COMMONWEALTH OF MASSACHUSETTS

SUFFOLK COUNTY

SUPERIOR COURT
CIVIL ACTION NO. 2584CV2435

COMMONWEALTH OF MASSACHUSETTS,
Plaintiff,

v.

SCHWEB PARTNERS LLC, SCHWEB MANAGEMENT LLC, SCHWEB PARTNERS-SPRINGFIELD LLC, JACQUES SCHMIDT, ABRAHAM WEBER, SPRINGFIELD GARDENS 12-20 LP, SPRINGFIELD GARDENS 238-262 LP, SPRINGFIELD GARDENS 41-49 LP, SPRINGFIELD GARDENS 49-59 LP, SPRINGFIELD GARDENS 56-60 LP, SPRINGFIELD GARDENS 66 LP, SPRINGFIELD GARDENS 66-68 120-122 LP, SPRINGFIELD GARDENS 69 LP, SPRINGFIELD GARDENS 70-78 LP, SPRINGFIELD GARDENS 99-103 LP, SPRINGFIELD GARDENS II LP, SPRINGFIELD GARDENS LP, SPRINGFIELD GARDENS MA HOLDINGS LP, SPRINGFIELD PORTFOLIO HOLDINGS LLC a/k/a SPRINGFIELD GARDENS SPK, SPRINGFIELD MAINTENANCE LLC,
Defendants.

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SUPERIOR COURT - CIVIL
JOHN E. POWERS, III
CLERK MAGISTRATE

COMPLAINT

Plaintiff, the Commonwealth of Massachusetts, by its Attorney General, Andrea Joy Campbell, brings this action against Defendants Schweb Partners LLC, Schweb Management LLC, Schweb Partners-Springfield LLC, Jacques Schmidt, Abraham Weber, Springfield Gardens 12-20 LP, Springfield Gardens 238-262 LP, Springfield Gardens 41-49 LP, Springfield Gardens 49-59 LP, Springfield Gardens 56-60 LP, Springfield Gardens 66 LP, Springfield Gardens 66-68 120-122 LP, Springfield Gardens 69 LP, Springfield Gardens 70-78 LP, Springfield Gardens 99-103 LP, Springfield Gardens II LP, Springfield Gardens LP, Springfield Gardens MA Holdings

LP, Springfield Portfolio Holdings LLC A/K/A Springfield Gardens SPK, Springfield Maintenance LLC (collectively, "Defendants"), pursuant to the Massachusetts Consumer Protection Act, G.L. c. 93A, §§ 2 and 4, and alleges as follows:

INTRODUCTION

1. Defendants are a syndicate of companies, limited partnerships and individuals, predominately based in New Jersey, that collectively owned, managed, and rented approximately 62 multi-unit apartment buildings in Springfield, Massachusetts, known as Springfield Gardens. Defendants began rapidly acquiring these tenant-occupied buildings in November 2020, and by January 2021, owned 62 buildings containing almost 1,300 apartment units – a substantial share of Springfield's lower-cost rental housing.

2. Defendants failed to maintain their buildings in a safe and habitable manner and in accordance with the state Sanitary Code, while continuing to collect millions of dollars in rent in order to maximize profits for themselves and their investors at the expense of the health and safety of their tenants.

3. As a result, tenants and their families endured pervasive unsafe and inhumane living conditions. Multiple units, and sometimes whole buildings, regularly had no heat for days in the winter months. Tenants lacked consistent access to hot water. Water leaks persisted for weeks, months, and sometimes years, leading to mold and moisture that caused ceilings to collapse. Mice and other infestations ran rampant. Tenants in almost all of Defendants' buildings suffered from unsecure exterior doors and locks, often for months on end. Several tenants were temporarily or permanently displaced due to fires that followed months of fire safety reports Defendants disregarded. Others were displaced by condemnations when Schweb ignored or stalled compliance with orders from the City of Springfield to make urgent safety repairs. Some tenants faced

termination of housing vouchers because Defendants failed to meet minimum housing quality standards.

4. Defendants were aware of the condition of their properties and that their neglect of the properties was causing them to further deteriorate. During their ownership, Defendants' online tenant portal received over 26,000 complaints about conditions – an average of almost 21 complaints per unit. Despite voluminous notice from tenants in each of the properties of the need for immediate repairs, Defendants failed to perform timely, adequate repairs to make the properties habitable.

5. The conditions of the property also resulted in over 1,800 code enforcement complaints, dozens of which resulted in lawsuits to protect the health and safety of the residents. Even after receiving court orders compelling them to make repairs, Defendants were so slow to do so that they were repeatedly found in contempt of court.

6. Defendants also transferred tenants' security deposits to operating accounts for their own use, grossly disregarding their legal obligations to protect deposits that belonged to the tenants. They regularly failed to return security deposits 30 days after the end of a tenancy, to pay interest on those security deposits, to provide tenants a list of existing damages at the beginning of a tenancy, and to provide tenants a sworn statement of itemized damages and evidence of the cost of repairs for any amounts deducted from the security deposits. In many instances, Defendants deducted tenants' security deposits to pay for repairs for damage Defendants themselves caused.

7. Defendants, after realizing as much profit as possible from tenants' rent and security deposits , lamented to their investors that "media attacks and constant harassment by code and building inspectors" have "affected the portfolio's revenue," and began selling their buildings in early 2023, just over two years after they first entered Massachusetts. By September 2024,

Defendants had sold all their occupied properties, having left them in a state of significantly greater disrepair than when they bought them. In October 2024, they sold the final property, an unoccupied building where residents had been displaced and the building condemned due to a fire that occurred during Schweb's ownership.

8. Through their actions and failures to act, Defendants knowingly violated Massachusetts laws by maintaining uninhabitable apartments that jeopardized the health, safety, and well-being of tenants, as well as by representing, both explicitly and implicitly by the continued demand for and acceptance of monthly rent, that these apartments were habitable when they in fact were not.

9. The Commonwealth brings this action to redress the harms caused to the thousands of Springfield Gardens tenants and their families, who Defendants subjected to unsanitary and unhabitable housing. The Commonwealth seeks injunctive relief to remedy Defendants' illegal conduct, restitution for tenants, civil penalties, attorneys' fees, and costs.

PARTIES

10. The Plaintiff is the Commonwealth of Massachusetts, represented by Attorney General Andrea Joy Campbell, who brings this action in the public interest.

