

STATE OF MINNESOTA

DISTRICT COURT

COUNTY OF HENNEPIN

FOURTH JUDICIAL DISTRICT

Case Type: Civil  
(Consumer Protection)State of Minnesota, by its Attorney General,  
Keith Ellison,

Court File No. \_\_\_\_\_

Plaintiff,

vs.

**COMPLAINT**

Steven Meldahl and S.J.M. Properties, Inc.,

Defendants.

The State of Minnesota, by its Attorney General, Keith Ellison, for its Complaint against Defendants Steven Meldahl and S.J.M. Properties, Inc., (collectively “Meldahl”) alleges as follows:

### INTRODUCTION

1. Steven Meldahl, individually and acting at times through S.J.M. Properties, Inc., has stripped numerous Minnesota consumers of their legal rights through illegal and deceptive rental practices in his eviction-for-profit scheme that results in the eviction of 99% of his tenants. Meldahl, who currently rents out 25 single-family homes to consumers in Minneapolis, preys upon low-income tenants who are desperate for affordable housing. Meldahl routinely uses leases with illegal lease terms to deny his tenants safe and habitable housing and charge them late fees that exceed the statutory cap. Landlords, like Meldahl, who misrepresent tenants’ legal rights and who let their properties fall into disrepair risk the health and safety of consumers, destabilize families, degrade neighborhoods, and tip financially-strapped tenants into

homelessness. The Attorney General, Keith Ellison, has authority to enforce Minnesota's consumer-protection laws, including laws protecting consumers in the residential rental market, and brings this action to enjoin Meldahl's violations described herein and remediate his victims.

### **PARTIES**

2. Keith Ellison, the Attorney General of the State of Minnesota, is authorized under Minnesota Statutes chapter 8 and has common law authority, including *parens patriae* authority, to bring this action to enforce Minnesota's laws, to vindicate the State's sovereign and quasi-sovereign interests, and to remediate all harm arising out of—and provide full relief for—violations of Minnesota's laws.

3. Defendant Steven Meldahl resides at 18407 Bearpath Trail, Eden Prairie, Minnesota 55347. Meldahl maintains a business office located at 1223 26th Avenue N., Minneapolis, Minnesota 55411 where he accepts rent payments. Meldahl engages in the business of managing and renting residential properties in Minneapolis.

4. S.J.M. Properties, Inc., is a Minnesota business located at 1223 26th Avenue N., Minneapolis, Minnesota 55411. Meldahl owns and is the chief executive officer of S.J.M. Properties, Inc. Despite Meldahl's rental applications using the name S.J.M. Properties, Inc., Meldahl enters into leasing agreements in his individual name and his tenants make their monthly rental payments sometimes to Meldahl personally and sometimes to S.J.M. Properties, Inc.

## **JURISDICTION AND VENUE**

5. This Court has subject matter jurisdiction over this action pursuant to Minnesota Statutes sections 8.01, 8.31, 325F.68 to 325F.69, 325D.43 to 325D.48, and 504B.001 to 504B.471, and under common law.

6. This Court has personal jurisdiction over Steven Meldahl and S.J.M. Properties, Inc., because they rent to, and have committed acts causing injury to, Minnesota residents.

7. Venue in Hennepin County is proper under Minnesota Statutes section 542.09 because the cause of action arose in Hennepin County.

## **FACTUAL BACKGROUND**

8. Meldahl, the self-described “largest landlord” and “most experienced inner city landlord” in Minneapolis, currently owns, manages, and leases approximately 25 homes to primarily low-income consumers in Minneapolis but has rented out as many as 100 homes in the past. Meldahl’s eviction-for-profit scheme begins with collecting large security deposits from his tenants and charging monthly rents ranging from \$900 to \$1,500. During the tenancy Meldahl often refuses to make even basic health and safety repairs and suppresses his tenants’ ability to report their repair concerns to city inspectors. As part of his scheme, Meldahl charges illegally high late fees that his tenants usually cannot afford, leading him to eventually evict almost all of his tenants, whereupon he retains their security deposits. Upon eviction, many of these Minnesotans become homeless and are unable to find a new home due to the damage Meldahl does to their rental history records with his evictions. Meldahl’s eviction-for-profit scheme relies on his use of deceptive lease provisions that violate Minnesota’s consumer-protection laws, including the landlord-tenant laws.

