or resided.

22. Defendant BTYSG, LLC owns 42 Christopher Avenue and 44 Christopher Avenue, Brooklyn, New York.

23. BTYSG, LLC entered a lease for 42 - 44 Christopher Avenue with RYB Realty LLC in May 2009 for a term of three years.

24. Defendant Vishnu Bandhu owns 343, 345 and 347 Miller Avenue, Brooklyn, New York.

25. Defendant Vishnu Bandhu entered a lease for 347 Miller Avenue, Brooklyn, New York with Defendant #1 Marketing Services for a term of two years in December 2007.

26. Upon information and belief, Defendant Vishnu Bandhu entered leases for 343 and 345 Miller Avenue, Brooklyn, New York, with RYB Realty LLC, #1 Marketing Service, Inc. or other entities controlled by Defendants Yury Baumblyt, Rimma Baumblyt

and/or the other RYB Defendants for terms beginning in or around 2007 and ending in or around 2009 or 2010.

27. Defendant 212 Entertainment, Inc. owns 647 and 649 Rutland Road, Brooklyn, New York.

28. Upon information and belief, 212 Entertainment, Inc. entered leases for 647 and 649 Rutland Road with to RYB Realty LLC or #1 Marketing, Inc. or other entities controlled by Defendants Yury BaumbLit, Rimma BaumbLit and/or the other RYB Defendants beginning in or around 2008.

29. Defendant MP Stanhope LLC owns 24 Suydam Place, Brooklyn, New York.

30. Upon information and belief, RYB Realty, #1 Marketing, Inc. or other entities controlled by Defendants Yury BaumbLit, Rimma BaumbLit and/or the other RYB Defendants Lease 24 Suydam Place from MP Stanhope LLC.

31. Defendant 85 Kingston LLC owns 85 Kingston Avenue, Brooklyn, New York.

32. Upon information and belief, 85 Kingston LLC entered into a lease for 85 Kingston with 85 M.A., Inc. or other entities controlled by Defendants Yury BaumbLit, Rimma BaumbLit and/or the other RYB Defendants in or around 2008.

33. For ease of reference Defendants BTYSG LLC, Vishnu Bandhu, 212 Entertainment Ltd., MP Stanhope LLC, and 85 Kingston LLC may be collectively referred to in this complaint as the "Landlord Defendants."

CLASS ACTION ALLEGATIONS

34. Plaintiffs bring this proceeding as a class action pursuant to Article 9 of the New York Civil Practice Law and Rules on behalf of themselves and all other persons similarly situated.

35. The Plaintiff class consists of all individuals who reside, have resided, or will reside in three-quarter houses owned or managed by Defendants and who are, were or will be subjected to the conduct alleged in this complaint.

36. The class is sufficiently numerous that joinder of all members is impracticable because, upon information and belief, Defendants own or manage ten or more three-quarter houses that hold an average of thirty to forty tenants each, with frequent tenant turnover.

37. Questions of law or fact common to the class predominate over questions affecting only individual members. The common questions of fact include whether, and the extent to which, Defendants made misrepresentations regarding services and staffing available in Defendants' three-quarter houses; the content of such misrepresentations; whether Defendants used unconscionable contracts of adhesion, and required tenants or prospective tenants to sign them; the extent to which Defendants forced tenants to vacate their dwelling units by engaging in conduct to disturb the comfort, repose, peace and quiet of tenants; whether Defendants engaged in conduct constituting harassment of tenants; whether Defendants entered into leases for rent stabilized dwellings not for their own residential use, but to sublease for profit and/or otherwise deprive subtenants of rights under the Rent Stabilization Law; and whether Defendants provided habitable conditions in the dwellings for which Plaintiffs paid rent. The common questions of law

include, *inter alia*, whether Defendants' conduct constituted deceptive practices under General Business Law § 349; whether Defendants required Plaintiffs to sign unconscionable contracts of adhesion; whether the agreements signed by Plaintiffs are void and unenforceable contracts of adhesion; whether Defendants engaged in a course of conduct constituting harassment under N.Y.C. Admin. Code §§ 27-2005(d) and 27-2004(b)(48); whether Defendants engaged in a course of conduct constituting unlawful evictions of tenants in violation of N.Y.C. Admin. Code § 26-521; and whether Defendants created illusory tenancies in several rent-stabilized buildings in a scheme to evade rent regulation.