11. Schweb Partners, LLC is a New Jersey limited liability company with a principal place of business at 2110 W. County Line Road, Jackson, New Jersey. Schweb Partners LLC is the sole owner of Schweb Partners – Springfield LLC.

12. Schweb Management, LLC is a New Jersey limited liability company with a principal place of business at 2110 W. County Line Road, Jackson, New Jersey.

13. Springfield Maintenance LLC is a Massachusetts limited liability company with a with a principal place of business at 2110 W. County Line Road, Jackson, New Jersey.

14. Attachment A is a copy of an ownership structure chart provided to the Commonwealth by Schweb Partners, LLC mapping the relationship of the entities described in Paragraphs 15 through 33.

15. Schweb Partners – Springfield, LLC is a New Jersey limited liability company with a principal place of business at 2110 W. County Line Road, Jackson, New Jersey. Schweb Partners – Springfield LLC is the General Partner and .01% owner of Springfield Gardens MA Holdings LP and the individual Real Estate Holding Companies listed in paragraphs 21 tough 33 below ("Real Estate Holding Companies").

16. Springfield Gardens MA Holdings LP is a Delaware limited partnership that, upon information and belief, owned a 99.99% interest in the Real Estate Holding Companies listed in paragraphs 21 through 33. Springfield Gardens MA Holdings LP had knowledge of status of the property through its general partner Schweb Partners – Springfield LLC and minority owner, Schweb Partners, LLC. Upon information and belief, as a 99.99% owner Springfield Gardens MA Holdings LP had the ultimate ability to control the Real Estate Holding Companies.

17. Jacques Schmidt is an individual with an address of 135 E. 4th Street, Lakewood, New Jersey. Mr. Schmidt is a managing member and 50% owner of Schweb Partners, LLC and Schweb Management, LLC.

18. Abraham Weber is an individual with an address of 4 Windsor Court, Lakewood, New Jersey. Mr. Weber is a managing member and 50% owner of Schweb Partners LLC and Schweb Management LLC. This complaint refers to Mr. Weber and Mr. Schmidt, collectively, as the "Principal Defendants."

19. Springfield Gardens 12-20 LP is a Delaware limited partnership and the owner or former owner of real property known as 12-20 Mattoon Street, Springfield, Massachusetts.

20. Springfield Gardens 238-262 LP is a Delaware limited partnership and the owner or former owner of real property known as 238-240 Union Street and 246-262 Union Street, Springfield, Massachusetts.

21. Springfield Gardens 41-49 LP is a Delaware limited partnership and the owner or former owner of real property known as 41-49 School Street, Springfield, Massachusetts.

22. Springfield Gardens 49-59 LP is a Delaware limited partnership and the owner or former owner of real property known as 49-51 Fort Pleasant Avenue and 59 Fort Pleasant Avenue (a/k/a 8 Blake Hill Street) in Springfield, Massachusetts.

23. Springfield Gardens 56-60 LP is a Delaware limited partnership and the owner or former owner of real property known as 56-60 Fort Pleasant Avenue in Springfield, Massachusetts.

24. Springfield Gardens 66 LP is a Delaware limited partnership and the owner or former owner of real property known as 66 Mattoon Street in Springfield, Massachusetts.

25. Springfield Gardens 66-68 120-122 LP is a Delaware limited partnership and the owner or former owner of real property known as 66-68 Fort Pleasant Avenue and 120-122 Central Street in Springfield, Massachusetts.

26. Springfield Gardens 69 LP is a Delaware limited partnership and the owner or former owner of real property known as 69 Winter Street, 226 Fort Pleasant Avenue, and 126-128 Belmont Avenue in Springfield, Massachusetts.

27. Springfield Gardens 70-78 LP is a Delaware limited partnership and the owner or former owner of real property known as 70-78.5 Belmont Avenue in Springfield, Massachusetts.

28. Springfield Gardens 99-103 LP is a Delaware limited partnership and the owner or former owner of real property known as 99-103 Federal Street in Springfield, Massachusetts.

29. Springfield Gardens II LP is a Delaware limited partnership and the owner or former owner of real property known as 130-132 Belmont Avenue, 140 Belmont Avenue, 143-147 Belmont Avenue, 155 Belmont Avenue, 176-182 Oakland Street & 199-203 Dickinson Street, 18-24 Coomes Street, 197-205 Belmont Street & 10 Marengo Park, 230 Fort Pleasant Avenue & 62 Warner Street, 64-74 Mill Street, and 92 Woodside Terrace in Springfield, Massachusetts.

30. Springfield Gardens LP is a Delaware limited partnership and the owner or former owner of real property known as 103-107 Spring Street, 104 Spring Street, 109 Oakland Street, 112-116 Spring Street, 125-127 Belmont Avenue, 127 Spring Street (a/k/a 94 Pearl Street), 131-135 Spring Street, 135 Belmont Avenue, 15-21 Salem Street, 170 Central Street, 228 Locust Street (a/k/a 183 Woodside Terrace), 244-250 Centre Street (a/k/a 13 Cedar Street), 2477 Main Street (a/k/a 3-9 Osgood Street), 31-33 Fort Pleasant Avenue, 33 Salem Street, 33-37 Longhill Street, 334-360 Boston Road, 34 Salem Street, 34-36 Belmont Avenue, 356-364 Belmont Avenue, 45 Pearl Street (a/k/a 70 Mattoon Street), 52 Pearl Street, 582-586 Chicopee Street, 58-62 Pearl Street, 64-68 Osgood Street, 653-663 State Street (a/k/a 8 Terrence Street), 72 Pearl Street, 82-86 Pearl Street, 85-87 Elliot Street, 85-91 Woodside Terrace, 88-96 Maple Street, 90 Westminster Street (a/k/a 155 Bay Street), 93 East Park Street, and 97 Spring Street in Springfield, Massachusetts.

31. Springfield Portfolio Holdings LLC a/k/a Springfield Gardens SPK Owner LLC is a Maryland limited liability company and the owner or former owner of real property known as 202-212 Pearl Street, 41-49 Belmont Avenue (a/k/a 4-8 Leyfred Terrace), and 683-685 State Street in Springfield, Massachusetts.