**I. MELDAHL MISREPRESENTS TENANTS' LEGAL RIGHTS AND WAIVES TENANTS' RIGHT TO THE COVENANTS OF HABITABILITY.**

9. A bedrock of Minnesota landlord-tenant law is that landlords, not tenants, are responsible for ensuring that the homes they rent out are in “reasonable repair” and in compliance with applicable health and safety laws unless the disrepair has been caused by a tenant’s willful, malicious, or irresponsible conduct. These mandatory landlord duties and the rights they confer on tenants, referred to as the Covenants of Habitability, originated in common law but were codified in Minnesota Statutes and are currently found in section 504B.161. The statute explicitly forbids landlords from entering into agreements with tenants that waive or modify the Covenants. Nonetheless, Meldahl routinely enters into leases that purport to waive and modify the Covenants through several different lease provisions.

**A. Meldahl Shifts the Burden of Repair Onto His Tenants.**

10. Since at least 2013, Meldahl has included at least four provisions in his leases that illegally purport to shift his “reasonable repair” obligations onto his tenants, including:

- that “tenants will, during said terms, keep said premises in good repair”;
- that “tenants agree...to pay for any loss, breakage, or damage” to “woodwork, floors, and walls, or any furniture or fixtures”;
- that any “damages caused by and not repaired by the tenants, and cleaning needed to restore the unit, will be charged by the landlord at the hourly rate of \$50/hour.”<sup>1</sup>; and
- that tenants “must carry the basic plan of Service Plus with Centerpoint Energy or a comparable policy with an appliance service company to cover the main sewer

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<sup>1</sup> Meldahl has said that charging his tenants a \$50 fee “to fix anything on the premises” is his “favorite rental clause” because it “gets rid of nuisance calls.”

line and all appliances for the full term of the lease[.]’

(collectively “burden-shifting repair provisions.”)

11. Meldahl’s burden-shifting repair provisions mislead consumers about their guaranteed rights and remedies under Minnesota law by misrepresenting to consumers that they, not Meldahl, are required to keep Meldahl’s properties in reasonable repair. In addition to misrepresenting tenants’ rights, Meldahl’s leases are agreements with tenants that purport to waive or modify the Covenants of Habitability in direct violation of the law.

12. Not only do Meldahl’s burden-shifting repair provisions force his tenants to live with serious repair problems, they also have the effect of forcing his tenants to spend their own limited funds to fix his properties’ more unlivable conditions, including buying: (1) locks for their doors; (2) heaters to keep rooms warm in the winter; (3) and vermin traps and poisons to abate his properties’ rat, mice, squirrel, and cockroach infestations resulting from his refusal to hire exterminators as well as his refusal to repair the numerous holes and entry points into his homes. Tenants also pay a price for Meldahl’s refusal to abate water leaks and vermin by being forced to throw away their furniture, food, and other possessions when they become wet, moldy, or infested.

13. In addition to paying out of pocket for repairs to Meldahl’s properties as they arise, tenants also use their own scarce funds every month to comply with Meldahl’s CenterPoint Energy’s Home Service Plus (“Service Plus”) requirement. Service Plus is an appliance maintenance and repair service that is billed monthly through charges on tenants’ utility bills. The Service Plus program that sufficiently covers “all appliances” as Meldahl demands currently costs \$45.95 per month and a plan sufficient to cover the main sewer line is \$53.90 per month. Meldahl’s leases falsely state “the rental rate has been adjusted to compensate the tenant” for this

service. In reality, Meldahl's leases do not provide a credit for \$49.95 or \$53.90 per month, and he has admitted that he does not actually deduct any money off of the rent he charges to compensate for this additional financial burden on his tenants. Meldahl routinely uses his tenants' failure to pay for Service Plus as one of his bases to evict them, alleging it is a violation of "the terms of the rental agreement with property owner[.]"

14. Meldahl's burden-shifting repair provisions not only contravene the Covenants of Habitability, but also deceptively and misleadingly suggest to tenants that their signatures on the lease constitutes a waiver of their right to habitable housing. Such unlawful provisions have and continue to have the effect of fraudulently stripping Minnesota consumers of their legal rights and burdening them with repair efforts and expenses that the law explicitly requires Meldahl to bear.

