SETTLEMENT AGREEMENT AND GENERAL RELEASE

This Settlement Agreement and General Release (the “Settlement Agreement” or “Agreement”) is entered into by and between Cornelia Martinez; Carmen Castro; Ana Velasquez; Hilda Deras; Gloria Morales; Pedro Ramos; Nicolas Gregorio; Polonia Hernandez; Carlos Escamilla; Pedro Guerrero; Demetrius Allen; Michael Prudhomme; Arthur Rivera; SAJE, a 501(c)(3) non-profit organization; and Step Up On Second Street, Inc., a 501(c)(3) non-profit organization (collectively the “Plaintiffs”), on the one hand, and Optimus Properties, LLC, a California limited liability company; Optimus Property Management, LLC, a California limited liability company; Roxbury Ventures, LLC, a California limited liability company; Magnolia Avenue Properties, LLC, a California limited liability company; South Normandie Properties, LLC, a California limited liability company; South Kenmore Properties, LLC, a California limited liability company; MKM Westwood, LLC, a California limited liability company; Normandie Linden, LLC, a California limited liability company; Mariposa/8th Street Properties, LLC, a California limited liability company; and Jerome Mickelson (collectively the “Defendants”), and Allied World Assurance Company (U.S.) Inc. and Monterey Insurance, Co. (collectively the “Insurers”), on the other hand. Plaintiffs, Defendants, and Insurers shall be collectively referred to herein as the “Parties.” This Agreement is effective as of the date upon which it is executed by the last of the Parties (the “Effective Date”).

WHEREAS, the Plaintiffs believe they have multiple claims against the Defendants relating to or arising out of tenancies at properties located at 1423 South Magnolia Avenue, 756 South Normandie, 250 South Kenmore Avenue, 837 South Normandie, 238 South Mariposa Avenue, and 401 South Kenmore Avenue in Los Angeles, California;


WHEREAS, the Defendants deny any liability in connection with the Actions;

WHEREAS, on June 19, June 21, June 25, June 28, and June 29, 2018, the Parties participated in a settlement conference held before Magistrate Judge Suzanne H. Segal in the United States District Court of the Central District of California, Western Division, in an effort to resolve the Actions without the burden, expense and uncertainty of trial;

WHEREAS, the Parties were each represented by counsel and arm’s length negotiations between counsel for the Parties resulted in the terms of this Settlement Agreement as set forth below;

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WHEREAS, the Parties expressly represent, understand, and assent that this Agreement is a compromise of disputed claims and shall not be construed as an admission of liability against any of the Defendants.

NOW, THEREFORE, IN CONSIDERATION of the mutual promises contained herein, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Parties hereby promise and agree as follows:

A. Monetary Terms

The Parties agree to the following monetary terms:

1. Defendants and Insurers shall pay Plaintiffs $2,500,000.00 ("Settlement Payment") in compensation for all claims for damages and attorneys’ fees and costs.

2. Defendants and Insurers agree to deliver their payments to Plaintiffs’ counsel, Public Counsel, within thirty (30) days after the Effective Date.

3. The Settlement Payment shall be delivered by wire transfer to Public Counsel. Form 1099s will be issued to Public Counsel for the total Settlement Payment.

4. The Parties agree that in the event any action or proceeding is brought to enforce any of the terms, obligations or conditions of the Monetary Terms of the Agreement, the prevailing party in such action or proceeding shall be entitled to recover reasonable attorneys’ fees and costs.

B. Non-Monetary Terms

The Parties agree to the following terms of injunctive relief, to remain in effect for a period of thirty (30) months from the Effective Date ("Settlement Term"):  

1. Defendants shall comply with all fair housing laws in any of the buildings at 238 S. Mariposa Avenue, 837 S. Normandie Avenue, 250 S. Kenmore Avenue, and 401 S. Kenmore Avenue (the "Subject Properties").

2. Defendants shall have all residential corporate property managers (i.e., those managers who work in Defendants’ main office rather than at residential properties themselves) complete the Certified California Resident Manager Program. Additionally, all of Defendants’ forms must comply with the California Civil Code. Use of California Apartment Association forms is a safe harbor.