32. Throughout Defendants' ownership, all Defendants collectively used the trade name "Springfield Gardens" in their interactions with tenants for informal purposes such as marketing and branding and for certain formal purposes such as countersigning leases.

Jurisdiction and Venue

33. The Attorney General is authorized to bring this action pursuant to G.L. c. 12, § 10 and G.L. c. 93A, § 4.

34. This Court has jurisdiction over the subject matter of this action pursuant to G.L. c. 12, § 10 and G.L. c. 93A, § 4 and personal jurisdiction over Defendants pursuant to G.L. c. 223A, §§ 2 and 3.

35. Venue is proper to Suffolk County pursuant to G.L. c. 93A, § 4 and G.L. c. 223, § 5.

Facts

36. Defendants first began doing business in Massachusetts in late November 2020, when they purchased 38 multi-unit residential apartment buildings in Springfield, and an additional 24 buildings in January 2021 (collectively the "Springfield Gardens Apartments"). In under two months, they went from owning no property in Massachusetts to being one of Springfield's largest landlords, leasing almost 1,300 apartment units. The buildings represent a large portion of Springfield's private, lower-cost rental housing, and many of the tenants receive state or federal housing vouchers.

37. While title to the buildings was held by the Real Estate Holding Companies, all buildings were ultimately controlled by Schweb Partners, LLC through its wholly owned subsidiaries Schweb Partners-Springfield LLC, and Schweb Management, LLC.

38. While Springfield Gardens MA Holdings, LP includes passive partners who held a financial interest in the Springfield Gardens Apartments, Schweb Partners – Springfield, LLC was the General Partner with full control over the company.

39. Upon information and belief, neither the Real Estate Holding Companies, Springfield Gardens MA Holdings LP, nor Schweb Partners-Springfield LLC have direct employees.

40. Schweb Partners, LLC, Schweb Management, LLC, Springfield Maintenance, LLC, and the Principal Defendants also acted as a property managers for all of the properties or otherwise personally participated in the management of the buildings.

41. Schweb Management LLC's management fees were calculated as a percentage of income after expenses realized from the Springfield Gardens Apartments.

42. The Principal Defendants were the only two managing members of Schweb Partners LLC and Schweb Management LLC and owned all equitable interest in the companies.

43. The Principal Defendants controlled, directed, approved or ratified all of the actions of Schweb Partners LLC, and by extension Schweb Partners – Springfield LLC, Springfield Gardens MA Holdings LP, and the Real Estate Holding Companies.

44. The Principal Defendants and another Schweb Management LLC employee, Joseph Greenwood, hired, trained, supervised, and regularly spoke with a Regional Manager, David Gruber. Mr. Gruber was the primary individual responsible for initially responding to day-to-day issues on the properties from approximately mid-2022 through the date the last property was sold.

45. Mr. Greenwood directly supervised Mr. Gruber. Starting in later 2022, as it became increasingly clear that the condition of the properties and Defendants' practices had drawn the attention of the City, the State, and its own lenders, Mr. Greenwood took an increasingly hands-on role. For example, Mr. Greenwood designed a plan to close all tenant work orders, without completing the work, and to ask tenants to resubmit new work orders. The Principal Defendants,

Mr. Greenwood, and Mr. Gruber would speak to each other directly about any proposed large expenses related to the properties.

46. The Principal Defendants and Mr. Gruber participated in, directed and/or affirmed the conduct set forth below, including but not limited to designing and approving maintenance projects, budgets, contractors, staffing structures, repair and maintenance practices, and security deposit practices.

47. Employees of Schweb Management, LLC, including the Mr. Greenwood and Mr. Gruber, personally witnessed the conditions of the buildings on many occasions.

48. Mr. Greenwood and Mr. Gruber hired and supervised maintenance employees, approved day-to-day expenditures, reviewed tenant complaints, reviewed code enforcement violations, reviewed failed housing quality standard reports, and created and implemented specific action plans regarding whether and how to respond to each of these.

49. Upon information and belief, Springfield Maintenance, LLC effectively handled payroll for certain maintenance and office employees in Springfield—but all individuals nominally employed by the company worked for and were directed by Schweb Partners, LLC, Schweb Management, LLC, the Principal Defendants, or their employees.

50. Prior to purchasing the properties, the Principal Defendants visited Springfield to tour the properties on at least two occasions.

51. The Principal Defendants designed Defendants' business model and assessed the profitability of using this model in anticipation of purchasing the properties at issue.

52. Springfield Gardens MA Holdings LP held funds on behalf of tenants as security deposits, and the Principal Defendants had knowledge of, directed, or permitted the improper transfer of these funds.

53. Defendant Weber is an authorized signatory of Springfield Gardens MA Holdings LP and has personally executed documents on behalf of this entity, including mortgages on the Springfield Gardens Apartments.

54. Schweb Management, LLC, Schweb Partners LLC and/or the Principal Defendants were paid, directly or indirectly, at least $1,685,963.73 in management fees for the management of the Springfield Gardens Apartments.

55. Schweb Management, LLC, Schweb Partners LLC and/or the Principal Defendants were paid the management fees from rents charged to tenants.

56. Through the collection of management fees, Schweb Management, LLC, Schweb Partners LLC and/or the Principal Defendants profited from the unfair and deceptive conduct set forth in paragraphs 64 to 190 below.

57. Between May 5, 2021, and May 9, 2022, Defendants additionally distributed $3,020,000 in profits to investors, notwithstanding their failure to repair known housing conditions issues and failure to fully staff the response.

I. <u>Defendants Failed to Maintain Their Properties in Compliance with Massachusetts Law and Their Representations to Tenants</u>

58. Defendants advertised their properties as providing "room-comfort," a "luxury of amenities" and "warmth of community." They claimed their apartments are "suitable for single or family living," and they invited tenants to rent with them to "enjoy the good life."

59. Defendants' standard leases also promised tenants that Defendants would "maintain the building[s] in a sound, safe, and sanitary condition in compliance with all applicable local, state, and federal codes, laws, rules and regulations" and "maintain the heating, plumbing and electrical systems in a safe and effective operating condition."

60. In renting residential real estate, Defendants expressly and impliedly represented and implicitly warranted that the apartments they rented would meet and would continue to meet minimum standards of habitability.

61. Defendants entered into at least 873 new tenancies during the period of time they owned the Springfield Gardens Apartments.