**B. Meldahl Forbids His Tenants From Having Their Homes Inspected Without His Permission.**

15. In addition to deceptively shifting his repair obligations onto his tenants, Meldahl also illegally chills his tenants' ability to report their repair concerns to city inspectors when they rise to the level of a health and safety violation. All of Meldahl's leases contain a version of the following provision:

tenant will not allow any electrical, plumbing, building or housing inspectors to enter the premises without the landlord or his representative present. If the tenant allows any inspector in to the premises for any reason without first contacting the landlord to get his permission, the tenant will incur a \$100 charge and can be evicted for this action alone. The tenant will be responsible to pay for any inspection orders required.

("inspection prohibition").

16. Meldahl's inspection prohibition has also always included a threat of eviction and a charge if his tenants violate this prohibition, although the fee has varied between \$100 and

\$500. Several years ago Meldahl added the last portion of the provision: that he will charge the tenant for whatever repairs the city inspector requires Meldahl to make and for whatever fine the city imposes on him. Meldahl's inspection-prohibition provision falsely represents that he: (1) must give his permission before an inspector can enter a tenant's home; (2) can charge tenants a fee for letting inspectors inside; (3) can force a tenant to pay for any ordered repairs; and (4) can evict them for letting inspectors inside their home.<sup>2</sup>

17. Each clause of Meldahl's inspection-prohibition provision misrepresents consumers' unwaivable rights under two Minnesota laws: the Covenants of Habitability as well as the prohibition against retaliation in Minnesota Statutes section 504B.441. Section 504B.411 provides that residential tenants cannot be charged or evicted by a landlord when they complain to a governmental entity, including housing inspectors. Meldahl misrepresents to tenants through his inspection prohibition that he *can* retaliate against them, by charging and evicting them, when they complain to a housing inspector (which necessarily includes a visit to the home by the inspector).

18. Even if Meldahl did not enforce his illegal inspection-prohibition lease provision, which he does, it is nonetheless deceptive because consumers who see it or are told of it are likely to believe it is enforceable or that they have contractually waived their legal rights. For many of Meldahl's tenants, even if they are told that Meldahl's inspection-prohibition is unenforceable, the mere risk that Meldahl might evict them is not worth contacting an inspector

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<sup>2</sup> No statute or city ordinance requires that a landlord give consent prior to the City of Minneapolis inspecting a rental unit. Under City of Minneapolis Code of Ordinances § 244.130, city inspectors can inspect a rental dwelling to determine whether its condition complies with the city's housing maintenance code "after obtaining consent from an occupant of the premises." Likewise, Minnesota Statutes section 504B.185, subdivision 1, states: "If requested by a *residential tenant*...an inspection shall be made by the local authority charged with enforcing a code claimed to be violated." (emphasis added).

due to the damage his eviction will have on their rental history report, which often means the difference between being able to find a new home or becoming homeless. Moreover, Meldahl's inspection prohibition clause is not merely a threat but one he enforces by: (1) demanding that tenants pay his inspection-prohibition fee when tenants let inspectors into their home; (2) evicting tenants who have not paid his fee; and (3) evicting tenants for allowing inspectors in their home without his permission.

19. The combination of Meldahl's misleading inspection-prohibition provision and his deceptive representation that tenants, not Meldahl, must pay for all repairs (his burden-shifting repair provisions) results in tenants being fearful of reporting their health and safety concerns to the authorities because of Meldahl's promised retaliation if they do so.

## **II. MELDAHL CHARGES ILLEGALLY HIGH LATE FEES AND MISREPRESENTS THE AMOUNT OF LATE FEES HE CAN LEGALLY CHARGE.**

20. In 2010 the Minnesota Legislature enacted Minnesota Statutes section 504B.177 to regulate late fees:

A landlord of a residential building may not charge a late fee if the rent is paid after the due date, unless the tenant and landlord have agreed in writing that a late fee may be imposed. The agreement must specify when the late fee will be imposed. In no case may the late fee exceed eight percent of the overdue rent payment. Any late fee charged or collected is not considered to be either interest or liquidated damages.

In doing so, the Legislature provided a statutory cap of 8% on the amount a landlord can penalize a tenant for paying rent late.