38. The claims of the class representatives are typical of the claims of the entire class because they arise from Defendants' pervasive conduct and practices, namely: using false statements that they would provide, *inter alia*, services and assistance obtaining permanent housing to seek tenants; requiring Plaintiffs to sign unconscionable contracts of adhesion purporting to waive basic tenancy protections; and subjecting Plaintiffs to continuous threats, harassment and unlawful evictions.

39. The class representatives will fairly and adequately protect the interests of the class. In asserting their own rights under New York State General Business Law, the New York City Housing Maintenance Code, the New York City Unlawful Eviction Law, the New York City Rent Stabilization Law and Rent Stabilization Code, and the common law, the class representatives will simultaneously prosecute the rights of all putative class members. Plaintiffs know of no conflicts among class members.

40. The attorneys for the class have the legal resources and experience to protect the interest of all members of the class in this action and have litigated class action suits in this and other courts.

41. A class action is superior to other available methods for the fair and efficient adjudication of this controversy. Among other things, members of the Plaintiff class have no interest in individually controlling the prosecution of separate actions because all class members are indigent and individually lack sufficient resources for the prosecution of separate actions; the prosecution of separate actions—either in the form of affirmative claims for relief by three-quarter house tenants or in the context of numerous proceedings in housing court—would be inefficient and wasteful of legal resources; the issues raised can be more fairly and efficiently resolved in a single class action rather than in separate actions; and the resolution of the litigation in a single forum will avoid the danger and resultant confusion of possibly inconsistent determinations.

FACTS

42. Upon information and belief, the RYB Defendants lease and/or manage buildings located at: 647 Rutland Road, Brooklyn, New York; 649 Rutland Road, Brooklyn, New York; 42 Christopher Avenue, Brooklyn, New York; 44 Christopher Avenue, Brooklyn, New York; 85 Kingston Avenue, Brooklyn, New York; 24 Suydam Place, Brooklyn, New York; and 144-01 Lakewood Avenue, Jamaica, New York.

43. Upon information and belief, the RYB Defendants formerly leased and/or managed buildings located at: 343 Miller Avenue, Brooklyn, New York; 345 Miller Avenue, Brooklyn, New York; and 347 Miller Avenue, Brooklyn, New York.

44. The RYB Defendants do not intend and have never intended to reside in the above-mentioned buildings.

45. Instead, the RYB Defendants use or have used the above mentioned buildings for the purpose of operating three-quarter houses, also known as “transitional housing programs.”

46. The RYB Defendants have no licenses or contracts from any government agency to operate “transitional housing programs,” nor do they operate pursuant to any government program.

47. The RYB Defendants’ purpose in recruiting tenants to their three-quarter houses is to extract maximum profit by crowding up to six tenants into each room in bunkbeds, extracting rent without providing habitable premises, exerting control over tenants through threats, harassment and unlawful evictions, and unlawfully profiteering from rent-stabilized dwellings by creating illusory tenancies.

48. The Landlord Defendants knew or should have known that the RYB Defendants never intended to occupy the multiple units they leased, but instead entered leases with Landlord Defendants for the purpose of subleasing for profit and/or depriving the subtenants of rights under the Rent Stabilization Law.

49. The Landlord Defendants collected rent or otherwise profited from allowing the RYB Defendants to use their buildings as three-quarter houses in violation of the Rent Stabilization Law.

50. The RYB Defendants regularly refuse to make needed repairs in properties under their management, in violation of their obligations under the New York City Housing Maintenance Code as well as the implied warranty of habitability.

51. The RYB Defendants regularly threaten to evict tenants who contact city agencies about housing code violations or open the door to city inspectors in violation of statutory protection from retaliatory eviction, pursuant to Real Property Law § 223-b.

52. The RYB Defendants require Plaintiffs to attend outpatient substance abuse programs, regardless of whether they are appropriate or necessary for the individual Plaintiff.

53. The substance abuse programs are chosen by the RYB Defendants.

54. The substance abuse programs bill government-funded health care programs for each visit by Plaintiffs.

55. Upon information and belief, the RYB Defendants have financial interests in Plaintiffs' attendance at the substance abuse programs.