3. For all Subject Properties: (a) Plaintiffs may elect to have inspectors from the Los Angeles Housing and Community Investment Department ("HCIDLA") will inspect Plaintiffs’ units and provide Defendants with a list of deficiencies; (b) Defendants will repair those deficiencies; (c) HCIDLA inspectors will return to ensure that all repairs are adequate. Defendants will perform repairs until all conditions in Plaintiffs’ units meet HCIDLA inspectors’ approval.

4. For the next 7 units that become vacant in the Subject Properties during the Settlement Term, Defendants shall rent those units to applicants who receive Section 8 Housing Choice...
Vouchers exclusively. Defendants shall provide Madeline Howard, Senior Attorney, at the Western Center on Law and Poverty, with: (a) notice when those vacancies occur, and (b) materials sufficient to demonstrate that those vacancies have been filled with Section 8 tenants once the units have been rented. Such (a) notice and (b) materials shall be sent by email to Madeline Howard at mhoward@wclp.org, with a copy sent by U.S. mail to Western Center on Law and Poverty, Attention: Madeline Howard, 3701 Wilshire Boulevard, Suite 208, Los Angeles, CA 90010. This provision shall apply to the owners of 837 S. Normandie Avenue and 401 S. Kenmore Avenue throughout the Settlement Term, even if those buildings are sold in any arm’s-length transaction contemplated by provision 11, below.

5. Defendants shall adopt a written non-discrimination policy.

6. Defendants shall adopt a written policy for handling requests for reasonable accommodations or modifications in a manner consistent with (a) the Joint Statement of the Department of Housing & Urban Development and the Department of Justice Reasonable Accommodation Under the Fair Housing Act, dated May 17, 2004, and (b) the Joint Statement of the Department of Housing & Urban Development and the Department of Justice Reasonable Modifications Under the Fair Housing Act, dated March 5, 2008. As of the date of this Settlement Agreement, Plaintiffs identify and Defendants agree to acknowledge that the following reasonable accommodations are necessary in order for these Plaintiffs to gain equal use and enjoyment of their respective dwellings:

6.1. Demetrius Allen (837 South Normandie Avenue) is an individual with claimed physical and mental disabilities. Due to his disabilities, Plaintiff Allen’s sole source of income is from disability-related benefits that he receives by the fifth (5th) of each month. Plaintiff Allen’s disabilities make it difficult for him to process information and to act on such information within a short period of time. In order to assist Plaintiff Allen with processing information in notices and other communications with the owners and management, Plaintiff Allen requires that a copy of all notices he receives also be sent via email to Plaintiff Allen’s case worker at Ocean Park Community Center (OPCC), Talula Thompson, at tthompson@thepeopleconcern.org. Plaintiff Allen also requires an emotional support animal for comfort and to alleviate the symptoms of his disabilities. Plaintiff Allen therefore requires reasonable accommodations (a) to pay rent by the fifth (5th) of each month; (b) a copy of all notices to be sent to his caseworker at OPCC; and (c) to be allowed to have an emotional support animal in his unit, which Demetrius Allen will identify with a photograph of the emotional support animal.

6.2. Michael Prudhomme (837 South Normandie Avenue) is an individual with claimed physical and mental disabilities. Due to his disabilities, Plaintiff Prudhomme’s sole source of income is from disability-related benefits that he receives by the fifth (5th) of each month. Plaintiff Prudhomme therefore requires a reasonable accommodation to pay rent by the fifth (5th) of each month.

6.3. Arthur Rivera (238 South Mariposa Avenue) is an individual with claimed physical and mental disabilities. Due to his disabilities, Plaintiff Rivera’s sole source of income is from disability-related benefits that he receives by the third (3rd) of each month. Plaintiff Rivera’s disabilities make it difficult for him to process information and to act on such information within a short period of time. In order to assist Plaintiff Rivera with processing information in notices and other communications from the owners and management, Plaintiff Rivera requires that a copy of all notices he receives also be sent via email to Emily James at Step Up on Second Street at emily@stepuponsecond.org. Plaintiff Rivera therefore requires reasonable accommodations (a) to pay rent by the
third (3rd) of each month; and (b) a copy of all notices to be sent to Emily James at Step Up on Second Street.