62. Tenants continued to live in Springfield Gardens Apartments and began new tenancies through execution of new leases or acceptance of rent increases as a result of the Defendants' express and implied representations that the units would be maintained in compliance with habitability and sanitary standards.

63. In reality, Defendants' apartments did not even meet basic sanitary and habitability standards.

A. Pervasive Water Leaks Caused Flooding, Mold, and Collapsed Ceilings

64. From December 2020 through September 2024, Defendants failed to repair known and severe water leaks, which caused floods, dangerously unsafe ceilings, and health-harming mold.

65. Residents in each of Defendants' 62 buildings filed complaints about leaks, mold, and collapsed ceilings.

66. Defendants were aware of these problems through over 3,000 complaints from tenants.

67. Defendants were further aware or constructively aware of leak problems because many existed at the time they purchased the buildings, existed at the time new tenancies began, or were identified through inspections by code enforcement, lenders, and voucher administrators.

68. These leaks were severe and sufficiently prolonged to cause unsafe structural conditions, including hundreds of ceilings to collapse in tenant units.

69. Mold from pervasively wet ceilings and walls led to or exacerbated health problems for tenants, including children.

70. Mold was reported by tenants in all but one building. In some instances, the moisture was so prolonged and extreme that tenants found mushrooms growing from their ceilings.

71. Frequently, when tenants complained about mold from leaks, Defendants simply painted over the mold without addressing the underlying problem.

72. Each and every Real Estate Holding Company received reports from tenants regarding leaks, mold, or collapsing ceilings.

73. Despite knowledge of pervasive leak issues, Defendants failed to repair leaks within a reasonable time after receipt of notices from tenants and other entities.

74. Leaks and related issues persisted unaddressed or without adequate repairs for weeks, months, or even years.

75. Defendants further rented dwellings that contained leaks or inadequately repaired leaks at the incipiency of the tenancies.

B. A Lack of Sufficient Heat Endangered Tenants and Their Children

76. From December 2020 through September 2024, Defendants pervasively failed to provide adequate and consistent heat in their properties.

77. Residents in each of Defendants' 62 properties notified Defendants about a lack of heat.

78. These complaints reflect systemic problems across the entire portfolio of properties that Defendants failed to adequately address. As a result, heating problems regularly reoccurred imminently within the same heating season, and again the following heating season.

79. Defendants were further aware or constructively aware of heating problems because many existed at the time they purchased the buildings, existed at the time new tenancies

began, or were identified through inspections by code enforcement, lenders, and voucher administrators.

80. The widespread, recurrent lack of heat created severe health and safety risks across Defendants' properties, and tenants frequently reported that children and infants were at risk.

81. In the 2020-2021 heating season, the first partial heating season Defendants owned the properties, Defendants received more than 100 complaints covering 41 properties.

82. In their second heating season (2021-2022), Defendants received over 600 tenant complaints covering 59 properties.

83. In their third heating season (2022-2023), Defendants received over 600 complaints covering 55 properties.

84. In their fourth and final heating season (2023-2024), Defendants received at least 370 complaints regarding a lack of heat from residents in 43 of the 58 remaining buildings. Twenty-seven of those properties had five or more complaints, and 15 properties had ten or more complaints during that time.

85. As reflected by the frequency of these complaints, Defendants were aware of pervasive heating issues and failed to adequately address the heating problems.

86. Defendants failed to timely respond to repeated heat complaints from tenants and City code inspections stating that indoor temperatures had dropped as low as forty or fifty degrees. In one instance, Defendants waited three days to respond to a complaint about a lack of heat; by the time someone came to the unit, the heat was back on, so Defendants attempted to bill the tenant $75 for a "False No Heat Call."

87. At times, Defendants provided space heaters to tenants as a primary heat source when heat was out for days. This unsafe use of space heaters continued despite Defendants' history of building-wide fires, described further below.

88. Each and every Real Estate Holding Company received reports from tenants regarding a lack of heat or other problems with the heating systems.

89. Despite knowledge of pervasive heating issues, Defendants failed to fix these issues within a reasonable time after receipt of notices from tenants and other entities.

90. Defendants allowed these issues to persist for days and weeks, and to recur frequently within the same heating and again the following heating season.

91. Defendants further rented dwellings that lacked heat at the incipiency of the tenancies.

C. Tenants Lacked Hot Water

92. From December 2020 through September 2024, Defendants failed to ensure all tenants had consistent access to hot water.

93. Residents in each of Defendants' 62 buildings filed complaints about a lack of hot water.

94. Defendants were aware of these problems through over 1,000 tenant complaints.

95. Defendants were further aware of hot water problems because many existed at the time they purchased the buildings, existed at the time new tenancies began, or were identified through inspections by code enforcement, lenders, and voucher administrators.

96. Defendants were aware that expectant mothers and children were left with unaddressed hot water issues during the winter. In one instance, Mr. Gruber and Springfield Gardens SPK Owner LLC were notified by at least October 11, 2022, that a building wide hot water outage was affecting young children but failed to find alternative housing for the families

until ordered to do by the Housing Court on October 24, 2022. In another instance, a tenant complained in January, February, and March 2023 that she had no hot water and had to boil water to bathe her baby, but Defendants failed to restore hot water until April 6, 2023.

97. Each and every Real Estate Holding Company, excluding Springfield Gardens 69 LP, received reports from tenants about a lack of hot water.

98. Despite knowledge of these issues, Defendants failed to restore hot water within a reasonable time after receipt of notices from tenants and other entities.

99. As a result of Defendants' acts and failures to act, a lack of hot water often affected units for days at a time, and frequently reoccurred within days, weeks, or months.

100. Defendants further rented dwellings that lacked hot water at the incipiency of the tenancies.

D. Pest Infestations Ran Rampant Throughout the Properties

101. From December 2020 through September 2024, Defendants failed to prevent or adequately abate infestations of mice, rats, cockroaches, bedbugs, and other vermin throughout the portfolio.

102. Residents in at least 59 of the 62 buildings registered complaints about pest infestations.

103. Defendants were aware of these problems through over 1,000 tenant complaints.

104. Defendants were further or constructively aware of infestations because many existed at the time they purchased the buildings, existed at the time new tenancies began, or were identified through inspections by code enforcement, lenders, and voucher administrators.

105. Defendants disregarded or slow walked requests to address cockroach and rodent infestations from parents trying to create a sanitary space for children.

