

STATE OF MINNESOTA  
COUNTY OF HENNEPIN

DISTRICT COURT  
FOURTH JUDICIAL DISTRICT

Case Type: Other Civil

State of Minnesota *ex rel.* Corey Dahl and Kiona  
Adams,

Court File No. 27-CV-24-3727

Plaintiffs,

v.

Monarch Investment and Management Group,  
LLC; Monarch Management, Inc.; Cornerstone  
Monarch Capital, LLC; MIMG XXXVIII Stone  
Grove, LLC; MIMG CXXXVII Gates of Rochester,  
LLC; MIMG XLVIII City Limits, LLC; MIMG  
XXXII Eden Park, LLC; MIMG CLI Upper Town,  
LLC; MIMG CXLIII Fountains in the Park, LLC;  
CMC 1 Meadows of Coon Rapids, LLC; MIMG  
CLXXXV Winchester Sub LLC; MIMG CLXXXV  
Heritage Manor Sub LLC; MIMG CLXXXV  
Crystal Bay Sub LLC; MIMG CLXXXIV Sterling  
Square Sub LLC, MIMG CLXXXIV French Creek  
Sub LLC; MIMG CLXXXV Olympik Village Sub  
LLC; MIMG CLXXXIV West Broadway Sub  
LLC; and MIMG CCXXV Windsor Gates, LLC

Defendants.

**COMPLAINT IN INTERVENTION  
OF THE STATE OF MINNESOTA**

**JURY TRIAL DEMANDED**

Plaintiff in Intervention, Keith Ellison in his capacity as Attorney General for the State of Minnesota (“State”), brings this Complaint in Intervention seeking damages, penalties, injunctive relief, and other equitable relief against Defendants Monarch Investment and Management Group, LLC; Monarch Management, Inc.; Cornerstone Monarch Capital, LLC; MIMG XXXVIII Stone Grove, LLC; MIMG CXXXVII Gates of Rochester, LLC; MIMG XLVIII City Limits, LLC; MIMG XXXII Eden Park, LLC; MIMG CLI Upper Town, LLC; MIMG CXLIII Fountains in the Park, LLC; CMC 1 Meadows of Coon Rapids, LLC; MIMG CLXXXV Winchester Sub LLC; MIMG CLXXXV Heritage Manor Sub LLC; MIMG CLXXXV Crystal Bay Sub LLC; MIMG CLXXXIV Sterling Square Sub LLC, MIMG CLXXXIV French Creek Sub LLC; MIMG CLXXXV Olympik Village Sub LLC; MIMG CLXXXIV West Broadway Sub LLC; and MIMG CCXXV Windsor Gates, LLC, (hereinafter referred to collectively as “Defendants”) under the Minnesota False Claims Act, Minn. Stat. § 15C.01 *et seq.* (“MFCA”); Minnesota’s Uniform Deceptive Trade Practices Act, Minn Stat. § 325D.44 *et seq.*; Minnesota’s Prevention of Consumer Fraud Act, Minn. Stat. § 325F.69 *et seq.*; and Minnesota common law; and alleges as follows:

## INTRODUCTION

1. This case arises out of dozens of false claims presented or caused to be presented by the MFCA Defendants,<sup>1</sup> a group of landlords, to the Minnesota Housing Finance Agency (“MHFA”), which resulted in the MFCA Defendants’ fraudulent obtainment of hundreds of

---

<sup>1</sup> The MFCA Defendants are defined herein to include Defendants Monarch Investment and Management Group, LLC; Monarch Management, Inc; Cornerstone Monarch Capital, LLC; MIMG XLVIII City Limits, LLC; MIMG XXXII Eden Park, LLC; CLXXXV Olympik Village Sub LLC; MIMG CLXXXIV Sterling Square Sub LLC; MIMG CLXXXV Winchester Sub LLC; MIMG CLXXXV Heritage Manor Sub LLC; MIMG CLXXXV Crystal Bay Sub LLC; MIMG CLI Upper Town, LLC; CMC 1 Meadows of Coon Rapids, LLC; MIMG CXXXVII Gates of Rochester, LLC; MIMG CXLIII Fountains in the Park, LLC; and MIMG XXXVIII Stone Grove, LLC.

thousands of dollars in government funds meant to provide rental assistance to struggling tenants during the COVID-19 pandemic and economic crisis. In addition, the MFCA Defendants knowingly made and used false and fraudulent records and statements that were material to the false claims they presented or caused to be presented to the MHFA.

2. Beginning in 2021, and in the face of both the COVID-19 pandemic and the significant financial difficulties facing thousands of Minnesotans, the MHFA allocated over \$400 million in rental assistance funds to landlords on behalf of Minnesota tenants. These funds were meant to provide rent relief on behalf of tenants who were at-risk for eviction and to prevent Minnesota tenants from “becom[ing] further victim[s] of COVID 19.”

3. As a condition of payment of these rental assistance funds—referred to as RentHelpMN funds—and prior to receiving these funds from MHFA, landlords were required to certify, among other things, that they would not file an eviction action within 30 days of receipt of those RentHelpMN funds and that they would not file an eviction action for nonpayment of rent for months for which the landlord had already received RentHelpMN payments.

4. But, despite making these affirmations, and receiving hundreds of thousands of dollars in RentHelpMN funds in exchange, the MFCA Defendants repeatedly violated their certifications and filed eviction actions against tenants within 30 days of receipt of RentHelpMN funds or filed eviction actions based on nonpayment of rent which had been paid through the RentHelpMN program. Through MFCA Defendants’ false and fraudulent claims, as well as their false and fraudulent records and statements, MFCA Defendants defrauded the State out of hundreds of thousands of dollars in rental assistance money.

5. Defendants are a group of related companies controlled by Defendant Monarch Investment and Management Group (“MIMG”) that owns and operates many multi-unit residential

properties throughout Minnesota. A news report has described MIMG as “middle America’s fastest-growing landlord, specializing in places with widespread poverty and few protections.”<sup>2</sup>

6. In addition to wrongfully seeking eviction for Minnesota tenants, the State’s investigation revealed that the Defendants charge numerous illegal and improper fees, reaping thousands of dollars from Minnesota tenants. These fees were often not included in tenants’ leases, and when they were, the fees were confusing and deceptive.

7. As explained further below, MFCA Defendants’ false statements regarding the RentHelpMN payments constitute multiple violations of the Minnesota False Claims Act, Minn. Stat. § 15C.01 *et seq.* (“MFCA”) and Minnesota common law. Defendants’ fee practices also constitute multiple violations of Minnesota’s Deceptive Trade Practices Act, Minn Stat. § 325D.44 *et seq.* (“DTPA”), and Prevention of Consumer Fraud Act, Minn. Stat. § 325F.69 *et seq.* (“CFA”). The Attorney General brings this action to enforce the law and obtain full relief for Defendants’ violations.

## **PARTIES**

8. Keith Ellison, the Attorney General of the State of Minnesota, is authorized under Minnesota Statutes section 15C.04, chapter 8, as well as 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.

---

<sup>2</sup> Kriston Capps and Sarah Holder, *Wolf of Main Street*, Bloomberg (Mar. 3, 2022), <https://www.bloomberg.com/graphics/2022-evictions-monarch-investment-rental-properties/> (last visited Aug. 13, 2025).

9. Relator Kiona Adams is a former resident of MIMG CXXXVII Gates of Rochester, LLC, a property owned and operated by MIMG. She resided in Apartment G34, 2015 41<sup>st</sup> Street NW, Rochester, MN 55901.

10. Relator Corey Dahl is a former resident of MIMG CLXXXV Crystal Bay Sub LLC, a property owned and operated by MIMG. She resided at 2418 Crystal Bay Ct. SW, Rochester, MN 55902.

11. Relators are former tenants of Defendants who were illegally evicted for nonpayment of rent which was in fact covered by the RentHelpMN program.

#### **I. DEFENDANTS.**

12. Defendant Monarch Investment and Management Group, LLC is a Colorado company with its registered address located at 1010 Dale St. N., Saint Paul, MN 55117, and its principal executive office is at 2195 N. Highway 83, Suite 14B, Franktown, CO 80116.

13. Defendant Monarch Management, Inc. is a Colorado corporation with its registered address located at 7700 E Arapahoe Rd Ste 220, Centennial, CO 80112-1268, and its principal executive office is at 2195 N. Highway 83, Suite 14B, Franktown, CO 80116.

14. Defendant Cornerstone Monarch Capital, LLC is a Colorado limited liability company with its registered address located at 2195 N State Highway 83, Suite 14B, Franktown, CO 80116, and its principal executive office is at 2195 N. Highway 83, Suite 14B, Franktown, CO 80116.

15. Defendant MIMG XXXVIII Stone Grove, LLC is a Colorado limited liability company with its registered address located at 1010 Dale St. N., Saint Paul, MN 55117, and its principal executive office is at 2195 N. Highway 83, Suite 14B, Franktown, CO 80116. MIMG XXXVIII Stone Grove, LLC owns the apartment complex located at 2525 Williams Dr., Burnsville, MN 55337.

16. Defendant MIMG CXXXVII Gates of Rochester, LLC is a Colorado limited liability company with its registered address located at 1010 Dale St. N., Saint Paul, MN 55117, and its principal executive office is at 2195 N. Highway 83, Suite 14B, Franktown, CO 80116. MIMG CXXXVII Gates of Rochester, LLC owns the apartment complex located at 2015 41st Street NW, Rochester, MN 55901.

17. Defendant MIMG XLVIII City Limits, LLC is a Colorado limited liability company with its registered address located at 1010 Dale St. N., Saint Paul, MN 55117, and its principal executive office is at 2195 N. Highway 83, Suite 14B, Franktown, CO 80116. MIMG XLVIII City Limits, LLC owns the apartment complex located at 127 E 59th St., Minneapolis, MN 55419.

18. Defendant MIMG XXXII Eden Park, LLC is a Colorado limited liability company with its registered address located at 1010 Dale St. N., Saint Paul, MN 55117, and its principal executive office is at 2195 N. Highway 83, Suite 14B, Franktown, CO 80116. MIMG XXXII Eden Park, LLC owns the apartment complex located at 6455 Zane Ave. N., Brooklyn Park, MN 55429.

19. Defendant MIMG CLI Upper Town, LLC is a Colorado limited liability company with its registered address located at 1010 Dale St. N., Saint Paul, MN 55117, and its principal executive office is at 2195 N. Highway 83, Suite 14B, Franktown, CO 80116. MIMG CLI Upper Town, LLC owns the apartment complex located at 1310 15th St. N., #2, St. Cloud, MN 56303.

20. Defendant MIMG CXLIII Fountains in the Park, LLC is a Colorado limited liability company with its registered address located at 1010 Dale St. N., Saint Paul, MN 55117, and its principal executive office is at 2195 N. Highway 83, Suite 14B, Franktown, CO 80116. MIMG

CXLIII Fountains in the Park, LLC owns the apartment complex located at 5700 73rd Ave., Brooklyn Park, MN 55429.

21. Defendant CMC 1 Meadows of Coon Rapids, LLC is a Colorado limited liability company with its registered address located at 1010 Dale St. N., Saint Paul, MN 55117, and its principal executive office is at 2195 N. Highway 83, Suite 14B, Franktown, CO 80116. CMC 1 Meadows of Coon Rapids, LLC owns the apartment complex located at 1770 121st Ave. W, Coon Rapids, MN 55448.

22. Defendant MIMG CLXXXV Winchester Sub LLC is a Colorado limited liability company with its registered address at 1010 Dale St. N., St. Paul, MN 55117, and principal place of business at 2195 N. Highway 83, Suite 14B, Franktown, CO 80116. MIMG CLXXXV Winchester Sub LLC owns the Winchester Apartments and the Village Green building, located at 3908 19th Ave NW, Rochester, MN 55901.