6.4. The foregoing reasonable accommodations apply only to Defendant Normandie Linden, LLC and will not be binding on any future purchaser of the property, except to the extent provided by law. It will be up to said Plaintiffs to coordinate any such reasonable accommodations with any future buyer of the property.

7. Defendants shall have all of their on-site managers attend a twice-yearly fair housing training provided by Kimball, Tirey & St. John, LLP or other mutually agreeable provider.

8. Defendants shall ensure that advertisements for rental of a dwelling at any of the Subject Properties comply with the requirements of the Department of Housing and Urban Development’s (“HUD”) Fair Housing Advertisement Guidelines, formerly codified at 24 C.F.R. § 109 (https://www.hud.gov/offices/fheo/library/part109.pdf). Defendants will advertise in Spanish on elclasificado.com. If Defendants advertise vacancies by posting signs at any of the Subject Properties they own or manage during the Settlement Term, Defendants shall post such signs in both Spanish and English. However, if by court or administrative order Defendants are required to place and maintain advertisements in languages other than English or Spanish, Defendants shall have the right to remove the Spanish-language advertisements.

9. Defendants shall place and maintain Spanish and English versions of the HUD fair housing poster (HUD form 928) and the California Department of Fair Employment and Housing (“DFEH”) Fair Housing Posters (DFEH form 157H and 157S) in conspicuous locations at each of the Subject Properties where each poster can be seen by residents and prospective residents. However, if by court or administrative order Defendants are required to place and maintain posters in languages other than English or Spanish, Defendants shall have the right to remove the Spanish-language posters.

10. Defendants shall provide residents in the Subject Properties with a copy of DFEH’s fair housing pamphlet (DFEH form 157H and 157HS) in both Spanish and English. However, if by court or administrative order Defendants are required to distribute pamphlets in languages other than English or Spanish, Defendants shall have the right to cease distribution of the Spanish-language pamphlets.

11. A bona-fide arm’s-length transaction in which a Subject Property is sold and a new management company takes over the management of the Subject Property will end the operation of the Settlement Agreement for any sold property. The sale of (a) 837 S. Normandie Avenue to existing investors in Normandie Linden, LLC, or of (b) 401 S. Kenmore to existing investors in MKM Westwood, LLC shall constitute arm’s-length transactions so long as no management services or any other services are provided with respect to those buildings by Optimus Properties, LLC, Optimus Property Management, LLC, or Roxbury Ventures, LLC. In the event of the sale of 837 S. Normandie Avenue to existing investors in Normandie Linden, LLC or the sale of 401 S. Kenmore to existing investors in MKM Westwood, LLC, the new owners of 837 S. Normandie Avenue and 401 S. Kenmore will remain bound by provision 4, above, throughout the Settlement Term.

12. Plaintiffs and Defendants agree to issue a joint press release regarding the settlement of the Actions, which shall be released on the Effective Date. The text of the joint press release is attached hereto as Exhibit A.
13. Defendants shall certify to the United States District Court for the Central District of California their compliance with the Settlement Agreement one year from the Effective Date, two years from the Effective Date, and at the conclusion of the Settlement Term.

C. Dismissal of the Actions

1. Within five (5) court days of the Effective Date, Plaintiffs and Defendants will execute and file a stipulated request for dismissal without prejudice of Defendants Optimus Properties, LLC, Optimus Property Management, LLC, and Jerome Mickelson from all Actions.

2. Within five (5) court days of the receipt of the Settlement Payment set forth above, Plaintiffs and Defendants shall execute and file a stipulated request for dismissal with prejudice of the Defendants from all Actions.

3. Notwithstanding the dismissal of the Actions, Defendants shall still be bound by all terms of the Settlement Agreement for the entire Settlement Term.

4. Notwithstanding the dismissal of the Actions, the United States District Court for the Central District of California shall retain jurisdiction over the Actions and the Parties for the duration of the Settlement Term for the purpose of enforcing and modifying this Settlement Agreement. The Parties agree that the Honorable Suzanne H. Segal will oversee any dispute between the Parties regarding the enforcement or modification of this Settlement Agreement.