21. Meldahl's leases include two different late rent fees that he charges cumulatively, which result in late fees that exceed the 8% cap. First, as a baseline, Meldahl's leases routinely provide for an approximately 8% late fee if rent is not paid by the fifth of each month. In addition to this late fee, Meldahl's leases also provide that if "the rent is paid late after the 5 day grace period of any month in any 2 months of the tenancy, the rental rate will be automatically



raised permanently \$50 per month.” Meldahl refers to his \$50-per-month additional late payment fee as a “rent escalator.” By charging an additional \$50 per month (or more when Meldahl applies his late payment fee more than once) on top of an 8% late-fee, Meldahl charges late fees far in excess of the statutory cap.

22. Meldahl’s rent escalator pushes his tenants—the majority of whom struggle to make ends meet and keep food on the table—into further financial straits when they are forced to come up with an additional \$50 on top of the approximately \$75-\$85 late fee he always charges, especially because they have to then do so every month until they leave Meldahl’s property. Meldahl often imposes his rent escalator several times, resulting in tenants paying hundreds of dollars extra *each month* by the end of their tenancy solely due to having previously paid their rent late.

23. Meldahl’s rent escalator clause is not only a per-se unlawful late fee but also a false and deceptive representation that he can lawfully charge tenants more than 8% when they are late on their rent.

24. Lest any consumer believe Meldahl’s burden-shifting, inspection-prohibition, and late-fee lease provisions are inconsequential boilerplate that can be disregarded, in 2018 Meldahl added an additional lease provision after the signature block of his leases that states: “By signing this document and agreement above, we, the tenants, fully understand any and all aspects of the...rental agreement and waive the right to have an attorney review and give their opinion as to the validity or enforcement of any and all portions of this agreement. We acknowledge that a violation of any clause above is a material breach of the lease.”

**III. MELDAHL'S ILLEGAL LEASING PRACTICES RESULT IN TENANTS BEING FORCED TO LIVE WITH SERIOUS REPAIR ISSUES.**

25. Meldahl has a long history of refusing to make repairs to his rental properties. Since 2009, Meldahl has been ordered by the City of Minneapolis Housing Inspectors to repair over 1,300 housing-code violations at his rental properties. Although high, even this volume of orders is artificially low due to Meldahl's suppression of his tenants' legal right to have city housing inspectors inspect their homes as described *supra* Section 1.B.

26. In order to remediate his housing code violations, the City of Minneapolis has ordered Meldahl to replace exterior doors that did not function, install missing smoke detectors, repair broken windows, repair or replace non-functioning appliances, remove interior water-damaged surfaces, exterminate insects and vermin, remove an illegal bedroom, repair or replace electrical components, remove exit window obstructions, replace heating equipment so the homes can be heated sufficiently, repair or replace foundations, repair or replace plumbing, replace cabinets and counters, repair or replace exterior walls, repair or replace exterior stairs, install clothes dryer ducts, and repair or replace roofs.

27. In 2006, the United States Department of Justice sued Meldahl for failing to comply with the Residential Lead-Based Paint Hazard Reduction Act, and he was ordered by the court to pay civil penalties and abate and mitigate the lead paint in 31 of his rental homes in Minneapolis.

28. Safe in the knowledge that his tenants are unlikely to contact inspectors—who will force Meldahl to make repairs—Meldahl routinely refuses to make repairs requested by his tenants, either by ignoring their repair requests outright or threatening them with eviction if they contact him by phone to request a repair. By doing so, Meldahl forces his tenants to live in dilapidated conditions and contend with water intrusions, plumbing leaks, non-functioning

appliances, lights that do not turn on, heaters that do not work, broken cabinets that fall off the walls, missing or broken windows that let the cold in, doors that do not open or do not lock, and infestations of rats, squirrels, mice, bats, and cockroaches resulting from holes and cracks in his homes.

29. Many of Meldahl's properties have significant water leakage from pipes in the walls and ceilings, which not only causes damage to tenants' possessions and mold in the homes but causes the water bills—that Meldahl requires his tenants to pay—to dramatically increase so as to become unaffordable for his tenants. Meldahl routinely includes large purportedly unpaid water bills of between \$500 to \$2,000 as one of his bases for evicting his tenants. Meldahl's refusal to remediate mildew, mold, animal and insect feces, dirty carpets, and dampness also exacerbates the asthma of some of his tenants who struggle with the condition, especially the children who live in his homes.