56. The RYB Defendants force Plaintiffs to move out of their homes if they do not attend substance abuse programs and/or after they complete substance abuse programs and become less profitable.

57. Upon information and belief, the RYB Defendants have been operating three-quarter houses since at least early 2008.

Deceptive Practices

58. The RYB Defendants have engaged in deceptive practices in order to recruit three-quarter house tenants, including, but not limited to, the following:

59. The RYB Defendants and/or their agents conducted numerous presentations to recruit prospective tenants at hospitals, shelters, jails, prisons, parole, alcohol treatment centers, detoxification programs, drop-in centers, other social services providers and locations where homeless individuals obtain services or food.

60. During the presentations or in individual meetings with prospective tenants, the RYB Defendants and/or their agents represented that they would help tenants obtain housing and other services after the tenants completed purported “transitional housing programs.”

61. During many of the presentations, the RYB Defendants distributed written materials touting the supposed benefits to three-quarter house tenants. In these written materials, the RYB Defendants made numerous representations.

62. The RYB Defendants represented that the dwellings were “transitional housing program[s]” hosted in “state of the art facilities.”

63. The RYB Defendants represented that they would help tenants obtain supportive or other permanent housing.

64. The RYB Defendants represented that they employed a comprehensive team of professionals to assist tenants, including licensed alcohol and substance abuse counselors and social workers.

65. The RYB Defendants represented that they would assist tenants to obtain vocational services and employment and would facilitate the development of “independent living and work skills.”

66. The representations listed in Paragraphs 60 through 65 above were false or deceptively misleading in material respects.

67. Upon information and belief, the RYB Defendants had no contract or license from any government agency to operate “transitional housing programs.”

68. The dwellings the RYB Defendants rented to Plaintiffs were not “state of the art,” but rather were substandard, dangerous and overcrowded, with up to six tenants

crowded into each sleeping room, and with many in violation of building and occupancy standards, other New York City housing codes, and the implied warranty of habitability.

69. Upon information and belief, the RYB Defendants did not employ licensed social workers and never provided Plaintiffs counseling by certified alcohol and substance abuse counselors (“CASAC”) or other professionals.

70. The RYB Defendants did not assist Plaintiffs in developing independent living and work skills.

71. The RYB Defendants did not assist Plaintiffs obtain supportive or other permanent housing.

72. The RYB Defendants did not provide Plaintiffs with referrals for vocational training.

73. The RYB Defendants did not provide Plaintiffs counseling, social work, vocational, or educational services.

74. Plaintiffs were injured as a result of becoming tenants of three-quarter houses managed by the RYB Defendants because they were denied the promised services, subjected to overcrowded and uninhabitable conditions, and faced harassment, threats and unlawful evictions.

75. The deceptive business practices described above are ongoing.

Unlawful Evictions and Harassment

76. In the course of extracting maximum profit for themselves, the RYB Defendants consistently refused to assist Plaintiffs obtain supportive or other housing and instead used illegal tactics and harassment to evict or attempt to evict tenants without notice or court process. For example, the RYB Defendants regularly removed Plaintiffs'

property from their rooms, destroyed their property, locked them out of their dwellings and attempted to have them removed by the police.

77. The RYB Defendants engaged in conduct that substantially interfered with or disturbed Plaintiffs' comfort, repose, peace and quiet. The RYB Defendants' conduct caused, or was intended to cause, Plaintiffs to vacate their dwelling units or surrender or waive rights in relation to their occupancy.

Illusory Tenancy Scheme

78. Upon information and belief, several of the three-quarter houses managed by the RYB Defendants are subject to the Rent Stabilization Law and Code, including 42 Christopher Avenue, 44 Christopher Avenue, 85 Kingston Avenue, 343 Miller Avenue, 345 Miller Avenue, 347 Miller Avenue, 24 Suydam Place, 647 Rutland Road, and 649 Rutland Road. The RYB Defendants lease the above-mentioned properties from the Landlord Defendants, do not occupy them for their own residential use, but instead sublease these dwellings to Plaintiffs and class members as part of a business and in violation of the Rent Stabilization Law and Code.

