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**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

11  
12 Eric Oberle, Shery Scott, Matthew Fremont, and  
13 Natan BenYonatan 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

**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

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

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

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

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

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

IT IS SO ORDERED.

Date: SEP 28 2009

**JUDGE STEVEN L. DYLYNA**  
\_\_\_\_\_  
The Honorable Steven Dylina  
Judge, Superior Court of California

Approved as to form:

\_\_\_\_\_  
Attorneys for Defendants