D. Confidentiality

1. The terms of this Settlement Agreement are not confidential. Plaintiffs’ and Defendants’ Counsel shall be limited to information available in the public record when discussing the settlement of the Actions with the press in connection with the joint press release. For purposes of this Settlement Agreement, the “public record” refers to information available on or provided in: (1) the Joint Press Release set forth above in paragraph 12; (2) the Central District of California Document Filing System (CM/ECF) for the Actions; (3) this Agreement; (4) previous articles and press regarding the Actions and (5) the non-confidential portions of deposition transcripts taken in the Actions. Other than the joint press release referenced in Section B.12 above, the parties agree not to issue any other press release in relation to the Actions, and not to hold any press conference in relation to the Actions.

E. Mutual Waiver and Release

1. In exchange for the terms set forth herein, the Parties, for themselves, their successors, heirs and assigns, fully and forever release, acquit, and forever discharge each other, and each and every one of their affiliates, successors, assigns, heirs, administrators, controlling and/or otherwise related entities, partners, employers, employees, attorneys, agents, officers, directors, and all other representatives, of and from all claims, actions, causes of action, demands, rights, damages, costs, and expenses, which the undersigned have now, relating to, or in any way connected with the subject of the Actions, including complaints filed with any governmental agency, such as the Attorney General of the State of California and the United States Department of Housing and Urban Development. The Actions may be closed during
the Settlement Term, subject to the terms herein and reserving jurisdiction of the United States District Court for the Central District of California for purposes of enforcement or modification of this Settlement Agreement.

2. Each Party has consulted with an attorney, and has executed this Agreement with a complete understanding of its legal effect. The Parties understand that by executing this Agreement they have expressly waived all of the aforementioned rights, and bind themselves to the terms of this Agreement. The Parties further state that they have carefully read the foregoing Agreement and know the contents thereof, and sign the same as their own free act.

F. General Provisions

1. Plaintiffs hereby warrant and represent that they have not made a claim for any damages that they brought or could have brought in the Actions with Medicare Part A or Part B, or any state equivalent. Further, Plaintiffs represent and warrant that they have no claim for Social Security Disability benefits nor are they appealing or re-filing for Social Security Disability benefits for any damages or disabilities alleged or that could have been alleged in the Actions. Plaintiffs agree to hold Defendants and the Releasees (i.e., Allied World and MIC) harmless from any claims of, or rights of recovery, as a result of any future payment which may be made by Medicare or any other entity for or on behalf of Plaintiffs for such future care. Plaintiffs agree to hold harmless Defendants and the Releasees for any loss of Medicare benefits or Social Security benefits Plaintiffs may sustain as a result of this Agreement. In addition, Plaintiffs agree to release as part of this Agreement any right to bring any possible future action under the Medicare Secondary Payer Statute against Defendants and the Releasees for damages that could have been alleged in the Actions. Plaintiffs have been apprised of their right to seek assistance from legal counsel or directly from the Social Security Administration or other government agencies regarding the impact this release may have on their current or future entitlement to Social Security or other governmental benefits. Plaintiffs acknowledge that acceptance of these settlement funds may affect Plaintiffs’ rights to other governmental benefits, insurance benefits, disability benefits, or pension benefits.

2. Entire Agreement. This Agreement constitutes the entire agreement between the Parties hereto with respect to all of the matters discussed herein, and supersedes all prior contemporaneous discussions, communications, or agreements, expressed or implied, written or oral, by or between the Parties.

3. Governing Law. This Agreement shall be interpreted and governed according to the laws of the United States and the State of California.

4. Consultation with Counsel. The Parties to this Agreement represent and warrant, on their own behalf, that they have been advised to and have discussed this Agreement with their respective attorney(s), that they have carefully read and fully understand all of the provisions of this Agreement, and that they are entering into this Agreement voluntarily.
5. No Inducement. Each of the Parties declares and represents that no promises, inducements or other agreements not expressly contained herein have been made and that this Agreement contains the entire agreement between the Parties and the terms of this Agreement are contractual and not recitals only.

6. Binding on Successors. The provisions of this Agreement shall be binding upon, and shall inure to the benefit of the successors, assigns, heirs, trustees, executors, co-tenants and administrators of the respective Parties.