23. Defendant MIMG CLXXXV Heritage Manor Sub LLC is a Colorado limited liability company with its registered address at 1010 Dale St. N., St. Paul, MN 55117, and principal place of business at 2195 N. Highway 83, Suite 14B, Franktown, CO 80116. MIMG CLXXXV Heritage Manor Sub LLC owns the Heritage Manor buildings on 18½ Ave. NW and Highway 52 North in Rochester, MN.

24. Defendant MIMG CLXXXV Crystal Bay Sub LLC is a Colorado limited liability company with its registered address at 1010 Dale St. N., St. Paul, MN 55117, and principal place of business at 2195 N. Highway 83, Suite 14B, Franktown, CO 80116. MIMG CLXXXV Crystal Bay Sub LLC owns the Crystal Bay townhomes located at Crystal Bay Ct SW in Rochester, MN.

25. Defendant MIMG CLXXXIV Sterling Square Sub LLC, is a Colorado limited liability company with its registered address at 100 South Fifth Street, Suite 1075, Minneapolis,

MN 55402, and its principal place of business at 2195 N. Highway 83, Suite 14B, Franktown, CO 80116. MIMG CLXXIV Sterling Square Sub LLC owns properties located at 6640 N. Humboldt Avenue, Brooklyn Center, MN 55430.

26. Defendant MIMG CLXXXV French Creek Sub LLC a Colorado limited liability company with its registered address at 1010 Dale St. N., St. Paul, MN 55117, and principal place of business at 2195 N. Highway 83, Suite 14B, Franktown, CO 80116. MIMG CLXXXV French Creek Sub LLC owns properties on 18th Ave. NW, Rochester, MN 55901, and on Chardonnay Lane NW, Rochester, MN 55901.

27. Defendant MIMG CLXXXV Olympik Village Sub LLC is a Colorado limited liability company with its registered address at 1010 Dale St. N., St. Paul, MN 55117, and principal place of business at 2195 N. Highway 83, Suite 14B, Franktown, CO 80116. MIMG CLXXXV Olympik Village Sub LLC owns the property at 402 31st St. NE, Rochester, MN 55906.

28. Defendant MIMG CLXXXIV West Broadway Sub LLC is a Colorado limited liability company with its registered address at 100 South Fifth Street, Suite 1075, Minneapolis, MN 55402, and principal place of business 2195 N. Highway 83, Suite 14B, Franktown, CO 80116. MIMG CLXXXIV West Broadway Sub owns the apartment complex at 6624 West Broadway, Brooklyn Park, MN 55428.

29. Defendant MIMG CCXXV Windsor Gates, LLC is a Colorado limited liability company with its registered address at 1010 Dale Street North Saint Paul, MN 55117, and principal place of business 2195 N. Highway 83, Suite 14B, Franktown, CO 80116. MIMG CCXXV Windsor Gates owns an apartment complex at 6200 78th Avenue North, Brooklyn Park, MN 55443.



30. Defendants' public representations about their business and financial operations show that they function as alter egos and instrumentalities of each other. "When using the alter ego theory to pierce the corporate veil, courts look to the 'reality and not form, with how the corporation operated and the individual defendant's relationship to that operation.'" *Hoyt Props., Inc. v. Prod. Res. Grp., L.L.C.*, 736 N.W.2d 313, 318 (Minn. 2007) (citation omitted). Based on the facts alleged herein, Defendants meet the following non-exhaustive factors supporting a finding of alter ego status: (1) they are controlled by the same persons; (2) they conduct business through wholly-owned and/or closely interrelated entities; (3) they maintain offices in the same location; (4) they share common directors and officers; (5) they issue consolidated financial statements and tax returns; (6) one dominant person or entity holds itself out as having substantial control of the other entities and did in fact have substantial control; (7) the corporate relationship is a convenient way for the dominant person or entity to organize its own business; (8) the non-dominant entities do not observe corporate formalities; and/or (9) the non-dominant entities are not independently capitalized and are dependent on dominant entities for funds and services. *See, e.g., JL Schwieters Constr., Inc. v. Goldridge Constr., Inc.*, 788 N.W.2d 529, 536-37 (Minn. App. 2010) (citing *Scott v. Mego Int'l, Inc.*, 519 F. Supp. 1118 (D. Minn. 1981)); *Hoyt Props.*, 736 N.W.2d at 318. In addition, based on the facts alleged herein and upon information and belief, Defendants are a joint enterprise, which requires a mutual understanding for a common purpose and the right to a voice in the direction and control of the means used to carry out the common purpose. *See Mellett v. Fairview Health Servs.*, 634 N.W.2d 421, 424 (Minn. 2001). Thus, Defendants' formal entity status does not protect them from liability or jurisdiction in this case.

31. The website at [mimginvestment.com](http://mimginvestment.com) (the "Website") is the hub of external and internal corporate business communications for Defendants. The Website contains extensive

statements of corporate policy and practices, descriptions of corporate structure, and mechanisms for communication between tenants, investors, and the public. The Website expressly advertises itself as the corporate website for “Monarch Investment and Management Group” (or “MIMG” or “Monarch”), a corporate entity that the Website repeatedly describes as a single “Company” operated by a single “Owner” and “Owner/President/CEO” (C. Robert Nicolls, II) and a single executive team (which includes at least two other members of the Nicolls family) within a single corporate structure that the Website lays out with detailed organizational charts. According to the Website, Monarch controls all aspects of the business operations of Defendants, including asset management, property management, data analysis, corporate services, accounting, marketing, legal, human resources, training, team relations, recruiting, tax, and IT. The homepage for the Website describes the business operations of all Defendants collectively as if they are contained in the same single company: “Monarch specializes in the acquisition and management of income-producing real estate, particularly multifamily apartment communities” and that “Monarch remains part of the process all the way through conclusion” such that “[t]he same people who approve and acquire the project are the ones who are actively involved in managing the property every day ... [and] at every phase.” The Website also states: “It is this unique and continuous involvement that separates Monarch from the competition and drives superior returns for our investors and employee owners.” Moreover, the “Operations Philosophy” page of the Website describes Monarch’s philosophy as “striv[ing] to operate as a cradle to grave investment company that improves the lives of its tenants, investors, and employees” by systematically “[s]eeking continual NOI [net operating income] increases and cash on cash distributions by limiting expenses,” “[p]roviding expert support to our complexes in areas such as IT, Legal, and

Marketing,” “[p]erforming capital upgrade work such as roofing and painting in-house,” and “[c]ontrolling expenses by looking for administrative efficiencies.”

32. Moreover, as of July 30, 2025, the Website refers to a single “Monarch Portfolio” with a collection of “327 [Properties]” and “75,665 units” in 22 states—including the properties and units in Minnesota at issue in this case. The Website also contains a link to the corporate resume for the “Monarch Investment and Management Group” stating: “Monarch manages all its income producing properties with the principal focus of its efforts on maintaining high occupancy and collections along with keeping expenses at or below budgeted amounts.” The corporate resume describes a unified business and financial operation in which a quarterly consolidated “Investor’s Report” is generated for all properties including “Operational Narrative,” “Balance Sheet,” “Profit and Loss Statement with Budget Variance,” and “Owners Distribution Schedule.” In addition, the corporate resume for “Monarch Investment and Management Group” indicates that corporate taxes are performed on a portfolio-wide basis, including the annual issuance of “Partnership Form 1065 Schedule K-1.” This consolidated treatment of all entities within the Monarch Investment and Management Group is also expressly admitted by Andy Newell—listed as the “Chief Financial Officer” on the Website—in a Multifamily Real Estate News article where he describes himself as “direct[ing] the accounting and reporting of all assets within the Monarch Investment and Management Group portfolio.”<sup>3</sup>

33. Further, Defendants’ corporate disclosures to state and federal governments confirm the intertwined and interchangeable nature of their business operations. For example, all Defendants share the same business address of 2195 N. Hwy 83, Suite 14B, Franktown, CO 80116,

---

<sup>3</sup> Andy Newell, *Where Have All the Evictions Gone?*, Multi-Housing News (Feb. 15, 2021), <https://perma.cc/C2WS-X9HN>.

and most make express reference to “Monarch Investment and Management Group” in their own corporate names (either by word or initials). The persons and entities responsible for the formation of all Defendant entities are a closely interwoven group consisting almost completely of Nicolls, Monarch Management, Inc., and Cornerstone Monarch Capital, LLC. The articles of incorporation for Defendants filed with the Colorado Secretary of State do not require Defendants to follow corporate formalities in terms of independent boards, executives, meetings, minutes, or bank accounts.

34. All Defendants are directly or indirectly controlled by C. Robert Nicolls, II. Nicolls is identified on the Website as the “Owner” and as the “Owner/President/CEO” at the top of the corporate organizational chart for “Monarch Investment and Management Group.” The Website states that Nicolls is “[r]esponsible for the overall operations and performance of the company.” The articles of incorporation show that Nicolls was the sole person responsible for the formation of Monarch Investment & Management Group, LLC, the entity identified as the governing “Company” on the “Privacy Policy” page of the Website. The articles of organization for Monarch Investment & Management Group, LLC specifically provide: “The business and affairs of the Company shall be managed exclusively by its designated Managers. Initially, there shall be one Manager: C. Robert Nicolls II.”

35. The articles of organization for Monarch Management, Inc. also show that Nicolls was the sole person responsible for its formation. Upon information and belief, Monarch Management, Inc. is the parent entity for almost all of the property-based Defendant LLCs.

36. Defendant Cornerstone Monarch Capital, LLC is a partnership between Cornerstone Holdings, LLC and MIMG. As explained on Cornerstone Holdings, LLC’s website: “Cornerstone began acquiring multi-family assets in partnership with Monarch Investment

Management Group in 2015. The first asset was a 380 unit apartment community outside Grand Rapids that closed in July 2015. Since then, Monarch and Cornerstone have partnered on 4 more deals totaling 1150 units across the Midwest (Indiana, Wisconsin, Minnesota, Michigan, and Ohio).”<sup>4</sup> Upon information and belief, Defendant Cornerstone Monarch Capital, LLC acquired Defendant CMC I Meadows of Coon Rapids, LLC. SEC disclosures show that Nicolls was an executive at Defendant Cornerstone Monarch Capital, LLC.

37. Thus, for the reasons alleged herein, it would be unjust and unfair to allow Defendants to maintain corporate distinctions to protect themselves from liability in this case.

38. In addition, for the reasons alleged herein, Defendants are liable for the acts of the others under agency theory.

39. MIMG is a commercial enterprise consisting of the named Defendants, among other persons and entities, who together are in the business of, among other things, the acquisition and management of income-producing real estate including multifamily apartment buildings.

40. After acquisition of a multifamily apartment building, MIMG remains actively involved with the day-to-day management of each property through wholly-owned property management companies. As explained on its Website, MIMG is “more than just a broker and more than just a property management company. [MIMG] research[es], acquire[s], own[s], operate[s], and maintain[s] all of [its] properties.” Upon information and belief, Monarch Management, Inc. and/or Cornerstone Monarch Capital, LLC serve as the property manager for some or all of the other named Defendants.

41. MIMG describes itself as the ninth largest multifamily apartment owner in the country, as of July 30, 2025, listing 75,665 apartment units in 22 states.

---

<sup>4</sup> Cornerstone Monarch Capital, <https://perma.cc/EU3U-JPR2>.

42. Within Minnesota, MIMG, by and through its affiliated companies, owns at least 21 properties, with 3,667 total units.

### **JURISDICTION AND VENUE**

43. This Court has subject matter jurisdiction over the claims pursuant to the Minnesota False Claims Act, Minn. Stat. § 15C.01 *et seq.* and Minnesota Statutes sections 8.01 and 8.31, and common law, including the State's *parens patriae* authority.