79. The RYB and Landlord Defendants' leasing arrangement is a scheme to evade rent regulation provisions prohibiting profiteering and to deny Plaintiffs the protections of the Rent Stabilization Law and Code.

Unconscionable Contracts of Adhesion

80. The RYB Defendants require Plaintiffs to sign standardized forms such as "House Codes" and "Waivers of Participants/Tenants Rights," which set forth the "rules" of the three-quarter houses.

81. The aforementioned documents purport to waive Plaintiffs' tenancy rights. Among other things, these documents purport to give the RYB Defendants or their agents the ability to "immediately discharge" (i.e. evict) residents for violating house rules without court process; state that the three-quarter houses are "closed" and must be vacated by tenants during certain hours of the day; and state that tenants must vacate the premises within thirty days of completing a three-quarter house "program."

82. In addition, the RYB Defendants require Plaintiffs to sign standardized agreements that purport to authorize the RYB Defendants to move tenants from room to room within a three-quarter house and from building to building within their system of three-quarter houses.

83. The RYB Defendants require Plaintiffs to sign multiple documents in rapid succession, including the above-mentioned "House Codes," "Waivers of Participants/Tenants Rights," and other documents, with little or no opportunity to read the agreements before signing them.

84. At the time they were required to sign the above-mentioned documents, Plaintiffs were homeless, on the verge of homelessness, or were otherwise in desperate circumstances.

85. The RYB Defendants did not and do not allow Plaintiffs to negotiate the terms of the agreements.

86. The agreements concern a necessity of life – housing.

87. The agreements purportedly require Plaintiffs to waive their right to court process, a right all tenants in New York City possess if they maintain a lease or occupy a dwelling for thirty or more days.

88. The RYB Defendants fail to offer leases to Plaintiffs who reside in rent stabilized dwellings managed by the RYB Defendants, even though the Rent Stabilization Code requires that all tenants in rent stabilized buildings be offered initial leases for a term of one or two years.

89. The RYB Defendants knowingly made material misrepresentations and omitted material facts, with the intention of inducing Plaintiffs and class members to move into three-quarter houses and to sign the above-mentioned agreements. Plaintiffs and class members believed, *inter alia*, that the RYB Defendants would help them obtain supportive or other permanent housing as part of a “transitional housing program.”

Individual Plaintiff Facts

Jerome David

90. Plaintiff Mr. Jerome David has lived at a three-quarter house located at 42 Christopher Avenue, Brooklyn, New York, since September 2009. The house was originally managed by #1 Marketing, Inc., but several months after Mr. David moved in, the management company changed from #1 Marketing Service, Inc. to RYB Realty. Despite the nominal change in management, the principals and the staff of the management company for this property have remained the same. Upon information and belief, Mr. David’s rent has been paid directly to Defendants by the New York City Human Resources Administration as part of his public assistance benefits.

91. Mr. David was homeless when he sought housing from Defendants.

92. At the outset of Mr. David’s tenancy, Defendants Yury Baumblyt and Elita Gershengorn made oral and written representations to him, including that they would: (1) assist him in applying for supportive or other permanent housing; (2) help him obtain

services from New York State's Vocational and Educational Services for People with Disabilities (VESID); and (3) provide counseling and professional assistance to enable him to get back on his feet.

93. Yury Baublitz and Elita Gershengorn required Mr. David to sign a stack of documents, including a "House Code" that purportedly provided for "immediate discharge" upon the violation of certain rules. Yury Baublitz told Mr. David that if he refused to sign any of the documents, he would not be allowed to move in.

94. Yury Baublitz promised to give Mr. David a copy of the documents he had signed, but never gave him a copy of most of the documents.

95. The RYB Defendants have not provided or offered the following services to Mr David:

- Assistance in obtaining supportive or other permanent housing.
- A verification of his tenancy as required for permanent housing applications.
- Keys to the 42 Christopher Avenue dwelling.
- Assistance in accessing VESID services.
- Counseling or professional assistance.

96. The RYB Defendants force Mr. David to leave the premises every day from 10 a.m. until 2 p.m. On numerous occasions, the RYB Defendants have attempted to evict Mr. David without notice or court process by threatening to pack up his belongings and then calling the police. When the RYB Defendants' unlawful eviction attempts failed, Defendant RYB Realty filed a holdover proceeding in Housing Court in June 2010, which was dismissed on September 9, 2010.