106. Rodent infestations left droppings in children's clothing and beds.

107. Each and every Real Estate Holding Company received reports from tenants about pest infestations.

108. Despite knowledge of these infestation issues, Defendants failed to address them within a reasonable time after receipt of notices from tenants and other entities.

109. As a result of Defendants' inaction, infestations often lasted for months and even years.

110. In allowing the moist conditions from water leaks to persist and failing to repair holes in walls, Defendants caused or exacerbated these conditions.

111. Defendants further rented dwellings that contained infestations at the incipiency of the tenancies.

E. The Properties Lacked Adequate Fire Safety and Several Fires Displaced Tenants

112. Defendants' properties lacked adequate fire safety measures, including functional fire alarms.

113. Many exits to buildings and units did not function properly, increasing the risk that tenants would be stuck in units in the event of fire.

114. Defendants were aware of fire safety risks through tenants' reports or inspections by code enforcement, lenders, and voucher administrators.

115. Approximately eight major fires broke out during Defendants' ownership, causing tenants—sometimes all of the tenants in a building—to be temporarily or permanently displaced.

116. In one instance, Defendants failed to repair known problems with a fire alarm system until the building was condemned and all tenants were displaced.

117. Defendants' neglect of their fire system also includes allowing defective fire alarms to continue sounding, sometimes for many hours. In addition to the serious quality-of-life problems

caused by constantly sounding fire alarms, this created a risk that tenants would not be alerted in the event of an actual fire.

118. Despite knowledge of these fire safety concerns, Defendants failed to address these issues within a reasonable time after receipt of notices from tenants and others.

119. Defendants further rented dwellings that contained fire safety concerns at the incipiency of the tenancies.

F. Broken Exterior Doors and Locks

120. From December 2020 through September 2024, Defendants failed to ensure the buildings had secure exterior doors.

121. Residents in 59 of Defendants' 62 buildings filed hundreds of complaints about unsecure doors and locks.

122. Defendants were also aware of these problems through City and lender inspections. They were also aware of these problems because they occurred in common areas of the building and because the conditions existed in some buildings at the time Defendants purchased them.

123. These unsecure exterior doors permitted non-residents to enter the building, use drugs in the hallways, and leave common areas littered with drug paraphernalia including used needles and heroin bags.

124. Tenants pleaded, to no avail, for Defendants to fix the doors so their families could feel safe, without trespassers sleeping, injecting drugs, or leaving human waste outside their apartment doors.

125. In other instances, broken or defective exterior doors would not open as intended from the inside, putting tenants at substantial risk in case of fire.

126. Each and every Real Estate Holding Company, excluding Springfield Gardens 69 LP, received reports from tenants about issues with the exterior door locks.

127. Despite knowledge of these security issues, Defendants failed to address them within a reasonable time after receipt of notices from tenants and other entities.

128. Defendants permitted exterior doors to remain unsecure for weeks, months, and even years.

129. Defendants further rented dwellings that contained unsecure or malfunctioning exterior doors at the incipiency of the tenancies.

G. Broken or Inoperable Mailboxes Interfered with Tenants Ability to Securely Receive Mail

130. From December 2020 through September 2024, Defendants failed to ensure the buildings had operable mailboxes that would permit tenants to receive mail.

131. These problems occurred across the buildings, frequently lasting for months.

132. Defendants were aware of the broken and inoperable mailboxes from tenant complaints and code inspections.

133. Despite Defendants' knowledge, Defendants failed to address these issues within a reasonable time after receipt of notices from tenants and other entities.

134. As a result, tenants often were unable to receive mail.

135. Unsecure mailboxes also permitted residents' mail to be stolen or tampered with.

136. In other instances, Defendants changed mailboxes but failed to provide the postal service with a key, preventing mail from being delivered.

137. Defendants further rented dwellings where these issues existed at the incipiency of the tenancies.

H. Additional Housing Code Violations or Failures to Maintain Properties

138. In addition to the above-described issues, Defendants' properties were replete with numerous other Sanitary Code violations and substandard conditions of which Defendants were aware and did not act within a reasonable timeframe to repair.

139. Defendants routinely failed to adequately remove snow. This included failure to shovel accessible parking spaces to the detriment of individuals with disabilities.

140. Many of the floors in Defendants' properties were defective and unsafe. In some instances, units had exposed subfloors. In other cases, there were holes in the floor that remained unaddressed.

141. Many of the windows in Defendants' properties also failed to function, either by not opening or falling shut when opened.

142. Tenants often experienced issues with toilets and toilet seats failing to operate properly.

143. Defendants' properties frequently had broken or inadequate lighting in common areas.

144. Defendants were aware of issues in paragraphs 144 through 149 through repeated tenant reports and code inspections.

145. Despite Defendants' knowledge of the issues in paragraphs 144 through 149, Defendants failed to act within a reasonable time to repair them.

146. When the buildings' limited amenities buildings did break, Defendants were aware of the issues but often did not conduct repairs, depriving tenants of the full value of their tenancies. As illustrative, but not exhaustive, examples:

147. In a building with on-site laundry, Defendants failed to maintain or arrange for the maintenance of the machines, forcing tenants to do laundry at a laundromat.

148. When a tenant complained that her garbage disposal was leaking into the cabinet, Defendants did not respond to the complaint for approximately two weeks—then simply removed the garbage disposal without fixing or repairing it.

149. When a tenant complained that her dishwasher was not cleaning dishes, Defendants removed the dishwasher and replaced it with a cabinet.

II. <u>Defendants Received Frequent Notice of Conditions Issues from Tenants, the City of Springfield, and Voucher Administrators</u>

150. From December 2020 to September 2024, Defendants' online tenant portal received almost 26,000 complaints about conditions issues – an average of almost 21 complaints per unit.

151. Defendants' employees received daily emails detailing the tenant complaints regarding the conditions.

152. The total number of tenant complaints is even higher because several tenants made oral complaints that were not later reflected in the tenant portal or otherwise recorded.

153. Often, tenants who called the main office were directed to a full mailbox and were unable to leave messages about complaints.

154. Ultimately, many tenants stopped reporting problems once they determined that they could not reach Defendants or that Defendants simply would not respond to their concerns or adequately make repairs.