44. This Court has personal jurisdiction over Defendants because they purposefully and knowingly transacted business in Minnesota and with Minnesota residents and have committed acts inside Minnesota causing injury to the Minnesota public in violation of Minnesota law.

45. Venue is proper in Hennepin County because the cause of action arose in part in Hennepin County. Minn. Stat. § 542.09.

### **THE MINNESOTA FALSE CLAIMS ACT**

46. The Minnesota False Claims Act ("MFCA") is contained in Minnesota Statutes Chapter 15C and provides, in pertinent part, that a person is liable to the State for a civil penalty, plus three times the amount of damages sustained by the State, for each instance in which the person knowingly:

(1) presents, or causes to be presented, a false or fraudulent claim for payment or approval;

(2) makes or uses, or causes to be made or used, a false record or statement material to a false or fraudulent claim;

. . .

(7) makes or uses, or causes to be made or used, a false record or statement material to an obligation to pay or transmit money or property to the state . . . , or knowingly conceals or knowingly and improperly avoids or decreases an obligation to pay or transmit money or property to the state . . . .

Minn. Stat. § 15C.02(a)(1), (a)(2), and (a)(7).

47. For purposes of the MFCA, “person” is defined as “a natural person, partnership, corporation, association or other legal entity.” Minn. Stat. § 15C.01, subd. 5.

48. Under the MFCA, a “claim” is defined to include “a request or demand, whether under a contract or otherwise, for money or property and whether or not the state or a political subdivision has title to the money or property, that:

(1) is presented to an officer, employee, or agent of the state or political subdivision; or

(2) is made to a contractor, grantee, or other recipient if the money or property is to be spent or used on behalf of the state or the political subdivision or to advance the state's or political subdivision's program or interest, and if the state or political subdivision provides or has provided a portion of the money or property that is requested or demanded, or if the state or the political subdivision has reimbursed or will reimburse the contractor, grantee, or other recipient for a portion of the money or property that is requested or demanded.”

Minn. Stat. § 15C.01, subd. 2.

49. “Knowingly,” within the meaning of the MFCA, is defined to include “actual knowledge of the information,” “deliberate ignorance of the truth or falsity of the information,” or “reckless disregard of the truth or falsity of the information.” Minn. Stat. § 15C.01, subd. 3. Further, “no proof of specific intent to defraud” is required to establish liability under the MFCA. *See id.*

50. The MFCA also defines “material” as “having a natural tendency to influence, or be capable of influencing, the payment or receipt of money or property.” Minn. Stat. § 15C.01, subd. 3a.

51. Under the MFCA, an obligation is “an established duty, whether or not fixed, arising from an express or implied contractual . . . relationship from a fee-based or similar relationship, from statute or regulation, or from the retention of any overpayment.” Minn. Stat. § 15C.01, subd. 3b.

52. In addition to treble damages, the MFCA provides for assessment of a civil penalty for each violation or each false claim. *See* Minn. Stat. § 15C.02(a). A person found to be in violation of the MFCA is also liable to the State for “the costs of the civil action brought to recover any penalty or damages,” including reasonable attorney fees, and the fees of expert consultants and witnesses. *See id.* §§ 15C.02(c), 15C.12.

## **FACTUAL ALLEGATIONS**

### **I. THE RENTHELPMN PROGRAM.**

53. On December 27, 2020, Congress authorized the Emergency Rental Assistance program through the Consolidated Appropriations Act (“ERA1”).<sup>5</sup> ERA1 provided \$25 billion in funding to assist eligible households with rent payment assistance for the purpose of preventing eviction during the COVID-19 pandemic.

54. Then, on March 11, 2021, Congress allocated additional funding to the Emergency Rental Assistance program through the American Rescue Plan Act of 2021 (“ERA2”), which allocated an additional \$21.55 billion to the program, and extended the program’s operating timeline.<sup>6</sup>

55. The Emergency Rental Assistance program authorized the United States Department of the Treasury to disburse funds to rent relief programs administered by states, units of local government, and Indian tribes. Under the ERA1 and ERA2 statutory provisions, these funds were then applied as rent payments for low-income households with a demonstrated “risk of experiencing homelessness or housing instability.” *See supra* n.2, n.3.

---

<sup>5</sup> *See* CONSOLIDATED APPROPRIATIONS ACT, 2021, PL 116-260, December 27, 2020, 134 Stat. 1182 at Division N, § 501.

<sup>6</sup> *See* AMERICAN RESCUE PLAN ACT OF 2021, PL 117-2, March 11, 2021, 135 Stat. 4 § 3201.



56. The Minnesota Housing COVID-19 Emergency Rental Assistance Program, also known as “RentHelpMN,” was a program operated by the MHFA, a unit of the Minnesota state government, pursuant to the Emergency Rental Assistance program.

57. RentHelpMN provided rental assistance that was “meant to help prevent homelessness and maintain housing stability.”<sup>7</sup> RentHelpMN sought to provide “direct assistance for renter Households that have experienced or are at risk of financial hardship due to the COVID-19 pandemic.”<sup>8</sup>

58. The RentHelpMN program accepted applications for rental assistance from April 20, 2021 to January 28, 2022, and provided \$428 million in assistance to 58,600 households.<sup>9</sup>

59. To obtain financial assistance through the RentHelpMN program, tenants had to meet certain eligibility criteria. A tenant first submitted an application, wherein they were required to demonstrate **each** of the following:

- (1) at or below 80 percent of the Area Median Income (“AMI”) for their location;
- (2) eligible for unemployment benefits or had experienced financial hardship directly or indirectly due to the coronavirus outbreak; and
- (3) at risk of experiencing homelessness or housing instability.<sup>10</sup>

Qualifying households received up to 18 months of rental payments, which could include up to three months of “prospective” or future rent.<sup>11</sup>

---

<sup>7</sup> RentHelpMN, COVID-19 Emergency Rental Assistance Program Guide, Minnesota Housing (Jan. 28, 2022), at 3 (“RentHelpMN Guide”), <https://perma.cc/7VGR-RYGD>.

<sup>8</sup> *Id.*

<sup>9</sup> See RentHelpMN.org, *What was RentHelpMN?*, <https://www.renthelpmn.org/> (last accessed March 8, 2024).

<sup>10</sup> RentHelpMN Guide, at 10, <https://perma.cc/7VGR-RYGD>.

<sup>11</sup> *Id.* at 16. Additionally, the Emergency Rental Assistance program allowed landlords to submit applications on behalf of their tenants, directly. To do so, the landlord was required to: (1) obtain the signature of the tenant; (2) provide the application documentation to the tenant; and (3) use

60. In other words, RentHelpMN sought to provide rental assistance funds to those most vulnerable renters in Minnesota communities to “prevent homelessness and maintain housing stability” during the COVID-19 pandemic.<sup>12</sup>

61. As MHFA explained, RentHelpMN “makes provisions for those at risk of falling behind on rent payments due to COVID-19 pandemic.”<sup>13</sup> And that RentHelpMN’s rent payments were “a measure to stabilize housing and prevent evictions . . . .”<sup>14</sup>

62. As the Commissioner of Minnesota Housing explained in her presentation to the Minnesota legislature, RentHelpMN’s primary goal was to “[m]aintain housing stability for renters at risk of losing their housing during a pandemic.”<sup>15</sup>

63. As part of these applications, applicants submitted significant documentation, demonstrating income, financial hardship, and housing instability—in the hopes that they would not be subject to an eviction action or lose their housing.

64. When a tenant’s application to RentHelpMN was granted, the tenant’s landlord was provided with a detailed summary of the prospective payment, including the months of the tenant’s lease which were being covered, on the online RentHelpMN Portal.

65. After receiving this information, the landlord would proceed to the “Approval” page, which allowed the landlord to elect between the following options: (1) approve the amount; (2) indicate the amount needs correction; or (3) choose not to participate.

---

any payments received from the program “to satisfy the tenant’s rental obligations to the owner.”  
15 U.S.C. § 9058a(f)(2).

<sup>12</sup> RentHelpMN Guide, at 3, <https://perma.cc/7VGR-RYGD>.

<sup>13</sup> Minnesota Housing, April 20, 2021 Newsletter, <https://perma.cc/J9XK-LEP8>.

<sup>14</sup> Minnesota Housing eNews, January 7, 2022 Newsletter, <https://perma.cc/TWP5-TMLU>.

<sup>15</sup> Jennifer Leimaile Ho, Commissioner of Minnesota Housing, *Update on RentHelpMN* (Feb. 8, 2022), <https://perma.cc/83RP-9VZ8>.

66. To approve the amount, and therefore receive the RentHelpMN funds, the landlord had to agree to the following certification: “Your participation in this program will help ensure [tenant] does not become a further victim of COVID 19. This aid must reinstate them to avoid eviction. Your commitment by accepting this aid means any current eviction process will be cancelled, and no new eviction process can start from 30 days of receipt of the funds.”

**Figure 1. Example Screenshot of RentHelpMN Approval Page**

Dashboard Logout

## RENTHELP MN

### Section 1: Approval

0% YOUR PROGRESS

Approval Confirmation

#### Do You Approve?

Your participation in this program will help ensure testing does not become a further victim of COVID 19. This aid must reinstate them to avoid eviction. Your commitment by accepting this aid means any current eviction process will be cancelled, and no new eviction process can start from 30 days of receipt of the funds.

testing [REDACTED]

Total Requested Aid: \$1.00

☒ I Approve \$1.00 ☐ This Amount Needs Correction ☐ I Do Not Wish To Participate

67. After certifying to these terms, landlords continued to the “Confirmation” page on the RentHelpMN Portal.

68. To receive the RentHelpMN funds, landlords were required to sign and certify that they would agree to the terms of the agreement as provided on the Confirmation page.

69. The Terms of Agreement included eight simple requirements.

70. Most relevant here, to receive funds, landlords had to certify as to the following:

- “Payment of the rent/fees listed through the RentHelpMN COVID-19 Emergency Rental Assistance program will satisfy the tenant’s monetary

obligation for the rental unit for the months listed.”

- b. “I agree that, during the period of time covered by the rental assistance payments, I will not terminate the lease or file an eviction action against the household for nonpayment.”
- c. “I understand that payments obtained under false pretenses or fraud, payments for costs paid by any other source, or payments for any period of time in which the tenant is not residing in the unit must be repaid and may be subject to recapture and appropriate legal action.”
- d. “By Signing below, I, the landlord or legal representative, certify that I understand and agree to the terms of this agreement.”

**Figure 2. Example Screenshot of RentHelpMN Confirmation Page**

**RENTHELPMN**

Dashboard Logout

**Section 2: Confirmation**

50% YOUR PROGRESS

Approval Confirmation

**Terms of Agreement by the Landlord/Property Owner**

- I am the landlord/property owner or the duly authorized agent of the landlord/property owner for this rental unit.
- The rent/fees are accurate, owed by the tenant, and have not been paid by the tenant or any other source, including through a government rental assistance program.
- Payment of the rent/fees listed through the RentHelpMN COVID-19 Emergency Rental Assistance program will satisfy the tenant's monetary obligation for the rental unit for the months listed.
- I agree to accept payment through this program.
- I agree that, during the period of time covered by the rental assistance payments, I will not terminate the lease or file an eviction action against the household for nonpayment.
- I understand that payments obtained under false pretenses or fraud, payments for costs paid by any other source, or payments for any period of time in which the tenant is not residing in the unit must be repaid and may be subject to recapture and appropriate legal action.
- If this assistance is for a tenant who has vacated the property, I certify that I have read and agreed to the terms of Vacated Unit Assistance and have provided the signed attestation to the tenant and RentHelpMN.
- I understand that if I do not agree to these terms and decline payment the assistance may be offered to the tenant directly.