97. While living at 42 Christopher Avenue, Mr. David witnessed the unlawful evictions of several tenants. He saw the RYB Defendants pack up, remove and destroy tenants' property, threaten violence, and report tenants who refused to leave to the police. Some of these unlawful evictions took place at night during cold weather.

98. Mr. David lives in continual fear that his property will be removed or destroyed and that he will be evicted without notice or court process.

99. Mr. David has endured overcrowding, vermin, a lack of essential services, and other housing code violations while living at 42 Christopher Avenue.

100. The RYB Defendants engaged in deceptive practices by representing to Mr. David that they would assist him with housing applications and referrals for vocational services, but failing to provide any such services.

101. The RYB Defendants harassed and attempted to unlawfully evict Mr. David.

102. The RYB Defendants required Mr. David to sign a procedurally and substantively unconscionable contract of adhesion.

103. The RYB Defendants violated Mr. David's rights under the Rent Stabilization Law and Code by forming an illusory tenancy to evade rent regulation, failing to provide him with an initial or renewal lease, and inducing him to sign an illegal waiver of his rights under the Rent Stabilization Law and Code.

Terrence Skeete

104. Plaintiff Mr. Terrence Skeete has lived in a three-quarter house run by Defendant Top of the Hob and/or other RYB Defendants located at 144-01 Lakewood Avenue, Jamaica, New York since September 2008. Upon information and belief, Mr.

Skeete's rent is paid directly to Defendant RYB Realty by the New York City Human Resources Administration as part of his public assistance benefits.

105. Mr. Skeete learned about the dwelling while staying in a homeless shelter. An employee of Defendant Top of the Hob named Kevin Green gave a presentation at the shelter in which he said that all tenants who completed an outpatient substance abuse program while living at a Top of the Hob residence would be guaranteed supportive or other permanent housing.

106. Kevin Green subsequently left Top of the Hob to establish another company for the purpose of running three-quarter houses.

107. When Mr. Skeete moved into 144-01 Lakewood Avenue, he was given documents stating that Top of the Hob would assist him in obtaining supportive or other permanent housing. Top of the Hob instructed him to apply for public assistance as a condition of living at the house. Although he had worked in hotels in the Catskills for ten years before being laid off and becoming homeless, Top of the Hob instructed him to apply for public assistance rather than for unemployment benefits.

108. When he moved in, Mr. Skeete was required to sign a stack of documents. After witnessing Defendants force another tenant to leave for refusing to sign the documents, and afraid of having to return to a homeless shelter, Mr. Skeete reluctantly signed the papers that were given to him.

109. After Mr. Skeete became a tenant of 144-01 Lakewood Avenue, and completed a substance abuse program mandated by the RYB Defendants, the RYB Defendants attempted to evict Mr. Skeete without notice or court process by calling the police. When he refused to leave without a court order, the RYB Defendants commenced

a holdover proceeding in Housing Court in June 2010. That case was dismissed in October 2010.

110. Even after the holdover case was dismissed, the RYB Defendants informed Mr. Skeete that he would have to move out at the end of October 2010.

111. The RYB Defendants did not assist Mr. Skeete in obtaining supportive or other permanent housing or any services.

112. Mr. Skeete witnessed the unlawful evictions of other tenants by the RYB Defendants, including unlawful evictions during snowy nights. As a result, he lives in constant fear that he will be unlawfully evicted.

113. While living at 144-01 Lakewood Avenue, Mr. Skeete has endured overcrowding, vermin, a lack of essential services, and substandard conditions that represent housing code violations.

114. The RYB Defendants engaged in deceptive practices when they represented to Mr. Skeete that they would assist him with housing applications and referrals for vocational services, but subsequently failed to provide or offer such services.

115. The RYB Defendants harassed and attempted to unlawfully evict Mr. Skeete.

116. The RYB Defendants required Mr. Skeete to sign an unconscionable contract of adhesion.

Timothy Askew

117. Plaintiff Mr. Timothy Askew is a fifty-year old man who has lived at a three-quarter house located at 42 Christopher Avenue since July 2009. The house was originally managed by #1 Marketing, Inc., but several months after Mr. Askew moved in,

the management company changed its name from #1 Marketing Service, Inc. to RYB Realty, LLC. Despite this nominal change in management, the principals and staff of the management company for this property have remained the same.