155. Tenants also filed over 1,800 code complaints with the City of Springfield.

156. The City filed its first case against certain Defendants just six months after Defendants acquired the properties. The City subsequently filed dozens of lawsuits in response to Defendants' persistent non-compliance with the state Sanitary Code.

157. Defendants routinely failed to comply with court orders to remedy Sanitary Code violations.

158. Additionally, one or more voucher administrators for several tenants' housing assistance vouchers abated tenants' rent and sometimes terminated tenants' vouchers after inspections resulted in findings of conditions violations that went unaddressed by Schweb.

III. Defendants Failed to Make Repairs, or Were Slow to Respond and Made Inadequate Repairs

159. Despite knowledge of the conditions issues in paragraphs 64 through 161, Defendants systematically failed to make repairs, and when they did make repairs, they failed to do so in a timely manner and routinely failed to make adequate repairs, causing problems to reoccur.

160. Defendants maximized profits by understaffing their maintenance team.

161. For the first six months of their ownership of the properties, which included a heating season, they employed only 10 maintenance employees for all 62 buildings.

162. At no relevant time did Defendants have an adequate number of maintenance employees for their 62 buildings.

163. At no relevant time did Defendants adequately supervise or train maintenance employees, or ensure that the maintenance employees they did have were qualified.

164. At all relevant times, Defendants knew or should have known that their maintenance teams were insufficient to meet the needs of the properties.

165. At all relevant times, Defendants failed to ensure that their employees and contractors had the necessary qualifications, licenses, or permits to conduct the work they were performing.

166. At all relevant times, Defendants failed to adequately fund and provide resources for maintenance and repair projects.

167. Defendants often marked repairs as complete in their online tenant reporting system after making no or insufficient repairs.

168. Indeed, one office employee reported to Mr. Gruber in July 2022 that a maintenance employee had over the course of two months marked ten service requests in one apartment as "'completed' without any entry being made to the unit, as can be deduced from the worker notes. We are now facing violations for items the tenant has been attempting for months to bring to our attention, albeit to no avail." Despite receiving notice, Defendants did not complete repairs and the Housing Court ordered Defendant Springfield Gardens SPK Owner LLC to make repairs in August and September 2022. In October 2022, the Housing Court ordered the tenant to vacate because the unit was still not fit for habitation. Based on Defendants' records, Defendants did not complete repairs on this unit until at least February 2023.

169. As a result of Defendants' understaffing and underfunding of maintenance tasks and non-responsiveness to tenant complaints, critical repairs were not addressed in a timely manner, if at all.

170. When Defendants did make repairs, they were often only motivated by the threat of lost rental income, either due to a tenant withholding rent or the threat of abatement or termination of a housing assistance voucher.

171. When Defendants' business model quickly failed, they decided in late 2022 to start selling their buildings, blaming "media attacks and constant harassment by code and building inspectors." By September 2024, Defendants sold all of their 62 properties in Springfield.

IV. Defendants Failed to Comply with Massachusetts Law Regarding Late Fees and Security Deposits

172. Defendants either assessed or threatened to assess late fees on tenants prior to thirty days from the date such rent was due.

173. On September 30, 2021, Defendants assessed $35 late fees to many of its tenants, including tenants whose rent was no more than 29 days late by that date.

174. In November and December 2021, Defendants sent a message to tenants stating that "All rents must be paid on or before the 5th of the month or a late fee will be applied to your account."

175. On February 1, 2022, Schweb broadly assessed a $35 "February late fee," including on tenants whose rent was fully current and tenants who were current but for the September late fee or other non-rent charges.

176. Across all of their properties, Defendants failed to comply with their obligations and tenants' rights with respect to security deposits.

177. After Defendants acquired the properties, Defendants failed to assume liability for security deposits transferred from the properties' prior owners, and often directed tenants to contact the prior owners to resolve questions about the existence and amount of a security deposit.

178. Defendants did not hold security deposits in separate, interest-bearing accounts, but rather held the security deposits in their own operating account for most of their ownership.

179. For a short time of approximately six months, Springfield Gardens MA Holdings, LP held the security deposits in a co-mingled and non-interest bearing, non-operating account, but transferred the funds back to an operating account in March 2023 when they wanted to spend the money on their own expenses.

180. Upon information and belief, the Principal Defendants directed, had knowledge of, or permitted this transfer.

181. Defendants failed to provide tenants a list of existing damages at the beginning of their tenancies.

182. Defendants further failed to pay tenants annual interest on their security deposits or return tenants' security deposits with interest at the end of their tenancies.

183. Defendants regularly failed to return tenants' security deposits within 30 days after the end of tenants' occupancy or tenancy. In many instances, these delays lasted months.

184. When Defendants reduced the balance of tenants' security deposits, they did not provide tenants itemized lists of damages under penalty of perjury or any written evidence of the actual or estimated cost of repairing those damages.

185. Moreover, Defendants inappropriately deducted from tenants' security deposits the cost to repair damage not caused by the tenants and the cost to repair reasonable wear and tear.

186. Across their properties, Defendants did not adequately maintain records of security deposits. Their records do not include a description of damage done to the premises, whether repairs were performed to remedy such damage, the dates of said repairs, the cost thereof, and receipts therefor.

Causes of Action

COUNT I

Violations of G.L. c. 93A, § 2: Unfair and Deceptive Misrepresentations
Schweb Partners, LLC, Schweb Partners—Springfield, LLC, Springfield Gardens MA Holdings, LP, Schweb Management, LLC, Real Estate Holding Companies, Principal Defendants

187. The Commonwealth realleges the allegations contained in paragraphs 1- 190 and incorporates them herein.

188. Defendants committed unfair or deceptive acts or practices in the conduct of trade or commerce through, among other acts, making the following misrepresentations, acts, and omissions:

189. Expressly and impliedly representing to tenants, by offering and entering into of leases, collecting rent, and other acts, that dwelling units at Springfield Gardens were safe and habitable and would be maintained in compliance with applicable laws and regulations, when in fact, Springfield Gardens was not safe and habitable and not maintained in a manner consistent with applicable laws and regulations, in violation of 940 CMR 3.17(1)(d); and

190. advertising that Defendants would provide "room-comfort" and "luxury features and amenities," when the dwelling units often failed to offer so much as heat and hot water and were replete with leaks, infestations, and safety hazards.