By Signing below, I, the landlord or legal representative, certify that I understand and agree to the terms of this agreement.

☒ I Agree

Previous Done

71. In exchange for the RentHelpMN funds, these “Terms of Agreement” created ongoing obligations by Defendants and required continued compliance with the Terms.

72. These ongoing obligations were also reiterated in the RentHelpMN Guide, which stated that “Landlords and property owners are *prohibited* from evicting a tenant for nonpayment of rent for *any period covered by rental assistance through the Program*.”<sup>16</sup>

73. Moreover, MHFA highlighted this requirement in a May 26, 2021 Newsletter, stating that RentHelpMN “require[s] that property owners/managers agree not to evict tenants for nonpayment of rent for the months assistance is received.”<sup>17</sup>

## II. MFCA DEFENDANTS FILED EVICTION ACTIONS IN VIOLATION OF THEIR CERTIFICATIONS TO MHFA.

74. The MFCA Defendants received RentHelpMN funds for hundreds of Minnesota tenants, receiving hundreds of thousands of dollars of government funds.

75. Each time the MFCA Defendants accepted RentHelpMN funds, they certified that they would not file an eviction action against tenants within thirty days of receipt of RentHelpMN funds and that they would not file an eviction action for nonpayment of rent for months for which MFCA Defendants received such funds.

76. In exchange for these clear and ongoing obligations by the MFCA Defendants, MHFA paid thousands of dollars to MFCA Defendants to prevent the eviction of Minnesota tenants and “to ensure [the tenant] does not become a further victim of COVID 19.”

77. Yet, the MFCA Defendants repeatedly and unlawfully initiated eviction proceedings anyway.

78. Despite their repeated affirmations to comply with MHFA’s ongoing obligations,

---

<sup>16</sup> RentHelpMN Guide, at 17 (emphasis added), <https://perma.cc/7VGR-RYGD>.

<sup>17</sup> Minnesota Housing, May 26, 2021 Newsletter, <https://perma.cc/46BM-XPBP>.

MFCA Defendants nonetheless processed numerous unlawful evictions actions for dozens of tenants in direct violation of its certifications to MHFA and after having received thousands of dollars in RentHelpMN funds.<sup>18</sup>

79. To date, the State is aware of at least 12 eviction actions that MFCA Defendants filed less than 30 days after receiving RentHelpMN funds, in direct violation of their attestation that “no new eviction process can start from 30 days of receipt of the funds.”

80. Moreover, the State is aware of at least 32 eviction actions that the MFCA Defendants filed which sought to evict tenants for nonpayment of rent for months for which the MFCA Defendants had already received RentHelpMN payments for those specific months.

81. Below are six tenants who were approved for RentHelpMN, and for whom the MFCA Defendants received RentHelpMN payments, but who were nonetheless subject to unlawful eviction actions at the hands of MFCA Defendants and in direct violation of MFCA Defendants’ obligations.

**A. Relator Kiona Adams.**

82. From approximately August 2019 to August 2022, Relator Kiona Adams was a tenant at the Gates of Rochester Apartments, which are owned and operated by Defendant MIMG CXXXVII Gates of Rochester, LLC (“MIMG-Gates of Rochester”).

83. On May 10, 2021, Adams applied for RentHelpMN funds. Relator Adams’ application was accepted, and on August 28, 2021, MIMG-Gates of Rochester approved the funds

---

<sup>18</sup> These eviction actions occurred at twelve of the Defendants’ Minnesota properties. Some tenants residing at City Limits Apartments, Crystal Bay Townhomes, Eden Park Apartments, The Fountains in the Park Apartments, Gates of Rochester Apartments, Heritage Manor Apartments, Meadows of Coon Rapids Apartments, Olympik Village Apartments, Sterling Square Apartments, Stone Grove Apartments, Upper Town Apartments, and Winchester Apartments received eviction actions for nonpayment of rent for months for which MFCA Defendants had received RentHelpMN payments and/or within 30 days of MFCA Defendants receiving RentHelpMN funds.

through RentHelpMN's Approval and Confirmation pages, affirming that "during the period of time covered by the rental assistance payments, [MIMG-Gates of Rochester] will not . . . file an eviction action against the household for nonpayment."

84. MIMG-Gates of Rochester also certified that "payments obtained under false pretenses or fraud . . . must be repaid and may be subject to recapture and appropriate legal action."

85. On or around October 18, 2021, MIMG-Gates of Rochester received and deposited \$9,750.77 from RentHelpMN for Adams' rent for January 2021 through January 2022.

86. On January 14, 2022, MIMG-Gates of Rochester filed an eviction complaint against Relator Adams, alleging, in part, nonpayment of rent for the month of January 2022, despite the fact that MIMG-Gates of Rochester had received RentHelpMN funds for January 2022, months earlier.

87. MIMG-Gates of Rochester violated its certifications to MHFA by seeking to evict Adams for nonpayment of rent for a month for which it had received RentHelpMN payments.

88. On January 28, 2022, Relator Adams applied a second time for RentHelpMN funds.

89. The court suspended MIMG-Gates of Rochester's pending eviction action on January 31, 2022 due to the pending RentHelpMN application.

90. Relator Adams' second application was approved and, on February 28, 2022, MIMG-Gates of Rochester approved the funds through RentHelpMN's Approval and Confirmation pages, affirming that "during the period of time covered by the rental assistance payments, [MIMG-Gates of Rochester] will not . . . file an eviction action against the household for nonpayment."

91. MIMG-Gates of Rochester also certified that "payments obtained under false

pretenses or fraud . . . must be repaid and may be subject to recapture and appropriate legal action.”

92. On or around March 23, 2022, MIMG-Gates of Rochester received and deposited \$1,935.08 from RentHelpMN for Relator Adams’ rent, including for the month of February 2022.

93. On April 21, 2022, MIMG-Gates of Rochester filed an amended eviction complaint against Relator Adams, alleging, in part, nonpayment of rent for the months of January and February 2022, despite the fact that MIMG-Gates of Rochester had received RentHelpMN funds for both months.

94. Once again, MIMG-Gates of Rochester violated its certifications to MHFA by filing this amended eviction complaint seeking to evict Adams for nonpayment of rent for months that MIMG-Gates of Rochester had received through RentHelpMN.

**B. Relator Corey Dahl.**

95. From approximately October 2020 to August 2022, Relator Corey Dahl was a tenant at Crystal Bay Apartments, which are owned and operated by Defendant MIMG CLXXXV Crystal Bay Sub LLC (“MIMG-Crystal Bay”).

96. After losing her job during the COVID-19 pandemic, on April 20, 2021, Relator Dahl applied for RentHelpMN funds for the months of January 2021 through January 2022.

97. Her application was approved and, on July 14, 2021, MIMG-Crystal Bay approved the funds through RentHelpMN’s Approval and Confirmation pages, affirming that “during the period of time covered by the rental assistance payments, [MIMG-Crystal Bay] will not . . . file an eviction action against the household for nonpayment.”

98. MIMG-Crystal Bay also certified that “payments obtained under false pretenses or fraud . . . must be repaid and may be subject to recapture and appropriate legal action.”

99. On or around October 25, 2021, MIMG-Crystal Bay received and deposited \$17,820.87 from RentHelpMN for Relator Dahl’s rent, including for the months of December 2021



and January 2022.

100. On January 14, 2022, MIMG-Crystal Bay filed an eviction complaint against Relator Dahl, alleging, in part, nonpayment of rent for the months of December 2021 and January 2022, despite the fact that MIMG-Crystal Bay had received RentHelpMN funds for December 2021 and January 2022, months earlier.

101. MIMG-Crystal Bay violated its certifications to MHFA by seeking to evict Dahl for nonpayment of rent for months for which it had received RentHelpMN payments.

102. MIMG-Crystal Bay later voluntarily dismissed and expunged the first eviction action against Relator Dahl.

103. On January 28, 2022, Relator Dahl applied a second time for RentHelpMN funds. Relator Dahl's application was accepted, and on February 17, 2022, MIMG-Crystal Bay approved the funds through RentHelpMN's Approval and Confirmation pages, affirming that "during the period of time covered by the rental assistance payments, [MIMG-Crystal Bay] will not . . . file an eviction action against the household for nonpayment."

104. MIMG-Crystal Bay also certified that "payments obtained under false pretenses or fraud . . . must be repaid and may be subject to recapture and appropriate legal action."

105. On or around March 4, 2022, MIMG-Crystal Bay received and deposited \$4,282.38 from RentHelpMN for Relator Dahl's rent, including for the month of February 2022.

106. On April 15, 2022, MIMG-Crystal Bay filed a second eviction complaint against Relator Dahl, alleging, in part, nonpayment of rent for February 2022, despite the fact that MIMG-Crystal Bay had already received RentHelpMN funds for February 2022.

107. Once again, MIMG-Crystal Bay violated its certifications to MHFA by seeking to evict Dahl for nonpayment of rent for a month for which it had received RentHelpMN payments.

**C. Tenant S.S.**

108. From approximately February 2021 to February 2022, Tenant S.S. was a tenant at City Limits Apartments, which are owned and operated by Defendant MIMG XLVIII City Limits, LLC (“MIMG-City Limits”).

109. On May 23, 2021, Tenant S.S. applied for RentHelpMN funds. Tenant S.S.’s application was accepted, and on June 17, 2021, MIMG-City Limits approved the funds through RentHelpMN’s Approval and Confirmation pages, affirming that “during the period of time covered by the rental assistance payments, [MIMG-City Limits] will not . . . file an eviction action against the household for nonpayment.”

110. MIMG-City Limits also certified that “payments obtained under false pretenses or fraud . . . must be repaid and may be subject to recapture and appropriate legal action.”

111. On or around November 16, 2021, MIMG-City Limits received and deposited \$6,681.28 in RentHelpMN funds, covering Tenant S.S.’s rent for April through December 2021.

112. On December 22, 2021, MIMG-City Limits filed an eviction action against Tenant S.S., alleging nonpayment of rent for November and December 2021, despite the fact that MIMG-City Limits had already received RentHelpMN funds for both months.

113. MIMG-City Limits violated its certifications to MHFA by seeking to evict Tenant S.S. for nonpayment of rent for months for which it had received RentHelpMN payments.

**D. Tenant M.J.**

114. From approximately September 2018 to July 2022, Tenant M.J. was a tenant at Eden Park Apartments, which is owned and operated by Defendant MIMG XXXII Eden Park, LLC (“MIMG-Eden Park”).

115. On January 11, 2022, Tenant M.J. applied for RentHelpMN funds. Tenant M.J.’s application was accepted, and on March 11, 2022, MIMG-Eden Park approved the funds through

RentHelpMN's Approval and Confirmation pages, agreeing that no eviction actions could be filed within 30 days of receipt of RentHelpMN payments and affirming that "during the period of time covered by the rental assistance payments, [MIMG-Eden Park] will not . . . file an eviction action against the household for nonpayment."

116. MIMG-Eden Park also certified that "payments obtained under false pretenses or fraud . . . must be repaid and may be subject to recapture and appropriate legal action."

117. On or around March 21, 2022, MIMG-Eden Park received and deposited \$2,097.81 in RentHelpMN funds, covering Tenant M.J.'s rent for January and February 2022.

118. On April 7, 2022, just 17 days after receiving RentHelpMN funds, MIMG-Eden Park filed an eviction action against Tenant M.J., alleging, in part, nonpayment of rent for February 2022, despite the fact that MIMG-Eden Park had already received RentHelpMN funds for that month.

119. MIMG-Eden Park's eviction action against Tenant M.J. was unlawful because it violated Eden Park's certification that it would not initiate any eviction action within 30 days of receiving RentHelpMN funds.