118. Mr. Askew paid his rent for a time out of unemployment benefits. Upon information and belief, after his unemployment benefits ended, Mr. Askew's rent was paid directly to Defendant RYB Realty by the New York City Human Resources Administration as part of his public assistance benefits.

119. Mr. Askew learned about the dwelling when staff people at the homeless shelter where he was staying told him about a presentation that the RYB Defendants had made at the shelter.

120. Mr. Askew went to the dwelling and met with Defendant Yury Baumblyt, who said that if Mr. Askew attended an outpatient substance abuse program five days a week for six months, Defendants would guarantee him a single room occupancy room or an apartment.

121. Defendant Yury Baumblyt also made written representations to Mr. Askew, including that the RYB Defendants would:

- (a) assist him in applying for supportive or other permanent housing;
 - (b) help him obtain services from New York State's Vocation and Educational Services for People with Disabilities (VESID);
- and
- (c) provide counseling and professional assistance to help him get back on his feet.

122. Defendant Yury Baumblit and an employee of # 1 Marketing Service, Inc. named Rick told Mr. Askew to sign a stack of documents, including a “House Code” that purportedly provided for “immediate discharge” upon the violation of certain rules. Mr. Askew did not have an opportunity to read most of the documents. The only document provided to Mr. Askew was a letter requesting rental payments from the Human Resources Administration to Defendants.

123. The RYB Defendants have not provided or offered the following services to Mr. Askew:

- Assistance in obtaining supportive or other permanent housing.
- Keys to the 42 Christopher Avenue dwelling.
- Assistance in accessing VESID services.
- Counseling or professional assistance.

124. The RYB Defendants force Mr. Askew to leave the premises every day from 10 a.m. to 2 p.m.

125. The RYB Defendants attempted to evict Mr. Askew without notice or court process in or around March or April 2010, by packing up his belongings and telling him he had to leave. Mr. Askew was only able to stay after he called the police to enforce his right to remain at the premises. The RYB Defendants then filed a holdover proceeding in Housing Court in June 2010, which was dismissed in August 2010.

126. The RYB Defendants filed another holdover proceeding against Mr. Askew in September 2010. That proceeding is currently pending.

127. While living at 42 Christopher Avenue, Mr. Askew has witnessed the unlawful eviction of several tenants. He saw the RYB Defendants pack up tenants’

property, remove or destroy their property, threaten violence, and call the police on tenants who refused to leave. Some of these unlawful evictions took place at night during cold weather.

128. While living at 42 Christopher Avenue, Mr. Askew has endured overcrowding, vermin, a lack of essential services and other substandard conditions that represent housing code violations.

129. The RYB Defendants engaged in deceptive practices when they represented to Mr. Askew that they would assist him with housing applications and referrals for vocational services, but failed to provide any such services.

130. The RYB Defendants harassed and attempted to unlawfully evict Timothy Askew.

131. The RYB Defendants violated Mr. Askew's rights under the Rent Stabilization Law and code by forming an illusory tenancy to evade rent regulation of his dwelling at 42 Christopher Avenue, failing to provide him with an initial or renewal lease, and inducing him to sign an illegal waiver of his rights under the Rent Stabilization Law and Code.

AS AND FOR A FIRST CAUSE OF ACTION:
GENERAL BUSINESS LAW § 349 DECEPTIVE PRACTICES

132. Plaintiffs repeat and reallege Paragraphs 1 through 131 as if fully set forth herein.

133. New York prohibits "deceptive acts or practices in the conduct of any business, trade or commerce or in the furnishing of any service in this state..." N.Y. Gen. Bus. Law § 349(a).

134. An individual “injured by reason of any violation of this section may bring an action in his own name to enjoin such unlawful act or practice, an action to recover his actual damages or fifty dollars, whichever is greater, or both such actions.” N.Y. Gen. Bus. Law § 349(h).

135. As described above, The RYB Defendants violated § 349 of the New York General Business Law by using deceptive acts and practices in conducting their business.