30. Meldahl aggressively evicts his tenants—including if they attempt to enforce their right to repairs and a habitable home—and has bragged that he has evicted 99% of all tenants he has ever rented to. Meldahl not only files eviction complaints as a matter of routine business practices but also has the highest rate of eviction judgments obtained in Minneapolis due to the vulnerable population he rents to and the aggressiveness by which he pursues his eviction actions. Meldahl's eviction-for-profit business model includes retaining tenants' security deposits even when tenants have not damaged his property and when the damage to his units is caused by his own failure to maintain and repair his properties.

31. Evicted tenants—as well as those who move quickly in an (often-failed) attempt to avoid an eviction on their record—suffer lasting serious consequences that often include chronic stress, depression, degraded health, missed work, and economic losses that they struggle

to bounce back from. Their children also often suffer from their family's rapid uprooting by having to change schools, which forces them to leave behind friends, teachers, and administrators who know them, and start classes anew in the middle of a school year. Many of Meldahl's tenants—even those who voluntarily leave his property after he files an eviction action and are not forced out by a Writ of Recovery of Premises—end up homeless due to the eviction actions that he filed because landlords will not rent to them with his evictions on their record.

**COUNT I**  
**PREVENTION OF CONSUMER FRAUD ACT**  
**MINN. STAT. § 325F.69**

32. Plaintiff re-alleges all prior paragraphs of this Complaint.

33. Minnesota Statutes section 325F.69, subdivision 1, states:

The act, use, or employment by any person of any fraud, false pretense, false promise, misrepresentation, misleading statement or deceptive practice, with the intent that others rely thereon in connection with the sale of any merchandise, whether or not any person has in fact been misled, deceived, or damaged thereby, is enjoined as provided in section 325F.70.

34. The term “merchandise” within the meaning of Minnesota Statutes section 325F.69 includes services and real estate. Minn. Stat. § 325F.68, subd. 2 (2018).

35. Meldahl has repeatedly violated Minnesota Statutes section 325F.69, subdivision 1, by engaging in fraud, false pretenses, false promises, misrepresentation, misleading statements, and deceptive practices, as described in this Complaint, with the intent that others rely thereon in connection with the rental of his residential properties. Those practices include Meldahl's unlawful lease provisions that deceive and mislead consumers into believing they: (a) must make all repairs to his rental homes; (b) must pay for Service Plus every month to cover the maintenance of Meldahl's rental homes; (c) cannot allow housing inspectors into their homes

without Meldahl's permission; (d) must pay between \$100 and \$500 each time they allow a housing inspector into their home without Meldahl's permission; (e) can be evicted if they allow a housing inspector into their home without Meldahl's permission; (f) must pay the City of Minneapolis's housing-code violation Orders for repairs Meldahl is legally obligated to make; and (g) must pay late fees that exceed 8% when they pay their rent late.

36. Meldahl's conduct, practices, and actions described in this Complaint constitute multiple separate violations of Minnesota Statutes section 325F.69.

37. Defendant Steven Meldahl is liable in his individual capacity, as well as in his capacity as officer of S.J.M. Properties, Inc., as a result of these and other actions he has taken constituting the multiple separate violations of Minnesota Statutes section 325F.69. Defendant Steven Meldahl is also liable in his individual capacity due to his failure to observe corporate formalities and because S.J.M. Properties, Inc., is a mere façade for his individual dealings that constitute the multiple separate violations of Minnesota Statutes section 325F.69.

**COUNT II**  
**UNIFORM DECEPTIVE TRADE PRACTICES ACT**  
**MINN. STAT. § 325D.44**

38. Plaintiff re-alleges paragraphs 1-31 of this Complaint.

39. Minnesota Statutes section 325D.44, subdivision 1, states:

A person engages in a deceptive trade practice when, in the course of business, vocation, or occupation, the person:

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(2) causes likelihood of confusion or of misunderstanding as to the source, sponsorship, approval, or certification of goods or services;

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(5) represents that goods or services have sponsorship, approval, characteristics, ingredients, uses, benefits, or quantities that they do not have or that a

person has a sponsorship, approval, status, affiliation, or connection that the person does not have;

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- (7) represents that goods or services are of a particular standard, quality, or grade, or that goods are of a particular style or model, if they are of another;

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- (13) engages in any other conduct which similarly creates a likelihood of confusion or of misunderstanding.