7. No Amendment Without A Writing. The Parties agree this Agreement shall not be amended, unless that amendment is made in writing and signed by each Party hereto.

8. Waiver. The waiver of a breach of this Agreement shall not be construed as a waiver of any subsequent breach.

9. Severability. If any provision of this Agreement is held by a court of competent jurisdiction to be void, voidable, unlawful, or unenforceable for any reason, in whole or in part, the remaining portions of this Agreement will nevertheless continue with full force and effect, and the Parties agree a court of competent jurisdiction will have jurisdiction to reform such provision(s) to the extent necessary to cause it to give maximum legal effect to the intention of the Parties as expressed herein and the Parties agree to be bound by such reformation.

10. Construction. The Parties acknowledge their respective attorneys have reviewed and drafted this Agreement, and the normal rule of construction to the effect any ambiguities are to be resolved against the drafting Party shall not be employed in the interpretation of this Agreement.

11. Cooperation. Each Party, without further consideration, and upon request of the other Party, agrees to execute and deliver such other documents and to take such other action as may be necessary or appropriate to give full force and effect to the terms and intent of this Agreement.

12. Enforcement of Agreement. Any dispute, claim or controversy arising out of or relating to this Agreement or the breach, termination, enforcement, interpretation or validity thereof, including the determination of the scope or applicability of this agreement shall be resolved through the U.S. District Court for the Central District of California. The Parties shall first attempt to resolve the dispute without the court’s intervention. No Party will contact the court or seek enforcement without first providing at least 14 days’ notice to opposing counsel by email and attempting to resolve the dispute.

13. Counterparts and Delivery of Signatures by Facsimile or PDF. This Agreement may be executed in counterparts. This Agreement may also be signed and delivered via facsimile transmission, or electronically via PDF and such facsimile or PDF documents shall be deemed originals and binding upon the signatories upon receipt by the Party to whom the facsimile or other electronic transmission is sent.
PLAINTIFFS:

_________________________________________ 
Cornelia Martinez                       Date:

_________________________________________ 
Ana Velasquez                           Date:

_________________________________________ 
Hilda Deras                             Date:

_________________________________________ 
Gloria Morales                          Date:

_________________________________________ 
Pedro Ramos                             Date:

_________________________________________ 
Nicolas Gregorio                        Date:

_________________________________________ 
Polonia Hernandez                       Date:

_________________________________________ 
Carlos Escamilla                        Date:

_________________________________________ 
Pedro Guerrero                          Date:

_________________________________________ 
Demetrius Allen                         Date:

_________________________________________ 
Michael Prudhomme                       Date:

_________________________________________ 
Arthur Rivera                           Date:

Strategic Actions for a Just Economy (SAJE)

By:____________________________________ 
   Cynthia Strathmann
   Title:  Executive Director
STEP UP ON SECOND STREET, INC.

By: ______________________________
    Tod Lipka
    Title: President and CEO

Date: ____________________________

DEFENDANTS:

OPTIMUS PROPERTIES, LLC

By: ______________________________
    Kamyar Shabani
    Title: Manager

Date: 9/4/18

OPTIMUS PROPERTY MANAGEMENT, LLC

By: ______________________________
    Kamyar Shabani
    Title: Manager

Date: 9/4/18

ROXBURY VENTURES, LLC

By: ______________________________
    Kamyar Shabani
    Title: Manager

Date: 9/4/18

MAGNOLIA AVENUE PROPERTIES, LLC

By: ______________________________
    Kamyar Shabani
    Title: Manager

Date: 9/4/18

SOUTH NORMANDIE PROPERTIES, LLC

By: ______________________________
    Kamyar Shabani
    Title: Manager

Date: 9/4/18

SOUTH KENMORE PROPERTIES, LLC

By: ______________________________
    Kamyar Shabani
    Title: Manager

Date: 9/4/19
Mkm Westwood, LLC
By: Kamyar Shabani
Title: Authorized Sign
Date: 9/4/16

Normandie Linden, LLC
By: Kamyar Shabani
Title: 
Date: 9/4/16

Mariopasa 8th Street Properties, LLC
By: Kamyar Shabani
Title: 
Date: 9/4/16

Date: ____________________

Jerome Mickelson

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