136. The RYB Defendants’ conduct has a broad and significant impact on consumers at large because they routinely market themselves to prospective tenants using standardized written materials.

137. The RYB Defendants’ deceptive consumer-oriented acts and practices are false and misleading to a reasonable consumer in a material way.

138. The RYB Defendants committed the above-described acts willfully and/or knowingly.

139. The RYB Defendants’ wrongful and deceptive acts have caused injury and damages to Plaintiffs and class members and, unless enjoined, will cause further irreparable injury.

140. The RYB Defendants distributed promotional materials that falsely represented that they provided services and helped tenants obtain permanent housing in the “programs” they run.

141. The RYB Defendants distributed promotional materials that falsely represented that they employed certified counselors and social workers to provide supportive services to tenants.

142. The RYB Defendants solicited tenants with false statements and misrepresentations to live in conditions that violate certificates of occupancy and/or local occupancy standards.

143. The RYB Defendants falsely claimed to run “transitional housing programs” with comprehensive support services.

144. The RYB Defendants claimed to run “transitional housing programs” in buildings where long-term tenancies are protected under the Rent Stabilization Law and Code.

145. The RYB Defendants fraudulently induced tenants to sign waivers of their rights of tenancy which is unlawful and against public policy.

AS AND FOR A SECOND CAUSE OF ACTION:
UNCONSCIONABLE CONTRACTS OF ADHESION

146. Plaintiffs repeat and reallege Paragraphs 1 through 145 as if fully set forth herein.

147. To the extent that Plaintiffs signed agreements purporting to waive their rights under New York landlord-tenant law, such agreements were grossly unreasonable contracts of adhesion.

148. The RYB Defendants deceptively induced Plaintiffs to sign said documents.

149. Said agreements were procedurally unconscionable because (a) the RYB Defendants had an extreme economic advantage over the Plaintiffs, who were homeless and indigent; (b) the forms were standardized, supplied, and drafted by the RYB Defendants, (c) the agreements were offered on a take-it-or-leave-it basis with no opportunity to negotiate terms, (d) the agreements addressed a necessity of life—housing,

and (e) the tenants were required to sign the agreements together with many other documents in rapid succession without an opportunity to read each document, which amounted to a high pressure sales tactic.

150. Said contracts were substantively unconscionable because they purportedly waived tenants' due process rights, purportedly authorized unlawful evictions and contained an implied termination clause that allowed the RYB Defendants the unilateral right to terminate without notice.

AS AND FOR A THIRD CAUSE OF ACTION:
NEW YORK CITY CODE §§ 27-2005(D) AND 25-521
HARASSMENT AND UNLAWFUL EVICTION

151. Plaintiffs repeat and reallege Paragraphs 1 through 150 as if fully set forth herein.

152. The RYB Defendants have engaged in conduct constituting harassment in violation of Section 27-2005(d) of the Administrative Code of the City of New York, by (a) threatening to remove or removing the belongings of Plaintiffs from their residences; (b) threatening to destroy or destroying the belongings of Plaintiffs; (c) threatening to or calling the police to force Plaintiffs to vacate the premises; (d) threatening to evict Plaintiffs if they exercise their right to enforce housing standards by reporting violations to city agencies; (e) threatening to evict Plaintiffs if they open the door to city inspectors; and (f) refusing to make needed repairs.

153. The RYB Defendants have engaged in conduct constituting unlawful eviction in violation of Section 26-521 of the Administrative Code of the City of New York, by engaging or threatening to engage in conduct to prevent Plaintiffs' lawful occupancy of their dwellings or to induce Plaintiffs to vacate their dwellings by:

(a) threatening to remove or removing the belongings of Plaintiffs from their residences; (b) threatening to destroy or destroying the belongings of Plaintiffs; (c) threatening to call or calling the police to force Plaintiffs to vacate the premises; and (d) refusing to make needed repairs.