120. Moreover, MIMG-Eden Park claimed in its Eviction Complaint that Tenant M.J. had failed to pay rent for February 2022. But MIMG-Eden Park had, in fact, already received RentHelpMN funds for February 2022. Thus, MIMG-Eden Park, once again, violated its certifications to MHFA by seeking to evict Tenant M.J. for nonpayment of rent for months for which it had received RentHelpMN payments.

**E. Tenant J.J.**

121. From approximately May 2021 to May 2022, Tenant J.J. was a tenant at Heritage Manor Apartments, which is owned and operated by Defendant MIMG CLXXXV Heritage Manor Sub LLC ("MIMG-Heritage Manor").

122. On November 22, 2021, Tenant J.J. applied for RentHelpMN funds. Tenant J.J.’s application was accepted, and on December 14, 2021, MIMG-Heritage Manor approved the funds through RentHelpMN’s Approval and Confirmation pages, agreeing that no eviction actions could be filed within 30 days of receipt of RentHelpMN payments and affirming that “during the period of time covered by the rental assistance payments, [MIMG-Heritage Manor] will not . . . file an eviction action against the household for nonpayment.”

123. MIMG-Heritage Manor also certified that “payments obtained under false pretenses or fraud . . . must be repaid and may be subject to recapture and appropriate legal action.”

124. On or around January 5, 2022, MIMG-Heritage Manor received and deposited \$3,620 in RentHelpMN funds, covering Tenant J.J.’s rent for December 2021 through March 2022.

125. On January 20, 2022, just 15 days after receiving the RentHelpMN funds, MIMG-Heritage Manor filed an eviction action against Tenant J.J.

126. MIMG-Heritage Manor’s eviction action against Tenant J.J. was unlawful because it violated MIMG-Heritage Manor’s certification that it would not initiate any eviction action within 30 days of receiving RentHelpMN funds.

127. Moreover, MIMG-Heritage Manor claimed in its Eviction Complaint that Tenant J.J. had failed to pay rent for January 2022. MIMG-Heritage Manor had, in fact, already received RentHelpMN funds for January 2022, as well as several other months. Thus, MIMG-Heritage Manor, once again, violated its certifications to MHFA by seeking to evict Tenant J.J. for nonpayment of rent for months for which it had received RentHelpMN payments.

**F. Tenant D.L.**

128. From approximately October 2019 to March 2022, Tenant D.L. was a tenant at Upper Town Apartments, which is owned and operated by Defendant MIMG CLI Upper Town, LLC (“MIMG-Upper Town”).

129. On November 14, 2021, Tenant D.L. applied for RentHelpMN funds. Tenant D.L.’s application was accepted, and on November 17, 2021, MIMG-Upper Town approved the funds through RentHelpMN’s Approval and Confirmation pages, agreeing that no eviction actions could be filed within 30 days of receipt of RentHelpMN payments and affirming that “during the period of time covered by the rental assistance payments, [MIMG-Upper Town] will not . . . file an eviction action against the household for nonpayment.”

130. MIMG-Upper Town also certified that “payments obtained under false pretenses or fraud . . . must be repaid and may be subject to recapture and appropriate legal action.”

131. On or around December 15, 2021, MIMG-Upper Town received and deposited \$2,757.05 in RentHelpMN funds, covering Tenant D.L.’s rent for November 2021 through February 2022.

132. On February 16, 2022, MIMG-Upper Town filed an eviction action against Tenant D.L., alleging that Tenant D.L. had failed to pay rent for February 2022. MIMG-Upper Town had, in fact, already received RentHelpMN funds for February 2022. Thus, MIMG-Upper Town violated its certifications to MHFA by seeking to evict Tenant D.L. for nonpayment of rent for a month for which it had received RentHelpMN payments.

\* \* \*

133. These are just six examples of tenants who MFCA Defendants subjected to wrongful eviction actions. These examples illustrate MFCA Defendants’ unlawful conduct of filing eviction actions in violation of their ongoing MHFA certifications; approving, confirming, certifying, and wrongfully receiving and retaining payments from MHFA; and thereby violating the Minnesota False Claims Act. As explained above, the State has identified dozens of MFCA violations as a result of its investigation.

### **III. MFCA DEFENDANTS' FRAUDULENT CLAIMS WERE MATERIAL TO THE MHFA.**

134. Under the MFCA, “[a] person who... knowingly presents, or causes to be presented, a false or fraudulent claim for payment or approval; [or] knowingly makes or uses, or causes to be made or used, a false record or statement material to a false or fraudulent claim,” is liable. Minn. Stat. § 15C.02(a)(1), (a)(2).

135. Here, the MFCA Defendants repeatedly represented that they would not evict tenants within 30 days of receiving RentHelpMN payments and that they would not evict tenant for nonpayment of rent covered by the RentHelpMN program as a prerequisite to obtaining government money.

136. These representations were false.

137. Additionally, when accepting payment to cover a tenant’s rental obligations through the RentHelpMN program, a landlord was required to certify:

I understand that payments obtained under false pretenses or fraud, payments for costs paid by any other source, or payments for any period of time in which the tenant is not residing in the unit must be repaid and may be subject to recapture and appropriate legal action.

138. Yet, the MFCA Defendants failed to return the RentHelpMN funds they received after falsely representing that they would not seek to evict their tenants.

139. MFCA Defendants thus knowingly concealed their obligation to repay government monies, and improperly avoided their said obligation, within the meaning of Minn. Stat. § 15C.02(a)(7).

140. The RentHelpMN program was created to prevent evictions during the COVID-19 pandemic.

141. In doing so, the MHFA promulgated strict standards governing receipt of RentHelpMN funds.

142. Through the RentHelpMN program, landlords receiving rental assistance funds were required to accept those funds in lieu of rent payments for the specified time period, and had to explicitly agree not to initiate eviction proceedings within 30 days after receipt of funds and to not file an eviction for nonpayment of rent for months for which the landlords had received RentHelpMN funds.

143. If MFCA Defendants had not made false representations as part of their approval and confirmation of the RentHelpMN funds, they would not have been entitled to, and would not have received, emergency rental assistance funding through the RentHelpMN program.

#### **IV. MFCA DEFENDANTS ACTED WITH THE REQUISITE SCIENTER.**

144. Under the MFCA, a defendant acts “knowingly” when it acts with “actual knowledge of the information,” “deliberate ignorance of the truth or falsity of the information,” or “reckless disregard of the truth or falsity of the information.” Minn. Stat. § 15C.01, subd. 3.

145. Defendants need not act with “specific intent to defraud” to be liable under the MFCA. *See id.*

146. The MFCA Defendants knew that they were barred from filing eviction actions within 30 days of receipt of RentHelpMN funds and from filing eviction actions for nonpayment of rent covered by RentHelpMN, as:

- i. MFCA Defendants were repeatedly provided notice through the RentHelpMN portal, and MFCA Defendants repeatedly affirmed their understanding of that notice, when accepting funds tendered through successful tenant applications to RentHelpMN;
- ii. MFCA Defendants repeatedly certified that they would not file a new eviction action within 30 days of receiving RentHelpMN payments;
- iii. MFCA Defendants repeatedly certified that they would not evict a tenant for

nonpayment of rent for covered payments when submitting landlord applications to RentHelpMN;

- iv. These certifications were a condition for receiving the RentHelpMN funds; and
- v. These conditions were conspicuously publicized by MHFA, both through the RentHelpMN Portal and the RentHelpMN Guide.<sup>19</sup>

147. Moreover, MFCA Defendants knew that they were required to return the RentHelpMN funds that they had fraudulently procured because:

- i. MFCA Defendants repeatedly certified that they understood that payments obtained under false pretenses or fraud, payments for costs paid by any other source, or payments for any period of time in which the tenant is not residing in the unit must be repaid and may be subject to recapture and appropriate legal action; and
- ii. MFCA Defendants knew, deliberately ignored, or acted in reckless disregard of the fact that they were in violation of the requirements to lawfully receive and retain RentHelpMN funding.

148. That MFCA Defendants actions were done “knowingly” is evident, as Defendants repeatedly made such certifications, and still initiated eviction actions against tenants in violation of those clear and ongoing certifications.

149. Additionally, despite knowing that they had breached their certifications, which were required to retain the RentHelpMN funds, on multiple occasions with regards to multiple tenants, MFCA Defendants failed to ever return any RentHelpMN funds.

---

<sup>19</sup> See RentHelpMN Guide, at 17, <https://perma.cc/7VGR-RYGD>.



**V. MFCA DEFENDANTS SUBMITTED, AND CAUSED TO BE SUBMITTED, DOZENS OF FALSE CLAIMS, RESULTING IN HUNDREDS OF THOUSANDS OF DOLLARS BEING PAID TO DEFENDANTS THAT THEY SHOULD NOT HAVE RECEIVED.**

150. Because of MFCA Defendants' unlawful conduct alleged herein, MFCA Defendants presented or caused to be presented numerous false claims for payment to MHFA, and MHFA paid out substantial government monies on those claims to Defendants.

151. Additionally, because of MFCA Defendants' unlawful conduct alleged herein, MFCA Defendants knowingly made and used, or caused to be made and used, false statements and records material to Defendants' false claims for payment to MHFA, and MHFA paid out substantial government monies on those claims to MFCA Defendants.

152. Because MFCA Defendants' claims were false, the State incurred injury and damages due to payment of these claims, which should not have been made.

153. Because MFCA Defendants knowingly did not report or repay the said payments, and concealed them by not doing so, the State incurred injury and damages.

154. But for MFCA Defendants' misrepresentations and concealments regarding these false claims, the State would not have incurred the injury and damages it incurred due to the payment of these false claims.

155. In addition, MFCA Defendants' misrepresentations and concealments regarding their violations were a substantial factor in causing MHFA to pay out, and not yet recoup, monies on these false claims, thus causing MHFA to incur injury and damages.

156. As a result of MFCA Defendants' conduct, MFCA Defendants received hundreds of thousands of RentHelpMN dollars as identified in the below table by tenant initials and the total RentHelpMN funds which were paid to MFCA Defendants:

Tenant Initials <sup>20</sup>	Total RentHelpMN Payment
I. A.	\$ 2,238.98
R. A.	\$ 4,634.22
Q. A.	\$ 3,494.74
K. A.	\$ 11,685.85
J. A.	\$ 2,815.04
A. A.	\$ 6,554.41
E. B.	\$ 4,706.15
Z. C.	\$ 7,051.79
C. D. 1	\$ 22,103.25
J. D.	\$ 884.52
C. D. 2	\$ 2,953.88
S. D.	\$ 4,180.00
M. E.	\$ 14,242.08
Z. E.	\$ 6,759.42
A. F.	\$ 4,704.75
J. F.	\$ 3,344.15
K. F.	\$ 4,893.60
B. G.	\$ 2,949.14
D. H.	\$ 8,290.67
S. H.	\$ 6,354.19
M. J. 1	\$ 2,097.81
J. J.	\$ 3,620.00
H. J.	\$ 3,284.10
D. J.	\$ 5,147.29
R. J.	\$ 13,252.40
M. J. 2	\$ 13,776.04

---

<sup>20</sup> Where two different tenants have the same initials, additional numbers have been added to so indicate.

D. K.	\$ 10,378.52
D. L.	\$ 2,757.05
M. L.	\$ 3,166.12
H. M.	\$ 4,961.52
L. M.	\$ 7,710.20
J. N.	\$ 5,454.66
L. P.	\$ 8,205.00
J. R.	\$ 12,489.11
S. S.	\$ 6,681.28
J. S.	\$ 7,304.75
A. T.	\$ 6,696.80
K. V.	\$ 7,571.23
J. V.	\$ 6,280.35
A. W.	\$ 3,325.10
<b>Total</b>	<b>\$ 259,000.16</b>

157. MFCA Defendants received at least \$259,000.16 in RentHelpMN funds based on MFCA Defendants' materially false and fraudulent certifications on RentHelpMN's Approval and Confirmation forms submitted to MHFA.