40. Meldahl has repeatedly violated Minnesota Statutes section 325D.44, subdivision 1, by engaging in the deceptive and fraudulent conduct described in this Complaint with respect to the rental of his residential properties. Those deceptive acts and practices include, but are not limited to:

- a) Representing to consumers that they must make and pay for all repairs to his rental homes when in reality the law requires that Meldahl, not his tenants, keep the homes in reasonable repair and in compliance with applicable health and safety laws;
- b) Representing to consumers that they must pay for Service Plus every month to cover the maintenance of Meldahl's rental homes when Minnesota law requires that he, not his tenants, keep the homes in reasonable repair and in compliance with applicable health and safety laws;
- c) Representing to consumers that they are forbidden from allowing housing inspectors to enter their homes without Meldahl's permission when the law protects consumers' right to allow a housing inspector into their homes and prevents landlords from retaliating when they do so;

- d) Representing to consumers that they are required to pay \$100 if they allow an inspector into their home without Meldahl's permission when the law protects consumers' right to allow a housing inspector into their homes and prevents landlords from retaliating when they do so;
- e) Representing to consumers that Meldahl can evict them if they allow an inspector into their home without Meldahl's permission when the law protects consumers' right to allow a housing inspector into their homes and prevents landlords from retaliating when they do so;
- f) Representing to consumers that they must pay the City of Minneapolis's housing-code violation Orders for repairs when the law provides that Meldahl must make his home habitable, not tenants, and Meldahl is prohibited from retaliating when tenants complain to the city; and
- g) Representing to consumers that they must pay late fees in excess of 8% when they pay their rent late when in reality the law forbids Meldahl from charging more than 8% of the rent amount overdue as a penalty for paying late.

41. Meldahl's conduct, practices, and actions described in this Complaint constitute multiple separate violations of Minnesota Statutes section 325D.44, subdivision 1.

42. Defendant Meldahl is liable in his individual capacity, as well as in his capacity as officer of S.J.M. Properties, Inc., as a result of these and other actions he has taken constituting the multiple separate violations of Minnesota Statutes section 325D.44. Defendant Steven Meldahl is also liable in his individual capacity due to his failure to observe corporate formalities and because S.J.M. Properties, Inc., is a mere façade for his individual dealings that constitute the multiple separate violations of Minnesota Statutes section 325D.44.

**COUNT III**  
**COVENANTS OF LANDLORD**  
**MINN. STAT. § 504B.161**

43. Plaintiff re-alleges paragraphs 1-31 of this Complaint.

44. Minnesota Statutes section 504B.161, subdivision 1(a), states:

In every lease or license of residential premises, the landlord or licensor covenants:

(1) that the premises and all common areas are fit for the use intended by the parties;

(2) to keep the premises in reasonable repair during the term of the lease or license, except when the disrepair has been caused by the willful, malicious, or irresponsible conduct of the tenant or licensee or a person under the direction or control of the tenant or licensee; [and]

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(4) to maintain the premises in compliance with the applicable health and safety laws of the state, and of the local units of government where the premises are located during the term of the lease or license, except when violation of the health and safety laws has been caused by the willful, malicious, or irresponsible conduct of the tenant or licensee or a person under the direction or control of the tenant or licensee.

45. Minnesota Statutes section 504B.161, subdivision 1(b), states that “[t]he parties to a lease or license of residential premises may not waive or modify the covenants [of habitability] imposed by this section.”

46. Meldahl’s conduct, practices, and actions described in this Complaint constitute multiple separate violations of Minnesota Statutes section 504B.161, subdivision 1(b). Among other things, Meldahl’s leases, including his burden-shifting repair provisions and his inspection-prohibition provision, constitute violations of subdivision 1(b) because they are attempts to waive and modify the Covenants of Habitability required by subdivision 1(a).



47. Defendant Meldahl is liable in his individual capacity, as well as in his capacity as officer of S.J.M. Properties, Inc., as a result of these and other actions he has taken constituting the multiple separate violations of Minnesota Statutes section 504B.161, subdivision 1(b). Defendant Steven Meldahl is also liable in his individual capacity due to his failure to observe corporate formalities and because S.J.M. Properties, Inc., is a mere façade for his individual dealings that constitute the multiple separate violations of Minnesota Statutes section 504B.161, subdivision 1(b).