AS AND FOR A FOURTH CAUSE OF ACTION:
9 NYCRR §§ 2525.5; 2525.5(a); 2524.2; 2520.13
VIOLATION OF THE RENT STABILIZATION LAW AND CODE

154. Plaintiffs repeat and reallege Paragraphs 1 through 153 as if fully set forth herein.

155. The RYB Defendants have violated numerous provisions of the Rent Stabilization Code by (a) harassing Plaintiffs in violation of 9 N.Y.C.R.R. § 2525.5; (b) failing to offer Plaintiffs initial leases and renewal leases in violation of 9 N.Y.C.R.R. §§ 2522.5(a) and 2523.5(a); (c) evicting or attempting to evict Plaintiffs without obtaining a court order and without alleging a basis allowable under the Code pursuant to 9 N.Y.C.R.R. § 2524.1(a); (d) evicting or attempting to evict Plaintiffs without providing the notice required under 9 N.Y.C.R.R. § 2520.13; and (e) inducing Plaintiffs to sign waivers of their rights under the Rent Stabilization Law and Code in violation of 9 N.Y.C.R.R. § 2520.12

156. The RYB Defendants and the Landlord Defendants have formed illusory tenancies in a scheme to deprive Plaintiffs the protections of the Rent Stabilization Law and Code.

AS AND FOR A FIFTH CAUSE OF ACTION:
UNJUST ENRICHMENT

157. Plaintiffs repeat and reallege Paragraphs 1 through 156 as if fully set forth herein.

158. Defendants have been unjustly enriched at the expense of Plaintiffs by collecting and retaining rental payments and security deposits while failing to deliver promised services and failing to provide legal, habitable dwellings.

REQUEST FOR RELIEF


WHEREFORE, Plaintiffs respectfully request the following relief jointly and severally as against all Defendants:

- (a) An order certifying this case as a class action pursuant to CPLR § 902;
- (b) A judgment declaring that Defendants have violated the General Business Law § 349; the commonlaw prohibition on unconscionable contracts of adhesion; the New York City Admin. Code § 27-2004; the New York City Admin. Code § 26-521 et seq., that Defendants have been unjustly enriched, and that any agreement by Plaintiffs allowing Defendants to move tenants from room to room or building to building at will or to “discharge” tenants without court process is an unenforceable contract of adhesion;
- (c) A judgment declaring that Defendants have created illusory tenancies in rent stabilized buildings in violation of the Rent Stabilization Law and Code, and have violated the Rent Stabilization Code by inducing Plaintiffs in rent stabilized buildings to waive their rights under the Rent Stabilization Law and Code, and that Plaintiffs who occupy rent stabilized buildings owned or managed by Defendants are tenants protected by the Rent Stabilization Law and Code and must be offered leases of one or two years;
- (d) An order, pursuant to CPLR § 3001 enjoining and directing Defendants to comply with the law, including without limitation:
 - i. Directing Defendants to cease engaging in deceptive practices;
 - ii. Directing Defendants to cease engaging in harassment;

- iii. Directing Defendants to cease disseminating and enforcing unconscionable contracts purportedly waiving their tenants' rights;
- iv. Directing Defendants to cease unlawfully evicting tenants;
- v. Directing Defendants to cease creating illusory tenancies;
- (e) Actual damages pursuant to General Business Law § 349(h);
- (f) Attorney's fees and costs pursuant to General Business Law § 349(h);
- (g) Restitution of rental payments and security deposits to Plaintiffs and class members;
- (h) A preliminary injunction and temporary restraining order encompassing the injunctive relief sought herein and preventing retaliation against Plaintiffs during the pendency of this action;
- (i) Such other and further relief as the Court may deem just, proper, and equitable.

Dated: New York, NY
December 13, 2010

Respectfully submitted,
PATTERSON BELKNAP WEBB & TYLER LLP



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Attorneys for Plaintiffs

Index No.

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF KINGS

JEROME DAVID, TIMOTHY ASKEW, and TERENCE
SKEETE, individually and on behalf of all other persons
similarly situated,

Plaintiffs,

-against-

#1 MARKETING SERVICE, INC., R Y B REALTY LLC,
TOP OF THE HOB, INC., 85 M.A., INC., YURY
BAUMLIT, RIMMA BAUMLIT, ELITA
GERSHENGORN, BTYSG LLC, VISHNU BANDHU, 212
ENTERTAINMENT LTD., MP STANHOPE LLC, and 85
KINGSTON LLC,

Defendants.

SUMMONS

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