158. In addition to defrauding the government of hundreds of thousands of dollars, MFCA Defendants also deceptively sought to evict tenants during the COVID-19 pandemic for nonpayment of rent despite the fact that the MFCA Defendants had received government funds intended to prevent the initiation of such evictions.

159. The tenants who received rent assistance from RentHelpMN were some of the most vulnerable individuals and families in Minnesota. Only those tenants who demonstrated a low income, a financial hardship, and risk of homelessness or housing instability were approved.

MFCA Defendants' actions were antithetical to the purpose of the RentHelpMN program, and subjected vulnerable tenants to more instability that eviction actions bring, including potential devastating effects on a tenant's credit history, credit score, and ability to rent in the future. Indeed, some tenants were forced to seek expungement of MFCA Defendants' wrongful eviction actions to clear their records.

160. In addition, upon information and belief, MFCA Defendants made false representations to Minnesota tenants that MFCA Defendants could file an eviction action even when such an eviction action would have violated MFCA Defendants' certifications to MHFA that it would not file an eviction action in those circumstances.

161. For example, on March 4, 2022, MIMG-Crystal Bay received \$4,282.38 from RentHelpMN for Relator Corey Dahl's rent. However, on March 17, 2022, MIMG-Crystal Bay's property manager called Relator Dahl and left a voicemail, stating that MIMG-Crystal Bay "could be filing for an eviction" the following day, March 18, for past due rent. However, such a filing would have violated MIMG-Crystal Bay's certifications to MHFA that it would not file a new eviction action within 30 days of receiving RentHelpMN payments. Therefore, MIMG-Crystal Bay's representations that it could seek such an eviction were false and deceptive.

162. Then again on March 18, MIMG-Crystal Bay's property manager called Relator Dahl again and left a voicemail stating that he would be filing for an eviction that day, but giving Relator Dahl until 2pm that day to take care of the outstanding balance owed. Once again, these representations were false and deceptive because such an eviction action would have been unlawful and in direct violation of MIMG-Crystal Bay's certifications to MHFA that it would not seek such an eviction within 30 days of receipt of RentHelpMN payments.

163. MIMG-Crystal Bay did not file an eviction action on March 18. It filed its eviction

action against Relator Dahl on April 15, 2022—outside of the 30-day window—but it nonetheless sought to unlawfully evict Relator Dahl for nonpayment of rent for months for which MIMG-Crystal Bay had received RentHelpMN payments.

## **VI. DEFENDANTS CHARGE ILLEGAL FEES TO MINNESOTA TENANTS.**

164. In addition to defrauding the State out of hundreds of thousands of dollars, all of the named Defendants deceived Minnesota consumers—their tenants—through their confusing and deceptive charging of unlawful and improper fees.

### **A. MFCA Defendants Charged Expensive Eviction Filing Fees and Other Related Litigation Fees for Eviction Actions Filed in Violation of MFCA Defendants’ MHFA Certifications.**

165. Defendants charged dozens of tenants unlawful eviction filing fees and related legal fees. Each fee was often several hundred dollars.

166. For example, in the lease between Tenant J.D. and Defendant MIMG XXXII Eden Park, LLC (“Eden Park”) the lease provides that the tenant may be liable for “a charge (not to exceed \$100) for owner/manager’s time and inconvenience . . . in any *valid eviction proceeding* against you, plus attorney’s fees, court costs, and filing fees actually paid.”

167. Defendant Eden Park subsequently charged Tenant J.D. \$377 for what Eden Park described as “eviction filing fees.” However, Eden Park was prohibited from filing this eviction action because Eden Park filed the action within 30 days of receiving RentHelpMN payments on J.D.’s behalf and in violation of Eden Park’s certifications to MHFA.

168. During its investigation, the State identified over 40 instances in which Defendants charged dozens of tenants with improper eviction filing fees and other related litigation fees, totaling over \$15,000 in charges. Defendants charged these fees even when Defendants’ eviction action violated Defendants’ certifications to MHFA. The State believes that further discovery may reveal that Defendants charged additional deceptive eviction filing fees to other Minnesota tenants.

**B. Defendants Charged Expensive and Deceptively Described “Vacant Recovery (VCR)” Fees to Tenants.**

169. Defendants’ leases often contain a “Utility and Services Addendum,” which purports to outline the “[r]esponsibility for payment of utilities, and the method of metering or otherwise measuring the cost of the utility.”

170. The Utility and Services Addendum also provides that (highlight added):

4. You will be charged for the full period of time that you were living in, occupying, or responsible for payment of rent or utility charges on the apartment. If you breach the Lease, you will be responsible for utility charges for the time period you were obliged to pay the charges under the Lease, subject to our mitigation of damages. In the event you fail to timely establish utility services, we may charge you for any utility service billed to us for your apartment and may charge a reasonable administration fee for billing for the utility service in the amount of \$ 50.00.

171. The final sentence in this provision is confusing and deceptive, and it seeks an unreasonable administration fee for billing for utility services.

172. First, the Utility and Services Addendum fails to explain what the tenant is required to do to “timely establish utility services.” This phrase is undefined, vague, and wholly lacks sufficient information or detail to adequately inform a tenant about what he or she must do to timely establish utility services and avoid this \$50 fee.

173. Moreover, if tenants did not timely establish utility service billing, the Addendum states that tenants would be charged \$50 for “billing for the utility service.” But the Addendum does not inform tenants that this is actually a *monthly* fee—not just a one-time penalty.

174. Defendants’ failure to disclose this point and blatant deception becomes even more evident when compared to other fees provided in the same Addendum. As shown below, the Addendum provides for a series of fees. In particular, paragraph 3 shown below provides three utility-related fees. Notably, Defendants describe one fee as a “*Monthly* Administrative Billing Fee”—which makes good sense because Defendants charge this fee every month. Turning to paragraph 4, which provides for the \$50 fee, there is no indication that this \$50 fee is a monthly

charge. When these two paragraphs are read together, a reasonable tenant would likely assume that the \$50 fee is a one-time fee.

3. When billed by us directly or through our billing company, you must pay utility bills within 1 days of the date when the utility bill is issued at the place indicated on your bill, or the payment will be late. If a payment is late, you will be responsible for a late fee as indicated below. The late payment of a bill or failure to pay any utility bill is a material and substantial breach of the Lease and we will exercise all remedies available under the Lease, up to and including eviction for nonpayment. To the extent there are any new account, monthly administrative, late or final bill fees, you shall pay such fees as indicated below.

New Account Fee:	\$ <u>12.00</u>	(not to exceed \$ <u>          </u> )
Monthly Administrative Billing Fee:	\$ <u>4.40</u>	(not to exceed \$ <u>          </u> )
Late Fee:	\$ <u>11.00</u>	(not to exceed \$ <u>          </u> )
Final Bill Fee:	\$ <u>          </u>	(not to exceed \$ <u>          </u> )

If allowed by state law, we at our sole discretion may amend these fees, with written notice to you.

4. You will be charged for the full period of time that you were living in, occupying, or responsible for payment of rent or utility charges on the apartment. If you breach the Lease, you will be responsible for utility charges for the time period you were obliged to pay the charges under the Lease, subject to our mitigation of damages. In the event you fail to timely establish utility services, we may charge you for any utility service billed to us for your apartment and may charge a reasonable administration fee for billing for the utility service in the amount of \$ 50.00.

175. Defendants’ failure to explain to tenants that this \$50 fee would be charged on a monthly basis is blatantly deceptive.

176. Moreover, Defendants’ bills to tenants for these \$50 fees are also confusing and deceptive. Although the lease describes the \$50 fee as an “administration fee for billing for utility service,” tenants are billed a \$50 charge for “Vacant Recovery (VCR) – Penalties/Fees.”<sup>21</sup> Defendants’ leases do not refer to a “Vacant Recovery” fee—let alone define it or explain what it is. Nowhere do Defendants clarify in their leases that the Vacant Recovery fee that tenants see on their bills from Defendants is actually the Defendants’ administration fee for billing for the utility service. The discrepancy between how Defendants describe this fee in their leases and how Defendants describe the fees in tenants’ bills is also deceptive and confusing.

177. Defendants have charged tenants a Vacant Recovery fee for multiple months in a row. In fact, based on a sampling of tenants, Defendants charged dozens of tenants a Vacant Recovery fee every month for over a year, and some tenants paid these fees for more than two or even three years. These persistent charges further evidence that these lease terms were confusing,

---

<sup>21</sup> Defendants also sometimes referred to these fees as “Vacant Recovery (VCR) – Fees” or “Vacant Electric Fee.” These labels are equally non-descriptive and confusing.

because had tenants understood what the Vacant Recovery fee was and understood how to avoid this fee—by “establish[ing] utility service”—it is likely they would have done so.

178. Furthermore, the Addendum states that the landlord may charge a “*reasonable* administration fee billing for the utility service.” Defendants’ \$50 monthly fee is patently unreasonable and unfair, especially when compared to similar fees charged by the Defendants for single meter utility billing. For example, for shared utility services at The Fountains in the Park Apartments, owned and operated by Defendant MIMG CXLIII Fountains in the Park, LLC, Defendant MIMG CXLIII Fountains in the Park, LLC charged a “Monthly Administrative Billing Fee” of \$4.40 to distribute the charges between tenants.

179. Nothing in Defendants’ leases suggest that it would cost Defendants anything close to \$50 to bill for utility services. This is a blatant profit center for Defendants whereby Defendants confuse and deceive tenants to unfairly charge inflated fees that likely greatly exceed any actual expenses incurred by Defendants, in order to pad Defendants’ revenues.

180. During its investigation, and based on just a sampling of tenants residing at Defendants’ properties, the State identified over 700 deceptive, confusing, and unfairly excessive charges of VCR fees to over 120 tenants, totaling over \$30,000 in charges.<sup>22</sup> The State believes that further discovery will reveal that Defendants charged additional deceptive, confusing, and unfair Vacant Recovery fees to more Minnesota tenants.

---

<sup>22</sup> To date, the State has identified the following Defendants as directly charging Minnesota tenants unlawful and improper Vacant Recovery fees: MIMG XXXVIII Stone Grove, LLC; MIMG CXXXVII Gates of Rochester, LLC; MIMG XLVIII City Limits, LLC; MIMG XXXII Eden Park, LLC; MIMG CLI Upper Town, LLC; MIMG CXLIII Fountains in the Park, LLC; CMC 1 Meadows of Coon Rapids, LLC; MIMG CLXXXV Winchester Sub LLC; MIMG CLXXXV Heritage Manor Sub LLC; MIMG CLXXXV Crystal Bay Sub LLC; MIMG CLXXXIV Sterling Square Sub LLC, and MIMG CLXXXV Olympik Village Sub LLC.



**C. Defendants Charged Exorbitant Garage Late Fees Without Disclosing Such Fees in Tenants' Leases.**

181. Defendants MIMG CLXXXIV West Broadway Sub LLC (“West Broadway”) and MIMG CLXXXIV Sterling Square Sub LLC (“Sterling Square”) charge tenants unlawful garage late fees, typically \$25 per garage space, without first seeking and obtaining tenants’ agreement to charge such fees.

182. Although tenant ledgers for West Broadway and Sterling Square often reference garage late fee charges per a garage agreement or a garage addendum, neither the lease nor the addendum provide that a garage late fee will be charged or what that late fee would be.