**COUNT IV  
LATE FEES  
MINN. STAT. § 504B.177**

48. Plaintiff re-alleges paragraphs 1-31 of this Complaint.

49. Minnesota Statutes section 504B.177, subdivision a, states:

A landlord of a residential building may not charge a late fee if the rent is paid after the due date, unless the tenant and landlord have agreed in writing that a late fee may be imposed. The agreement must specify when the late fee will be imposed. In no case may the late fee exceed eight percent of the overdue rent payment.

50. Meldahl's conduct described above constitutes multiple separate violations of Minnesota Statutes section 504B.177 by charging his tenants more than 8% of their overdue rent payments. Each time Meldahl imposed a late-payment fee of increased rent above and beyond the agreed-upon monthly rental rate solely in response to tenants paying their rent late, in addition to the 8% Meldahl also charges as a late fee, Meldahl charges substantially more than 8% as a penalty for late rent payments in violation of Minnesota Statutes section 504B.177.

51. Defendant Meldahl is liable in his individual capacity, as well as in his capacity as officer of S.J.M. Properties, Inc., as a result of these and other actions he has taken constituting the multiple separate violations of Minnesota Statutes section 504B.177. Defendant Steven

Meldahl is also liable in his individual capacity due to his failure to observe corporate formalities and because S.J.M. Properties, Inc., is a mere façade for his individual dealings that constitute the multiple separate violations of Minnesota Statutes section 504B.177.

### **PRAYER FOR RELIEF**

WHEREFORE, the State of Minnesota, by its Attorney General, Keith Ellison, respectfully asks this Court to award judgment against Defendants as follows:

1. Declaring that Defendants' actions, as set forth above, constitute multiple, separate violations of Minnesota Statutes sections 325F.69, subdivision 1; Minnesota Statutes sections 325D.44, subdivision 1; Minnesota Statutes section 504B.161, subdivision 1(b); and Minnesota Statutes section 504B.177, subdivision (a);

2. Enjoining Defendants and their employees, officers, directors, agents, successors, assignees, affiliates, merged or acquired predecessors, parents or controlling entities, subsidiaries, and all other persons acting in concert or participation with them, from engaging in deceptive practices and making false or misleading statements in violation of Minnesota Statutes sections 325F.69, subdivision 1, and Minnesota Statutes sections 325D.44, subdivision 1;

3. Enjoining Defendants and their employees, officers, directors, agents, successors, assignees, affiliates, merged or acquired predecessors, parents or controlling entities, subsidiaries, and all other persons acting in concert or participation with them, from waiving or modifying the Covenants of Habitability in violation of Minnesota Statutes section 504B.161, subdivision 1(b);

4. Enjoining Defendants and their employees, officers, directors, agents, successors, assignees, affiliates, merged or acquired predecessors, parents or controlling entities, subsidiaries, and all other persons acting in concert or participation with them, from charging

their tenants more than 8% of their overdue rent payments in violation of Minnesota Statutes section 504B.177;

5. Awarding judgment against Defendants for restitution under the *parens patriae* doctrine, the general equitable powers of this Court, Minnesota Statutes section 8.31, and any other authority, for all persons injured by Defendants' acts as described in this Complaint;

6. Awarding judgment against Defendants for civil penalties pursuant to Minnesota Statutes section 8.31, subdivision 3, for each separate violation of Minnesota Statutes sections 325F.69, 325D.44, 504B.161, and 504B.177;

7. Awarding the State of Minnesota its costs, including litigation costs, costs of investigation, and attorneys' fees, as authorized by Minnesota Statutes section 8.31, subdivision 3(a); and

8. Granting such further relief as provided by law or equity or as the Court deems appropriate and just.

Dated: September 30, 2019

KEITH ELLISON  
Attorney General  
State of Minnesota

/s/ Katherine Kelly  
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**MINN. STAT. § 549.211 ACKNOWLEDGMENT**

The party on whose behalf the attached document is served acknowledges through its undersigned counsel that sanctions, including reasonable attorney fees and other expenses, may be awarded to the opposite party or parties pursuant to Minn. Stat. § 549.211 (2018).

/s/ Katherine Kelly \_\_\_\_\_  
KATHERINE KELLY