191. These representations were made in connection with properties owned by each and every Real Estate Holding Company.

192. Defendants knew or should have known that their acts and practices violated G.L. c. 93A, § 2 because they received regular, widespread reports from tenants or their own employees indicating uninhabitability, as well as numerous code inspection reports, housing quality inspections, demand letters and lawsuits, and, in some instances, personally witnessed the conditions of the properties.

193. These violations occurred in properties owned by each and every Real Estate Holding Company.

COUNT II
Violations of G.L. c. 93A, § 2: Violations of Implied Warranty of Habitability
All Defendants

194. The Commonwealth realleges the allegations contained in paragraphs 1- 195 and incorporates them herein.

195. Each Defendant is an "Owner" of the properties as defined by 940 C.M.R. 3.01 and thus had a duty to ensure properties were habitable.

196. Defendants' willful, knowing, and repeated failure to maintain the properties in a manner fit for habitation violated 940 CMR 3.17, through, among other acts:

197. Renting dwelling units to tenants which at the inception of the tenancy contained conditions in violation of the law that endangered or materially impaired the health, safety, or well-being of the occupants and that were unfit for human habitation in violation of 940 CMR 3.17(1)(a);

198. Failing, during the terms of the tenancy, after notice is provided in accordance with G.L. c. 111, § 127L, to remedy violations of law in dwelling units that may endanger or materially impair the health, safety, or well-being of the occupant and failing to maintain the dwelling unit in a condition fit for human habitation in violation of 940 CMR 3.17(1)(b);

199. Failing to disclose to prospective tenants the existence of conditions amounting to a violation of law within the dwelling unit of which the owner had knowledge or upon reasonable inspection could have acquired such knowledge at the commencement of the tenancy in violation of 940 CMR 3.17(1)(c);

200. Failing within a reasonable time after receipt of notice from the tenant to make repairs in accordance with a pre-existing representation made to the tenant in violation of 940 CMR 3.17(1)(e); and

201. Failing to comply with the State Sanitary Code, 150 C.M.R. 410.000, *et seq.*, within a reasonable time after notice of a violation of such code or law from a tenant or agency in violation of 940 CMR 3.17(1)(i).

202. Each violation of 940 CMR 3.17 described above is a per se violation of G.L. c. 93A, § 2.

203. These violations occurred in properties owned by each and every Real Estate Holding Company.

204. Defendants knew or should have known that each of the acts or practices described above violate G.L. c. 93A, § 2.

COUNT III
Violations of G.L. c. 93A, § 2: Interference with Quiet Enjoyment
All Defendants

205. The Commonwealth realleges the allegations contained in paragraphs 1-201 and incorporates them herein.

206. Each Defendant is an "Owner" of the properties as defined by 940 C.M.R. 3.01 and thus had a duty to facilitate the quiet enjoyment of a leased premises.

207. Defendants were required by the express or implied terms of a contract or lease or tenancy to furnish water, hot water, heat, light, power, gas, janitor service, and in some instances, refrigeration to residents of Springfield Gardens.

208. Defendants willfully failed to furnish tenants' dwelling units with water, hot water, heat, light, power, gas, janitor service, and in some instances, refrigeration, and failed to make repairs necessary to restore these services to tenants' dwelling units.

209. Defendants willfully interfered with the quiet enjoyment of tenants by failing to maintain tenants' dwelling units to level of comfort and with the same amenities as tenants'

received at the inception of the tenancies, including by interfering with laundry and mail facilities, by failing to prevent infestations, by failing to maintain fire safety systems or otherwise by allowing unsafe conditions to persist.

210. This conduct constitutes a violation of G.L. c. 186, § 14 and 940 CMR 3.17(6)(f).

211. Each violation of G.L. c. 186, § 14 and 940 CMR 3.17(6)(f) described above is a per se violation of G.L. c. 93A, § 2,

212. These violations occurred in properties owned by each and every Real Estate Holding Company.

213. Defendants knew or should have known that each of the acts or practices described above violate G.L. c. 93A, § 2.

COUNT IV
Violations of G.L. c. 93A, § 2: Unfair Billing Practices
Schweb Partners, LLC, Schweb Partners—Springfield, LLC, Springfield Gardens MA Holdings, LP, Schweb Management, LLC, Real Estate Holding Companies, Principal Defendants

214. The Commonwealth realleges the allegations contained in paragraphs 1-210 and incorporates them herein.

215. Defendants charged, demanded and accepted payments of rent for dwelling units that Defendants knew or should have known were not safe, habitable, compliant with applicable laws and that were in violation of express and implied warranties.

216. Defendants threatened to charge late fees if rent was not paid by the 5^{th} of the month.

217. In violation of G.L. c. 186, § 15B, Defendants assessed late fees for failure to pay rent prior to thirty days after such rent was due.

218. Defendants' unfair billing practices were willful and done with knowledge that consumers depended upon the dwelling units as a necessity.

219. Defendants knew or should have known that each of the acts or practices described above violate G.L. c. 93A, § 2.

220. These violations occurred across the properties and affected tenants in buildings owned by each and every Real Estate Holding Company.

COUNT V
Violations of G.L. c. 93A, § 2: Security Deposits
Schweb Partners, LLC, Schweb Partners—Springfield, LLC, Springfield Gardens MA Holdings, LP, Schweb Management, LLC, Real Estate Holding Companies, Principal Defendants

221. The Commonwealth realleges the allegations contained in paragraphs 1-217 and incorporates them herein.

222. Defendants' willful, knowing, and repeated failure to properly maintain tenants' security deposits violated 940 CMR 3.17, through, among other acts:

223. Failing to furnish to a tenant, within 30 days after the termination of occupancy under a tenancy-at-will or the end of the tenancy as specified in a valid written rental agreement, an itemized list of damage, if any, and written evidence indicating the actual or estimated cost of repairs necessary to correct such damage, in accordance with G.L. c. 186, § 15B(4), in violation of 940 CMR 3.17(4)(f);

224. Failing to return to the tenant the security deposit or balance thereof to which the tenant is entitled after deducting any sums in accordance with G.L. c. 186, § 15B(4), together with interest, within thirty days after termination of occupancy under a tenancy-at-will agreement or the end of the tenancy as specified in a valid written rental agreement, in violation of 940 CMR 3.17(4)(g);

225. Deducting from security deposits costs of repairing damages not caused by the tenant and reasonable wear and tear, in violation of G.L. c. 186, § 15B(4);

226. Failing to pay interest at the end of each year of the tenancy on security deposits held for periods of one year or longer, in violation of G.L. c. 186, § 15B(3)(b) and 940 CMR 3.17(4)(c);

227. Failing to hold security deposits in a separate interest-bearing account, in violation of G.L. c. 186, § 15B(3)(a) and 940 CMR 3.17(4)(d);

228. Failing to assume liability for the retention and return of security deposits upon transfer to Defendants of dwelling units for which security deposits were held, in accordance with G.L. c. 186, § 15B(5) and 940 CMR 3.17(4)(j); and

229. Failing to maintain records of all security deposits containing, among other things, a description of damage done to the premises, whether repairs were performed to remedy such damage, the dates of said repairs, the cost thereof, and receipts therefor, in accordance with G.L. c. 186, § 15B(2)(d).