183. For example, in a 2021 lease between a tenant and West Broadway, the lease included a Lease Contract Addendum for Enclosed Garage, Carport, or Storage Unit. The Addendum provided that the tenant was assigned a specific garage spot, costing \$65 per month to be added to the monthly rent payment. However, the two-page Addendum included no provision related to a \$25 late fee charge that could be billed to tenant, nor is this late fee disclosed in any other part of the lease. Nevertheless, Defendant West Broadway charged the tenant a \$25 garage late fee in addition to the tenant’s \$65 garage rent.

184. Similarly, in a 2022 lease between a tenant and Sterling Square, the lease included a Lease Contract Addendum for Enclosed Garage, Carport, or Storage Unit. The Addendum provided that the tenant was assigned a specific garage spot, costing \$65 per month to be added to the monthly rent payment. However, the two-page addendum included no provision related to a \$25 late fee charge that could be billed to tenant, nor is this late fee disclosed in any other part of the lease. Nevertheless, Defendant Sterling Square charged the tenant a \$25 garage late fee multiple times.

185. These \$25 garage late fees are particularly egregious because the underlying

garage rental fee itself was only \$65, meaning the late fee was almost 40% of the underlying garage rental fee. By comparison, Minnesota law caps late rent fees at 8% of the overdue rent payment. Minn. Stat. § 504B.177.

186. During its investigation, and based on just a sampling of tenants residing at West Broadway and Sterling Square, the State identified over 120 unlawful charges of garage late fees, totaling more than \$4,000 in charges. The State believes that further discovery will reveal that Defendants charged additional undisclosed and excessive garage late fees to more Minnesota tenants.

**D. Defendants Charged Tenants Confusing, Deceptive, and Excessive Renter's Insurance Non-Compliance Fees.**

187. Defendants' leases regarding renter's insurance are confusing, deceptive, and unfair to tenants. Defendants' leases inaccurately and confusingly disclose what they will charge tenants if they do not comply with Defendants' insurance requirements.

188. For example, in a 2021 lease between a tenant and Eden Park, Eden Park states in one section of the lease that no rental insurance was required, but then later states that the tenant was "required to purchase personal liability insurance."

189. Later in that same lease, in a special provision about garage rentals, Eden Park's lease provides that:

Renters Insurance: You are responsible to us for any damages sustained by us due to fire, smoke, explosion, water discharge, and/or sewer backup negligently caused by you or your occupants or guests. As a condition of this Lease and for the duration of the Lease term, you must procure and maintain, at your sole cost and expense, a renter's insurance policy with personal liability coverage for acts or omissions by you, your occupants, and your guests in the minimum amount of \$100,000.00 per occurrence. Such policy must list Sterling Square Apartments as an interested party, and you must provide proof of a current policy at the beginning of the Lease term and upon any renewal of the Lease term.

190. It is unclear whether this requirement is specific only to the garage.

191. Later, in the “Lease Addendum Liability Insurance Required of Resident,” the addendum describes what personal liability insurance the tenant is required to maintain.

192. The addendum also states under special provisions that: “In the event that Lessee fails to obtain and maintain the GL Policy as required herein, Lessor shall have the right to charge a liability coverage fee in the amount of \$15.00 per month, or a non-compliance penalty in the amount of \$30.00 per month, for every month during which Lessee did not maintain the GL Policy for one or more days within that month.” Notably, this addendum does not define what “GL Policy” means.

193. Finally, Defendants’ leases often include a “Required Renters Insurance and Waiver Program Addendum.” As part of this addendum, until the tenant provided adequate insurance coverage, Defendants automatically enroll the tenant in a “Renters Insurance Waiver Program.” Under this program, Defendants charge tenants between \$12 and \$15 per month, often referred to as the “Renters Insurance Waiver Fee.” Notably, the program is not renter’s insurance, and it does not provide any insurance coverage for the tenant.

194. Only after tenants satisfy the Defendants that they have obtained an adequate insurance policy do Defendants stop charging them the Renters Insurance Waiver Fee.

195. However, if the tenant’s insurance policy ever lapses or is cancelled, Defendants “automatically and immediately” charge a fee—typically \$30, but sometimes as high as \$75—*every month* until the tenant obtains the required rental insurance coverage again. This fee is often referred to as the “Renters Insurance Non-Compliance Fee.”

196. Defendants’ leases provide that Defendants will continue to charge the Renters Insurance Non-Compliance Fee until the tenant brings proof of a current renter’s insurance policy or the tenant re-enrolls in the Waiver Program.

197. Defendants' leases about their renter's insurance requirements are confusing and deceptive. The leases are often inconsistent and unclear about whether and what type of renter's insurance tenants are required to purchase and maintain.

198. Moreover, nowhere do Defendants explain why the Renters Insurance Non-Compliance Fees are at least double, and in some cases more than double, the Renters Insurance Waiver Fee.

199. For example, assume Tenant A and Tenant B both have a year-long lease at one of Defendants' properties. If Tenant A never obtained renter's insurance, Tenant A would likely pay \$12 per month for the Renters Insurance Waiver Fee, for 12 months, for a total of \$144. But if Tenant B originally had renter's insurance but that coverage lapsed after the first month and Tenant B did not obtain another renter's insurance policy during the remainder of the lease, Tenant B would pay \$30 a month for the Renters Insurance Non-Compliance Fee, for 11 months, for a total of \$330.

200. There is no added benefit to the tenant in exchange for being subjected to the much higher Renters Insurance Non-Compliance Fee as compared to the Renters Insurance Waiver Fee. Neither fee provides renter's insurance or any benefit to the tenant whatsoever.

201. The Renters Insurance Non-Compliance Fees only apparent function is to punish and unfairly price gouge those tenants who had adequate insurance coverage at one time and then lost that coverage for whatever reason.

202. There is no legal, ethical, or policy-based reason to justify Defendants' unfairly exorbitant Renters Insurance Non-Compliance Fee, especially when compared to Defendants' Renters Insurance Waiver Fee.

203. During its investigation, and based on just a sampling of tenants residing at

Defendants' properties, the State identified over 700 unlawful charges of Renters Insurance Non-Compliance Fees, totaling more than \$22,000 in charges.<sup>23</sup> The State believes that further discovery will reveal that Defendants charged additional deceptive, confusing, and excessive Renters Insurance Non-Compliance Fees to more Minnesota tenants.

**COUNT I**  
**VIOLATION OF MINNESOTA FALSE CLAIMS ACT:**  
**PRESENTATION OF FALSE OR FRAUDULENT CLAIM FOR PAYMENT**  
**MINN. STAT. § 15C.02(a)(1)**

**(Against Defendants Monarch Investment and Management Group, LLC; Monarch Management, Inc; Cornerstone Monarch Capital, LLC; MIMG XLVIII City Limits, LLC; MIMG XXXII Eden Park, LLC; CLXXXV Olympik Village Sub LLC; MIMG CLXXXIV Sterling Square Sub LLC; MIMG CLXXXV Winchester Sub LLC; MIMG CLXXXV Heritage Manor Sub LLC; MIMG CLXXXV Crystal Bay Sub LLC; MIMG CLI Upper Town, LLC; CMC 1 Meadows of Coon Rapids, LLC; MIMG CXXXVII Gates of Rochester, LLC; MIMG CXLIII Fountains in the Park, LLC; MIMG XXXVIII Stone Grove, LLC)**

204. The State re-alleges paragraphs 1 through 203 of this Complaint.

205. MFCA Defendants violated Minn. Stat. § 15C.02(a)(1) by knowingly (with actual knowledge or deliberate ignorance or reckless disregard of the truth) presenting, or causing to be presented, false or fraudulent claims for payment or approval to MHFA resulting in MFCA Defendants' receiving RentHelpMN payments from MHFA to which they were not entitled.

---

<sup>23</sup> To date, the State has identified the following Defendants as directly charging Minnesota tenants unlawful and improper Renters Insurance Non-Compliance Fees: MIMG XXXVIII Stone Grove, LLC; MIMG CXXXVII Gates of Rochester, LLC; MIMG XLVIII City Limits, LLC; MIMG XXXII Eden Park, LLC; MIMG CLI Upper Town, LLC; MIMG CXLIII Fountains in the Park, LLC; CMC 1 Meadows of Coon Rapids, LLC; MIMG CLXXXV Winchester Sub LLC; MIMG CLXXXV Heritage Manor Sub LLC; MIMG CLXXXV Crystal Bay Sub LLC; MIMG CLXXXIV Sterling Square Sub LLC, MIMG CLXXXIV French Creek Sub LLC; MIMG CLXXXV Olympik Village Sub LLC; and MIMG CCXXV Windsor Gates, LLC.

206. If MHFA had known that MFCA Defendants had presented or caused to be presented false claims based on these false certifications, MHFA would have refused to make payments to MFCA Defendants.

207. As a direct and proximate cause of MFCA Defendants' false claims that MFCA Defendants knowingly presented or caused to be presented, the State has been damaged in a substantial amount to be determined at trial, and is entitled to recover treble damages plus a civil monetary penalty for each false claim as set forth in Minn. Stat. § 15C.02(a). The State is also entitled to recover the costs of this civil action, including reasonable costs, attorney fees, and the reasonable fees of expert consultants and expert witnesses. Minn. Stat. §§ 15C.02(c), 15C.12.

**COUNT II**  
**VIOLATION OF MINNESOTA FALSE CLAIMS ACT:**  
**MAKING AND USING FALSE RECORDS OR STATEMENTS**  
**MINN. STAT. § 15C.02(a)(2)**

**(Against Defendants Monarch Investment and Management Group, LLC; Monarch Management, Inc; Cornerstone Monarch Capital, LLC; MIMG XLVIII City Limits, LLC; MIMG XXXII Eden Park, LLC; CLXXXV Olympik Village Sub LLC; MIMG CLXXXIV Sterling Square Sub LLC; MIMG CLXXXV Winchester Sub LLC; MIMG CLXXXV Heritage Manor Sub LLC; MIMG CLXXXV Crystal Bay Sub LLC; MIMG CLI Upper Town, LLC; CMC 1 Meadows of Coon Rapids, LLC; MIMG CXXXVII Gates of Rochester, LLC; MIMG CXLIII Fountains in the Park, LLC; MIMG XXXVIII Stone Grove, LLC)**

208. The State re-alleges paragraphs 1 through 203 of this Complaint.

209. MFCA Defendants violated Minn. Stat. § 15C.02(a)(2) by knowingly (with actual knowledge or deliberate ignorance or reckless disregard of the truth), making, using, or causing to be made or used false records and statements material to false or fraudulent claims, resulting in MFCA Defendants' receiving RentHelpMN payments from MHFA to which they were not entitled.

210. If MHFA had known that MFCA Defendants had made, used, or caused to be made or used false records or statements material to these false claims, MHFA would have refused to make payments to MFCA Defendants.

211. As a direct and proximate cause of these false records or statements, the State has been damaged in a substantial amount to be determined at trial, and is entitled to recover treble damages plus a civil monetary penalty for each false record or statement as set forth in Minn. Stat. § 15C.02(a). The State is also entitled to recover the costs of this civil action, including reasonable costs, attorney fees, and the reasonable fees of expert consultants and expert witnesses. Minn. Stat. §§ 15C.02(c), 15C.12.

**COUNT III**  
**VIOLATION OF MINNESOTA FALSE CLAIMS ACT:**  
**MAKING AND USING FALSE RECORDS OR STATEMENTS TO CONCEAL OR**  
**AVOID AN OBLIGATION TO PAY MONEY TO THE STATE**  
**MINN. STAT. § 15C.02(a)(7)**

**(Against Defendants Monarch Investment and Management Group, LLC; Monarch Management, Inc; Cornerstone Monarch Capital, LLC; MIMG XLVIII City Limits, LLC; MIMG XXXII Eden Park, LLC; CLXXXV Olympik Village Sub LLC; MIMG CLXXXIV Sterling Square Sub LLC; MIMG CLXXXV Winchester Sub LLC; MIMG CLXXXV Heritage Manor Sub LLC; MIMG CLXXXV Crystal Bay Sub LLC; MIMG CLI Upper Town, LLC; CMC 1 Meadows of Coon Rapids, LLC; MIMG CXXXVII Gates of Rochester, LLC; MIMG CXLIII Fountains in the Park, LLC; MIMG XXXVIII Stone Grove, LLC)**

212. The State re-alleges paragraphs 1 through 203 of this Complaint.

213. MFCA Defendants violated Minn. Stat. § 15C.02(a)(7) by knowingly (with actual knowledge or deliberate ignorance or reckless disregard of the truth) making, using, or causing to be made or used, false records or statements material to an obligation to pay or transmit money or property to the state, or knowingly concealing or knowingly and improperly avoiding or decreasing an obligation to pay or transmit money or property to the state.

214. MFCA Defendants were paid money by the State that they knew they were not entitled to receive nor keep. Despite this, MFCA Defendants retained those payments.

215. MFCA Defendants had an obligation to return such payments to the State, and such knowing failure to return such payments is a violation of Minn. Stat. § 15C.02(a)(7).

216. If MHFA had known that MFCA Defendants had made, used, or caused to be made or used false records or statements material to their obligation or that MFCA Defendants had avoided their obligation to pay money back to the State, MHFA would have refused to make payments to MFCA Defendants.

217. By reason of these false records or statements, the State has been damaged in a substantial amount to be determined at trial, and is entitled to recover treble damages plus a civil monetary penalty for each false record or statement as set forth in Minn. Stat. § 15C.02(a). The State is also entitled to recover the costs of this civil action, including reasonable costs, attorney fees, and the reasonable fees of expert consultants and expert witnesses. Minn. Stat. §§ 15C.02(c), 15C.12.

#### **COUNT IV UNJUST ENRICHMENT**

**(Against Defendants Monarch Investment and Management Group, LLC; Monarch Management, Inc; Cornerstone Monarch Capital, LLC; MIMG XLVIII City Limits, LLC; MIMG XXXII Eden Park, LLC; CLXXXV Olympik Village Sub LLC; MIMG CLXXXIV Sterling Square Sub LLC; MIMG CLXXXV Winchester Sub LLC; MIMG CLXXXV Heritage Manor Sub LLC; MIMG CLXXXV Crystal Bay Sub LLC; MIMG CLI Upper Town, LLC; CMC 1 Meadows of Coon Rapids, LLC; MIMG CXXXVII Gates of Rochester, LLC; MIMG CXLIII Fountains in the Park, LLC; MIMG XXXVIII Stone Grove, LLC)**

218. The State re-alleges paragraphs 1 through 203 this Complaint.



219. A cause for unjust enrichment arises where a benefit is conferred upon a defendant who knowingly accepts it and who retains it under such circumstances that it would be inequitable for the defendant to keep it.

220. For the purposes of an unjust enrichment claim, a benefit is conferred upon another when one gives possession of money to the other or where one has extracted a benefit from another by fraud, conversion, or similar conduct.

221. This is a claim for the recovery of monies by which MFCA Defendants have been unjustly enriched at the expense of MHFA.

222. MHFA conferred benefits on MFCA Defendants by providing MFCA Defendants with money based on MFCA Defendants' false and fraudulent claims, statements, and representations.

223. MFCA Defendants knowingly accepted such benefits from MHFA.

224. MFCA Defendants' acceptance and retention of such benefits under the circumstances described would be unjust and inequitable.

225. MFCA Defendants' conduct constitutes unjust enrichment under Minnesota common law, for which, as a matter of equity, they should not derive any gain and/or MHFA should be made whole.

226. Pursuant to the common law pertaining to unjust enrichment and the State's inherent *parens patriae* authority, the State is entitled to injunctive relief, disgorgement, and/or restitution, and other legal and/or equitable relief for MFCA Defendants' conduct resulting in unjust enrichment.

**COUNT V**  
**UNIFORM DECEPTIVE TRADE PRACTICES ACT**  
**MINN. STAT. §§ 325D.43–.48**

**(All Defendants)**

227. The State re-alleges paragraphs 1 through 203 of this Complaint.

228. The Uniform Deceptive Trade Practices Act (“DTPA”), Minnesota statutes, section 325D.44 provides that a “person .... engages in a deceptive trade practice” in violation of the statute when “in the course of business, vocation, or occupation, the person: . . .

....

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

(13) engages in . . . (ii) unfair or unconscionable acts or practices;<sup>24</sup>

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

Minn. Stat. § 325D.44, subd. 1(5), (13), (14). Deceptive practices under section 325D.44 may be enjoined without “proof of monetary damage, loss of profits, or intent to deceive.” Minn. Stat. § 325D.45, subd. 1.

229. Defendants are “person[s]” within the meaning of section 325D.44, which includes corporate entities. *See* Minn. Stat. § 645.44, subd. 7 (defining “person” generally). Defendants are subject to the DTPA because they engage in a “course of business” in Minnesota pursuant to Minnesota Statute, section 325D.44, subdivision 1.

---

<sup>24</sup> Pursuant to 2023 Minnesota Laws, chapter 57, article 4, section 6 (codified at Minn. Stat. § 325D.44, subd. 1(13)), took effect on August 1, 2023. The relevant time for the State’s claim under Count V pursuant to Minnesota Statutes section 325D.44, subdivision 1(13) began on August 1, 2023, and continues through the present.

230. The term “unfair or unconscionable act or practice” means any “act[] or practice that: (1) offends public policy as established by the statutes, rules, or common law of Minnesota; (2) is unethical, oppressive, or unscrupulous; or (3) is substantially injurious to consumers.” Minn. Stat. § 325D.44, subd. 2(b).

231. In the course of their business, vocation, or occupation, Defendants have repeatedly violated and continue to violate the DTPA by engaging in the deceptive and unfair practices described in this Complaint. This conduct includes, but is not limited to:

- a. Deceptively charging tenants eviction-related fees in connection with filing unlawful eviction actions against tenants for whom Defendants had already received RentHelpMN payments;
- b. Charging tenants expensive and deceptively described “Vacant Recovery” monthly fees when tenants have not “timely” established a utility account in their own names, despite Defendants never clearly disclosing that they required tenants to do so and never clearly disclosing the nature and extent of the associated monthly fees;
- c. Charging tenants undisclosed and unfairly excessive garage late fees without getting prior agreement in writing to do so; and
- d. Charging tenants confusing and unfairly excessive renter’s insurance non-compliance fees, despite Defendants never clearly disclosing whether and what type of renter’s insurance tenants were required to have.

232. Due to the deceptive, misleading, and unfair conduct described in this Complaint, tenants have made fee payments to Defendants that they otherwise would not have, thereby causing

them harm. There is a causal nexus between these injuries to tenants and the wrongful conduct that Defendants have engaged in that violates the DTPA.

233. Defendants jointly participated in the wrongdoing at issue and all are jointly and severally liable for their multiple separate violations of section 325D.44, subdivision 1.

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

**(All Defendants)**

234. The State re-alleges paragraphs 1 through 203 of this Complaint.

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

The act, use, or employment by any person of any fraud, unfair or unconscionable practice, 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.<sup>25</sup>

236. The term “merchandise” within the meaning of Minnesota Statutes section 325F.69 includes Defendants’ rental housing and landlord services described in this Complaint.

237. The term “person” includes “any natural person or legal representative, partnership, corporation (domestic and foreign), company, trust, business entity, or association, and any agent, employee, salesperson, partner, officer, director, member, stockholder, associate, trustee, or cestui que trust thereof.” Minn. Stat. § 325F.68, subd. 3. Defendants are “persons” within the meaning of the statute.

---

<sup>25</sup> Pursuant to 2023 Minnesota Laws chapter 57, article 4, section 16, the prohibited conduct of “unfair or unconscionable” practices was added to Minnesota Statutes section 325F.69, subdivision 1 and took effect August 1, 2023. The relevant time for the State’s claim under Count VI for unfair or unconscionable practices pursuant to Minnesota Statutes section 325F.69, subdivision 1 began on August 1, 2023, and continues through the present.

238. Defendants repeatedly violated Minnesota Statutes section 325F.69, subdivision 1, by engaging in fraud, unfair or unconscionable practices, 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 their provision of rental housing and landlord services. This conduct includes, but is not limited to:

- a. Deceptively charging tenants eviction-related fees in connection with filing unlawful eviction actions against tenants for whom Defendants had already received RentHelpMN payments;
- b. Charging tenants expensive and deceptively described “Vacant Recovery” monthly fees when tenants have not “timely” established a utility account in their own names, despite Defendants never clearly disclosing that they required tenants to do so and never clearly disclosing the nature and extent of the associated monthly fees;
- c. Charging tenants undisclosed and unfairly excessive garage late fees without getting prior agreement in writing to do so; and
- d. Charging tenants confusing and unfairly excessive renter’s insurance non-compliance fees, despite Defendants never clearly disclosing whether and what type of renter’s insurance tenants were required to have.

239. Due to the fraudulent, unfair and unconscionable practices, false pretenses, false promises, misrepresentation, misleading statements, and deceptive practices described in this Complaint, tenants have made fee payments to Defendants that they otherwise would not have, thereby causing them harm. There is a causal nexus between these injuries to tenants and the wrongful conduct that Defendants have engaged in that violates Minn. Stat. § 325F.69, subdivision 1.

240. Defendants jointly participated in the wrongdoing at issue and all are jointly and severally liable for their multiple separate violations of section 325F.69.

### **RELIEF**

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

1. On Counts I, II, and III (violations of the Minnesota False Claims Act, Minn. Stat. §§ 15C.02(a)(1), 15C.02(a)(2), 15C.02(a)(7)), entering a judgment against the MFCA Defendants for treble the State's damages, in an amount to be determined at trial, plus a civil penalty in the maximum applicable amount for each violation of the MFCA by Defendants;

2. Declaring that MFCA Defendants' actions, as set forth above, constitute actions that unjustly enriched MFCA Defendants at the expense of the State of Minnesota;

3. Declaring that Defendants' actions, as set forth above, constitute multiple, separate violations of Minnesota Statutes section 325D.44, subdivision 1, and Minnesota Statutes section 325F.69;

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 engaging in unfair and deceptive practices and making false, misleading, or confusing statements in violation of Minnesota Statutes sections 325D.44, subdivision 1, and 325F.69, subdivision 1;

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 harmed 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 325D.44, 325F.69;

7. Awarding the State its costs, including litigation costs, costs of investigation, and attorney's fees, as authorized by Minnesota Statutes section 8.31, subdivision 3a, as well as sections 15C.02(c) and 15C.12; and

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

Dated: August 14, 2025

Respectfully submitted,

KEITH ELLISON  
Attorney General  
State of Minnesota

s/ Emily Scholtes Dykstra  
EMILY SCHOLTES DYKSTRA  
Assistant Attorney General  
Atty. Reg. No. 0398939

445 Minnesota Street, Suite 1400  
St. Paul, Minnesota 55101-2131  
(651) 300-7918 (Voice)  
(651) 296-7438 (Fax)  
Emily.ScholtesDykstra@ag.state.mn.us

JASON PLEGGENKUHLE  
Assistant Attorney General  
Atty. Reg. No. 0391772

*Attorneys for Plaintiff, State of Minnesota*

**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.

Dated: August 14, 2025

*s/ Emily Scholtes Dykstra*  
EMILY SCHOLTES DYKSTRA  
Assistant Attorney General