230. Defendants knew or should have known that each of the acts or practices described above violate G.L. c. 93A, § 2.

231. These violations occurred uniformly across the Springfield Gardens Apartments and affected tenants living in properties owned by each and every Real Estate Holding Company.

PRAYER FOR RELIEF

WHEREFORE, the Commonwealth requests the Court grant the following relief:

i. After trial on the merits and pursuant to G.L. c. 93A, § 4:

   a. Issue a permanent injunction enjoining Defendants from engaging in all conduct that violates G.L. c. 93A, § 2 and 940 CMR 3.00;

b. Enter such orders or judgments as may be necessary to restore to any person who has suffered any ascertainable loss by reason of the use or employment of unfair or deceptive acts or practices, any moneys or property which may have been acquired by such acts and practices;

c. Order Defendants to pay the Commonwealth civil penalties as well as the reasonable costs of investigation and litigation of this matter, including reasonable attorneys' fees;

d. Order Defendants to pay consumers in the amount of their actual costs and damages; and,

e. Grant any and all other relief deemed equitable and just by the Court.

Respectfully Submitted,
COMMONWEALTH OF
MASSACHUSETTS

ANDREA CAMPBELL,
ATTORNEY GENERAL

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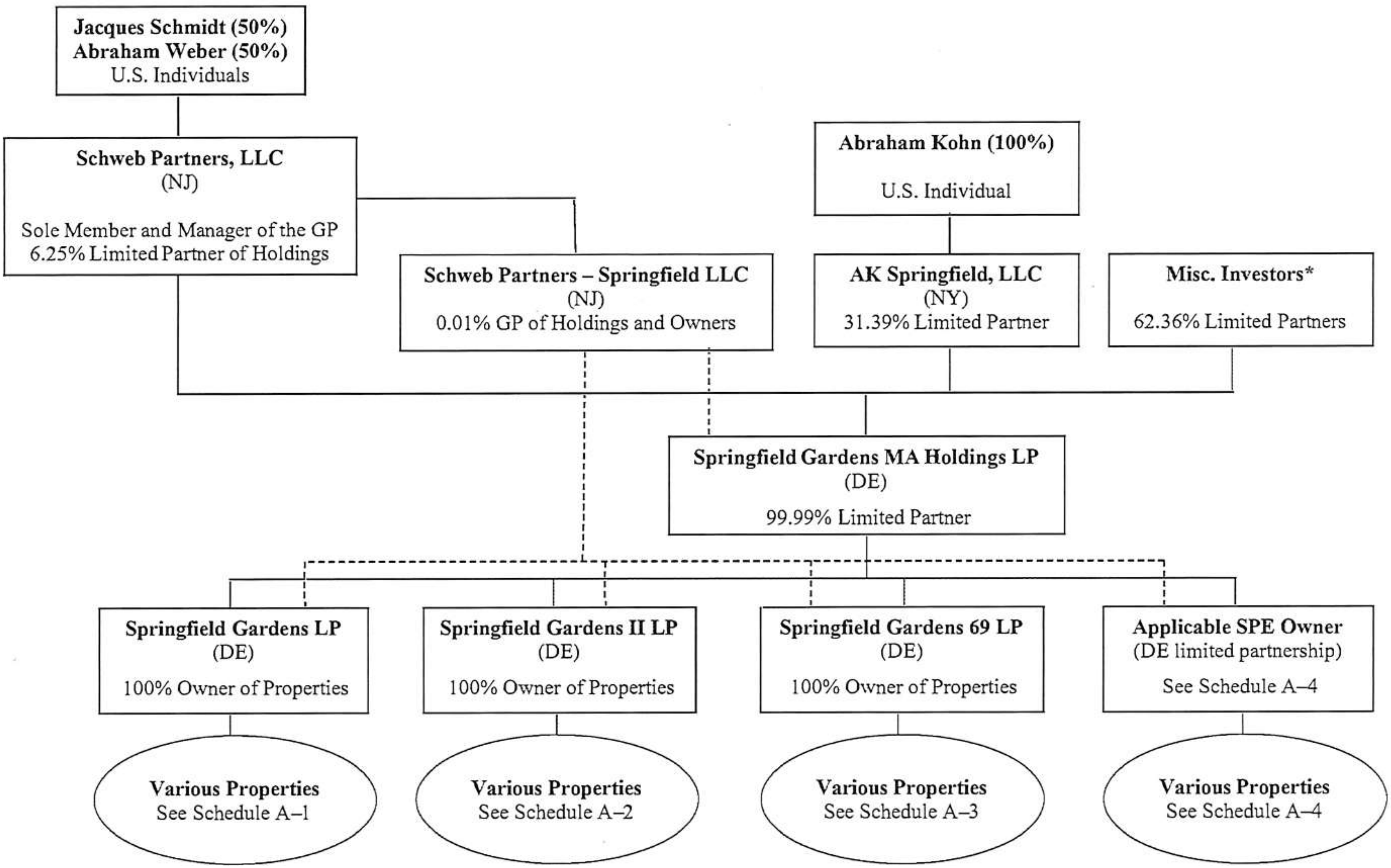
Date: September 2, 2025

Attachment A

OWNERSHIP STRUCTURE OF SPRINGFIELD, MA PORTFOLIO (HAMPDEN COUNTY)
FULL PORTFOLIO
2/16/2021



* No Limited Partner owns 25% or more, and no foreign Limited Partner owns 10% or more.